

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-80

Lease Agreement with MoneyTree, Inc. at 1400 Madison Street, Seattle

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	6/27/02	Discussion/Possible Action	Joann Francis, CAO Joan Coumou, Senior Property Manager	(206) 689-4934 (206) 689-4938

Contract/Agreement Type:	3	Requested Action:	3
Competitive Procurement		Execute New Contract/Agreement	3
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

- To execute a lease agreement with MoneyTree, Inc. at 1400 Madison Street, Seattle.

ACTION

- Authorize the Executive Director to execute a lease agreement with MoneyTree, Inc, from September 1, 2002, through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

KEY FEATURES

- Authorizes the Executive Director to execute a lease agreement with MoneyTree, Inc. for a four-year term with three one-year extension options; extensions granted at the sole discretion of Sound Transit.
- MoneyTree, Inc. will lease approximately 14,400 square feet of land, which includes a building consisting of approximately 4,189 square feet, surface parking lot and drive-through area, and eleven alley parking stalls, at a total monthly rent of \$6,685.33, triple net for years one and two. This rent includes:

4,189 s.f. of retail space @ \$16.00/sf/year	= \$5,585.33/month
11 parking stalls @ \$100.00/stall/mo.	= <u>\$1,100.00/month</u>
TOTAL MONTHLY RENT	= \$6,685.33/month

(In addition to the monthly rent, MoneyTree will pay all utilities and leasehold excise tax on the base rent.)

- The lease includes a Consumer Price Index (CPI) increase in years three and four, and a rental re-negotiation at the time of each extension, based on the prevailing market rate.

- MoneyTree, Inc. will receive a one-time rent credit not-to-exceed two months' rent or \$13,370.06 for necessary structural or mechanical repairs. These repairs will be based upon competitive bids obtained by MoneyTree from licensed contractors and will be submitted to Sound Transit for approval prior to commencement of work.
- MoneyTree, Inc. will spend in excess of \$250,000.00 for tenant improvements to the building. These repairs will be based upon competitive bids obtained by MoneyTree from licensed contractors and will be submitted to Sound Transit for approval prior to commencement of work. In consideration of these expenditures by MoneyTree, the rent will not be increased for the second year only.
- Sound Transit reserves the right to lease the main entrance of the building to an ATM operator.

BUDGET IMPACT SUMMARY

Project Description: Link LB 235
Current Status: Pending Board Approval
Projected Completion Date: Term of lease to commence on September 1, 2002

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
Key Financial Indicators:	Y/N	Y	Requires Comment
Contingency funds required	N		
Subarea impacts	N		
Funding required from other parties other than what is already assumed in financial plan	N		

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

The proposed action is consistent with the current Board adopted budget. The 2002 Budget did not include a forecast for lease revenue.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Revenue generated from this lease for the initial four-year term is estimated to be \$328,188, based on a CPI increase of 3% in years three and four. The lease provides for a potential rent credit of \$13,370 for structural and mechanical repairs. The broker's commission will be \$15,376 (or 5% of base rent excluding CPI increases and rent credit). The rent credit and broker fees will reduce the total estimated net revenue to \$299,442. The agency's current financial plan does not assume lease revenue, so this action will have a positive revenue impact.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable to this transaction.

HISTORY OF PROJECT

Sound Transit purchased this property on July 25, 2001 for the Central Link project in accordance with Motion No. M99-34 (Locally Preferred Alternative) and Resolution No. R2000-04 (Property Acquisitions for Light Rail). Insignia Kidder Matthews has a contract with Sound Transit to act as a leasing agent for this property and has negotiated the terms of this lease. This lease provides an interim use of the property pending the Board’s selection of a preferred North Link Alternative. The selected Alternative will determine whether this property is retained for a construction staging area or disposed of as surplus to the Project’s needs. Leasing this property preserves the value of the asset pending the Board’s decision.

**Prior Board or Committee Actions
and Relevant Board Policies**

Motion or Resolution Number	Summary of Action	Date of Action
Resolution No. R2000-04	Property Acquisitions for Light Rail	4/27/00
Resolution No. R99-34	Locally Preferred Alignment	11/15/99

ALTERNATIVES

This lease agreement provides an interim use of the property pending the Board’s selection of a preferred North Link Alternative. Leasing this property preserves the value of the asset pending the Board’s decision.

CONSEQUENCES OF DELAY

A delay in approving this lease could result in loss of a prospective tenant, loss of lease revenue, and continued impacts to property and the neighborhood by transient’s unauthorized use of the property.

REGIONAL PARTNERSHIP

Regional partnership is not affected by this action.

LEGAL REVIEW

JDW 6/11/02

SOUND TRANSIT

MOTION NO. M2002-80

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a lease agreement with Money Tree Inc. at 1400 Madison Street, Seattle, from September 1, 2002, through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

Background:

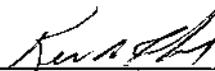
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The lease includes a Consumer Price Index (CPI) increase in years three and four, and a rental re-negotiation at the time of each extension, based on the prevailing market rate.

Motion:

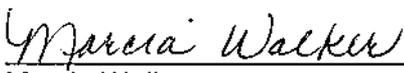
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority to authorize the Executive Director to execute a lease agreement with Money Tree Inc. at 1400 Madison Street, Seattle, from September 1, 2002, through August 31, 2006, with three one-year extension options, at Sound Transit's sole discretion.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 27, 2002.



Kevin Phelps
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator