

City of Auburn
AUBURN SHOPS LETTER OF INTENT

August 20th, 2019

City of Auburn
C/O Josh Arndt

VIA Email

**RE: Tenant's July 2, 2019 Counter proposal
 Landlord's Counter offer
 Letter of Intent to Lease roughly 23,000/ft of commercial space in the Auburn Shops**

Dear Josh,

This Letter of Intent (LOI) is being sent as a result of The City of Auburn's interest in leasing the vacant +/-23,000/ft of commercial space in the Auburn Shops building and subsequent negotiations. Below are the primary business points that are mutually acceptable to the Landlord and the City as a result of these negotiations.

PREMISES:	2802 – 2818 Auburn Way North, Auburn, WA 98002 Estimated 23,000 square feet of leasable area + Those non-handicapped parking stalls located right outside the tenant space and the parking stalls located along the south property line east of the south vehicle ingress/egress drive. (33 total parking stalls, (24) non-HC stalls outside of tenant's spaces, (9) non-HC stalls along south property line). We request an onsite meeting to walk the desired parking area requested. We also want to confirm the intended uses for these parking stalls. Currently the center is "cross parked" with Non-exclusive stalls. We are open to the possibility of exclusive parking, depending on the location and use of the stalls.
RENT:	\$ 12.00/ft/year (base rent) + NNN (\$7.70/ft 2019 estimate)
RENT CONCESSIONS:	2802: no base rent first 5 mos (est. 6,647ft) 2806 – 2818: no base rent first 3 mos (est. 15,660ft) The Landlord will grant the requested free rent and the Tenant is taking the space in its "As Is" condition. The Tenant will pay Triple Nets during the Rent Concession period.
RENTAL PAYMENTS:	monthly
RENTAL ESCALATIONS	Base rent will increase annually on the anniversary date of the lease by 2 ½%, with the first escalation effective Jan 1, 2021
INITIAL TERM / RENEWAL OPTIONS:	Initial Term: Five years from lease commencement Renewal Options: Three (3) Five (5) year renewal term options at tenant's option. The Tenant must provide the Landlord with written notice of their intentions to renew their lease, at least One Hundred and Eighty (180) prior to the expiration of the existing lease term.

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APPROPRIATIONS:	If the City Council fails to appropriate money for this project, the tenant will have the right to terminate the lease with 180 days written notice should funding for this lease cease to exist. Tenant shall pay a cancellation penalty equal to one year's total rent
LEASE COMMENCEMENT / DELIVERY:	The lease to commence upon delivery by Landlord to Tenant of the premises. Both Parties agree to make reasonable efforts to see lease commencement and delivery of the premises within 30 days following Auburn City Council approval. The Tenant will notify the Landlord at least ten (10) days prior to the date of the Council meeting when the proposed terms will be submitted for approval. In no event will the terms be submitted to Council for approval later than the September 16, 2019 City Council Meeting or these terms expire.
MAINTENANCE RESPONSIBILITIES:	<p>Landlord: Foundation, exterior walkways & walls, roof, quarterly HVAC service, pylon sign & parking lot. The costs for some or all of these maintenance items will be billed back to the Tenant in the Triple Net charges.</p> <p>Tenant: Interior walls/plumbing/electrical, fixtures, flooring, trade fixtures, per terms specified in the lease.</p>
SIGNANGE:	<p>Tenant use of all open space on pylon sign minus single slot for each of the existing 3 tenants. Tenant responsible for cost and installation.</p> <p>Plus, space for façade sign above each store front. The Tenant will submit sign designs for all signage to the Landlord for review and approval. Landlord will have Ten (10) business days from delivery by Tenant to approve or disapprove Tenants signage. If Tenant does not receive notification of disapproval from Landlord by 5:00PM on the tenth day the Tenant's signage submittal to Landlord will be deemed approved. All signage will be subject to all applicable codes.</p>
UTILITIES:	<p>Tenant will establish private accounts for all public and private utilities that are individually metered for the sole use of tenant's premises. Tenant will be responsible for a pro-rata share of all public and private utilities that are on a master meter/account.</p> <p>Tenant will have 10 business days from delivery to review and approve/disapprove of utility information provided by landlord. Landlord will provide the following utility information not less than 10 calendar days before the City's scheduled consideration of this term sheet: breakdown on those utilities that are separately metered vs on a master meter. The Landlord will provide the names of the utility providers, but no past bills as the space has been unoccupied.</p>
USES:	Social Service related activities including, but not limited to: Food Bank, Day

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Shelter, Night Shelter, Workforce Training, Community Court, Police Substation. The City will maintain a Police Substation facility on the premises as part of its tenancy, but are under no staffing obligations for the Substation. A constant police presence is not required, however, the space and parking area will have supervision during the lease term and operation of the facilities.

SUBLEASE:

The tenant will have the right to sublease some or all of the tenant's premises to other service providers as tenant deems necessary with written approval of the landlord. Landlord will have Ten (10) business days from the request by the Tenant to sublease all or a portion of the premises to approve or disapprove of the Subtenant. If no response of approval or disapproval is received by 5:00PM on the tenth day then Landlord is deemed to have approved the Subtenant.

FIRST RIGHT OF REFUSAL

If at any point during the tenancy by the City of Auburn, the Landlord receives an offer to purchase the Auburn Shops Center, the City shall have a Thirty (30) day First Right of Refusal to match the first solicited or unsolicited offer for the sale of the property. This will be a ONE TIME RIGHT and will apply to the first bona fide offer received only. Should the City elect not to exercise their First Right of Refusal, their right shall terminate and the Landlord may sell the building to any third party they chose with no further obligation to the Tenant/City of Auburn.

CITY COUNCIL:

This lease and any of its terms are subject to the approval and/or ratification of the Auburn City Council, no later than the September 16, 2019 scheduled Council Meeting.

This Letter of Intent is not binding upon either party, rather a summary of terms City of Auburn staff can present to City Council for approval. If you are in agreement with the above terms, please execute this letter and return an executed copy to me so the City may proceed with the Council process.

Respectfully,

Mr. Benson and Mrs. Kaye Liu

[SIGNATURES ON THE FOLLOWING PAGE]

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Acceptance of Terms

LANDLORD:

By: Benson W. Lim
Kaye M. Liu

Title: Co-Managers

Date: 08/20/2019

CITY OF AUBURN:

By: _____

Title: _____

Date: _____

Liu – City of Auburn – Landlord Counter Offer – Auburn Shops – 8-20-19 Clean Doc