



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 8, 2015

Ordinance 18060

Proposed No. 2015-0148.1

Sponsors McDermott and von Reichbauer

1 AN ORDINANCE relating to the authorization of an
2 amendment to an existing lease at 901 Auburn Way North,
3 Auburn, Washington, to support the operations and services
4 of the department of public health.

5 STATEMENT OF FACTS:

- 6 1. The facilities management division received a request on November 6,
7 2014, from the department of public health to amend a lease with M-4,
8 LLC, for space in the 901 Auburn Way North Building, Auburn,
9 Washington, within council district seven. The lease was originally
10 executed on October 22, 2008.
- 11 2. The department of public health needed space to support the operations
12 and services of its health clinics.
- 13 3. The facilities management division determined on November 7, 2014,
14 that there was not an appropriate county-owned option.
- 15 4. The facilities management division determined, through consultation
16 with the department of public health, that amending the lease was the most
17 cost-effective option for the county.
- 18 5. The facilities management division successfully negotiated an
19 amendment to the lease.

20 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

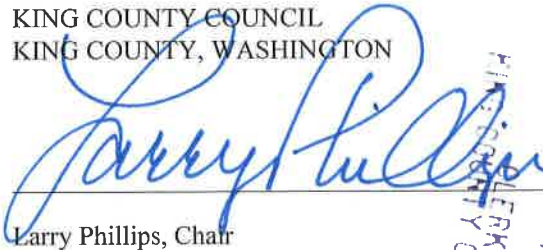
21 SECTION 1. The executive is authorized to execute an amendment to the lease
22 for the 901 Auburn Way North Building with M-4, LLC, substantially in the form of
23 Attachment A to this ordinance and to take all actions necessary to implement the terms
24 of the lease.

25

Ordinance 18060 was introduced on 4/13/2015 and passed by the Metropolitan King County Council on 6/8/2015, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr.
Upthegrove
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

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2015 JUN 10 PM 3:48
H. S. SHERK
KING COUNTY COUNCIL

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 9 day of JUNE, 2015.



Dow Constantine, County Executive

Attachments: A. Lease Amendment

ATTACHMENT A:

LEASE AMENDMENT

LEASE AMENDMENT

This LEASE AMENDMENT DATED 1/7, 2015 ("Lease Amendment") is made and entered into by and between M-4 LLC, a Washington limited liability company ("Lessor") and King County, a political subdivision of the State of Washington ("Lessee"), together referred to as the "Parties".

RECITALS

A. Lessor and Lessee entered into a Lease agreement dated June 30, 2008 (the "Lease") for that certain Premises of approximately 8,500 square feet, located at 901 Auburn Way North. The Date of Possession for the Lease was November 4, 2008.

B. Lessor and Lessee desire to amend the Lease to reduce the monthly rent by \$2,083.33 for the calendar years 2015 and 2016, and to defer the monthly reductions to the termination penalty paid by Lessee in the amount of \$75,000 per calendar year during 2015 and 2016, which amounts will be repaid in two payments to Lessor, one by February 1, 2017, and one by February 1, 2018.

C. Lessor and Lessee desire to add an updated anti-discrimination provision to the Lease.

D. Lessor and Lessee desire to modify the Lease as set forth herein.

NOW THEREFORE, in consideration of the mutual promises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree to amend the Lease pursuant to the terms and conditions contained herein. In the event of a conflict between terms defined in the Lease and in this Lease Amendment, the definitions herein shall control. The recitals are hereby incorporated into this Lease Amendment as if fully set forth below.

