

MOTION NO. M2014-01

**Amendment to Lease with Microsoft Corporation at Overlake Transit Center**

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:	PHONE:
Board	01/23/2014	Final Action	Ahmad Fazel, DECM Executive Director <b>Nancy Bennett, Property Management Manager</b>	206-398-5389 206-398-5401

PROPOSED ACTION

Authorizes the chief executive officer to execute an amendment to the existing lease at Overlake Transit Center with Microsoft Corporation to extend the term of the lease for an additional five year period.

KEY FEATURES SUMMARY

- The Microsoft Corporation leases 2,459 square feet of space from Sound Transit for office purposes. The current lease expires March 31, 2014.
- The Microsoft Corporation is paying current market rate. Rent will be increased by 3% on an annual basis.
- Sound Transit may terminate the lease with 60 days written notice.
- The Microsoft Corporation is responsible for maintaining the sidewalks surrounding the building including snow removal.
- All other terms and conditions of the lease will remain unchanged.
- This lease agreement is not in conflict with any other agreements that have been executed regarding the Overlake Transit Center.
- The original lease was signed under the CEO's signing authority. Leases in excess of five years require Board approval per Board Resolution 78-2.

BACKGROUND

Sound Transit owns an office building at the Overlake Transit Center. Microsoft Corporation has leased 2,459 square feet of space since April 1, 2009. The leased building will be demolished in order to construct a parking garage at the site for the East Link Extension.

Sound Transit anticipates awarding a design-build contract for Overlake Transit Center construction in the first quarter of 2015. The actual start of construction will be determined in consultation with the contractor. The Overlake Transit Center Agreement with Microsoft anticipates the East Link construction and provides the terms for the current lease to be replaced with a new lease during construction.

This action will extend the term of the lease for five years or until terminated by Sound Transit according to the lease provisions in order to demolish the building for construction of the Overlake Transit Center. Although Sound Transit plans to demolish this building in the first quarter of 2015, approving a five year lease will allow Microsoft to remain in the building if any construction delays occur.

## FISCAL IMPACT

Lease revenues are included within the miscellaneous revenues the agency receives. The Overlake Transit Center Microsoft Corporation annual lease revenue of \$56,932 is included within the adopted 2014 miscellaneous revenue budget of \$10.7 million.

### Overlake Transit Center - Microsoft Corporation Budget Table

	Adopted 2014 Budget	Revenues Expected in 2014	Future Annual Lease % Increase
<b>Lease Revenue</b>			
Overlake Transit Center - Microsoft Corporation	57	57	3%
Other Miscellaneous Revenues	10,642	10,642	-
<b>Total Miscellaneous Revenues Budget</b>	<b>\$10,699</b>	<b>\$10,699</b>	-

Notes:

Amounts are expressed in Year of Expenditure \$000s.

Miscellaneous Revenues budget is located on page 10 of the Proposed 2014 Budget book, and was approved by the Board on Dec 19, 2013.

## SMALL BUSINESS PARTICIPATION

Not applicable to this action.

## EQUAL EMPLOYMENT WORKFORCE PROFILE

Not applicable to this action.

## PUBLIC INVOLVEMENT

Not applicable to this action.

## TIME CONSTRAINTS

A one month delay would not create a significant impact.

## PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2013-110: Authorized the chief executive officer to execute the Agreement Between the City of Redmond, the Central Puget Sound Regional Transit Authority, and with the Microsoft Corporation for the Overlake Transit Center within the East Link Extension.

## ENVIRONMENTAL REVIEW

JI 11/26/2013

## LEGAL REVIEW

JB 1/17/2014

**MOTION NO. M2014-01**

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to the existing lease at Overlake Transit Center with Microsoft Corporation to extend the term of the lease for an additional five year period.

**BACKGROUND:**

Sound Transit owns an office building at the Overlake Transit Center. Microsoft Corporation has leased 2,459 square feet of space since April 1, 2009. The current lease expires March 31, 2014. The Microsoft Corporation is paying current market rate and rent will be increased by 3% on an annual basis. Sound Transit may terminate the lease with 60 days written notice. All other terms and conditions of the lease will remain unchanged.

The leased building will be demolished in order to construct a parking garage at the site for the East Link Extension. Sound Transit anticipates awarding a design-build contract for Overlake Transit Center construction in the first quarter of 2015. The actual start of construction will be determined in consultation with the contractor. The Overlake Transit Center Agreement with Microsoft anticipates the East Link construction and provides the terms for the current lease to be replaced with a new lease during construction.

This action will extend the term of the lease for five years or until terminated by Sound Transit according to the lease provisions in order to demolish the building for construction of the Overlake Transit Center. Although Sound Transit plans to demolish this building in the first quarter of 2015, approving a five year lease will allow Microsoft to remain in the building if any construction delays occur.

**MOTION:**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amendment to the existing lease at Overlake Transit Center with Microsoft Corporation to extend the term of the lease for an additional five year period.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 23, 2014.



Dow Constantine  
Board Chair

ATTEST:



Marcia Walker  
Board Administrator