AGREEMENT

1. **Rent.** Section 4, Rent, is hereby amended by deleting the second and third sentences thereof and replacing it with the following:

"For the period commencing Sixty (60) months after the Date of Possession and ending on December 31, 2014, the monthly rent shall increase to the amount of Nineteen Thousand Forty Dollars (\$19,040). For the period commencing January 1, 2015 and ending on December 31, 2016, the monthly rent shall be in the amount of Ten Thousand, Seven Hundred, Six Dollars and Sixty-seven Cents (\$10,706.67) ("Rent Adjustment Period"). During the Rent Adjustment Period, Lessee shall initially pay monthly rent in the amount of Nineteen Thousand, Forty Dollars (\$19,040) until this Lease Amendment is approved by the Metropolitan King County Council as required by Section 5 of this Lease Amendment ("County Council Approval"). After County Council Approval, Lessee shall pay monthly rent in the amount of Ten Thousand, Seven Hundred, Six Dollars and Sixty-seven Cents (\$10,706.67). Any monthly rent payments made by Lessee over Ten Thousand, Seven Hundred, Six Dollars and Sixty-seven Cents (\$10,706.67) prior to County Council Approval will be credited towards Lessee's payment of monthly rent for the first full month or months immediately following County Council Approval. For the period commencing January 1, 2017 and continuing through the end of the Lease term, the monthly rent

shall increase to the amount of Nineteen Thousand, Forty Dollars (\$19,040). Rent for any fractional calendar month shall be prorated.”

2. **Termination.** Section 2.3 of the Lease is hereby amended as indicated by the underlined and bolded text:

“Notwithstanding the above, and in light of the substantial sum of money being spent by Lessor for tenant improvements, in the event this lease is terminated at any time during the ten (10) years of the lease term, Lessee agrees to pay a termination fee of One Million Dollars (\$1,000,000), which amount shall be reduced by Eight Thousand Three Hundred Thirty Three Dollars (\$8,333) for every month during the lease term the rent has been paid, except as described in Section 2.4, below.”

3. **Termination Penalty.** A Paragraph 2.4 shall be added to Section 2, that reads:

“Termination Penalty Reduction Deferral: For every month during the Rent Adjustment Period that rent has been paid, the termination fee due to Lessor pursuant to Section 2.3 will be reduced by Two Thousand, Eighty-Three Dollars (\$2,083) per month. On or before February 1, 2017, Lessee will make a one-time payment of Seventy-five Thousand Dollars (\$75,000) to Lessor for the purpose of reconciling the lower monthly reductions to the termination fee made during the period commencing January 1, 2015 and ending December 31, 2015. On or before February 1, 2018, Lessee will make a one-time payment of Seventy-five Thousand Dollars (\$75,000) to Lessor, for the purpose of reconciling the lower monthly reductions to the termination fee made during the period commencing January 1, 2016 and ending December 31, 2016. Upon Landlord’s receipt of each of these one-time payments, the termination fee shall be reduced by an amount equal to the full amount of the payment.”

4. **Anti-Discrimination.** Section 24 of the Lease is hereby deleted in its entirety and replaced with the following language:

“Lessor shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Lessor shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County.”

5. **King County Council Approval Contingency.** This Lease Amendment is contingent on and shall not take effect unless and until it is approved by ordinance by the Metropolitan King

County Council. This King County Council Approval Contingency will be satisfied if and when an ordinance passed by the Metropolitan King County Council approving this Lease Amendment becomes effective.

Except as herein above stated, all other covenants, agreements, stipulations or conditions of said Lease shall continue and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed on the dates specified below.

Lessor:
M-4 LLC

Lessee:
King County, a political subdivision of the State of Washington

By: 
Edward Urquhart, Member

By: _____
Gail Houser, Manager, Real Estate Services Section

Date: 1/7/15

Date: _____

APPROVED AS TO FORM:

By _____
Chris Leopold, Deputy Prosecuting Attorney

LANDLORD'S ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this 23rd day of December, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Edward Urquhart, to me known to be the Member of the limited liability company who executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned and that he was authorized to execute the foregoing instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.



Mary Ann Barkshire
Mary Ann Barkshire
NOTARY PUBLIC in and for the State of Washington,
residing at: Belleme
My appointment expires: _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that _____ signed this instrument, on oath stated that she was authorized by the King County Executive to execute the instrument, and acknowledged it as the _____ of King County, Washington to be the free and voluntary act of said County for the uses and purposes mentioned in the instrument.

Date:

NOTARY PUBLIC in and for the State of Washington,
residing at: _____
My appointment expires: _____