



King County

1200 King County
Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Agenda

Budget and Fiscal Management Committee

Councilmembers:
Girmay Zahilay, Chair;
Rod Dembowski, Vice Chair;
Claudia Balducci, Jorge Barón, Teresa Mosqueda, Sarah Perry

Lead Staff: April Sanders (206-263-3412)
Committee Clerk: Marka Steadman (206-477-0887)

1:30 PM

Monday, December 2, 2024

Hybrid Meeting

SPECIAL MEETING

Hybrid Meetings: Attend King County Council committee meetings in person in Council Chambers (Room 1001), 516 3rd Avenue in Seattle, or through remote access. Details on how to attend and/or provide comment remotely are listed below.

Pursuant to K.C.C. 1.24.035 A. and F., this meeting is also noticed as a meeting of the Metropolitan King County Council, whose agenda is limited to the committee business. In this meeting only the rules and procedures applicable to committees apply and not those applicable to full council meetings.

HOW TO PROVIDE PUBLIC COMMENT: The Budget and Fiscal Management Committee values community input and looks forward to hearing from you on agenda items.

There are three ways to provide public comment:

1. In person: You may attend the meeting and provide comment in the Council Chambers.
2. By email: You may comment in writing on current agenda items by submitting your email comments to kcccomitt@kingcounty.gov. If your email is received by 12:00 p.m. on the day of the meeting, your email comments will be distributed to the committee members and appropriate staff prior to the meeting.
3. Remote attendance at the meeting by phone or computer (see "Connecting to the Webinar" below).

You may provide oral comment on current agenda items during the meeting's public comment period.

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711.</p> <p>Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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You are not required to sign up in advance. Comments are limited to current agenda items.

You have the right to language access services at no cost to you. To request these services, please contact Language Access Coordinator, Tera Chea at 206-477-9259 or email tera.chea2@kingcounty.gov by 8:00 a.m. three business days prior to the meeting.

CONNECTING TO THE WEBINAR:

Webinar ID: 867 1228 9077

By computer using the Zoom application at <https://zoom.us/join> and the webinar ID above.

Via phone by calling 1-253-215-8782 and using the webinar ID above.

HOW TO WATCH/LISTEN TO THE MEETING REMOTELY: There are several ways to watch or listen in to the meeting:

- 1) Stream online via this link: <http://www.kingcounty.gov/kctv>, or input the link web address into your web browser.
- 2) Watch King County TV on Comcast Channel 22 and 322(HD) and Astound Broadband Channels 22 and 711(HD)
- 3) Listen to the meeting by telephone – See “Connecting to the Webinar” above.

To help us manage the meeting, if you do not wish to be called upon for public comment please use the Livestream or King County TV options listed above, if possible, to watch or listen to the meeting.

1. Call to Order

2. Roll Call

3. Approval of Minutes

*November 13 and 14, 2024 meetings **pp. 5 & 13***

4. Public Comment

To show a PDF of the written materials for an agenda item, click on the agenda item below.



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Consent

5. [Proposed Ordinance No. 2024-0373](#) p. 17

AN ORDINANCE authorizing the King County executive to enter into an agreement with the Washington state Department of Ecology for loan financing of a wastewater capital project.

Sponsors: Zahilay

Jenny Giambattista, Council staff

6. [Proposed Ordinance No. 2024-0374](#) 67

AN ORDINANCE authorizing the executive to execute an amendment to the agreement approved under Ordinance 19361 with the Washington state Department of Ecology for loan financing for a wastewater capital project.

Sponsors: Zahilay

Jenny Giambattista, Council staff

7. [Proposed Ordinance No. 2024-0375](#) p. 86

AN ORDINANCE authorizing the King County executive to enter into an agreement with the Washington state Department of Ecology for loan financing of a wastewater capital project.

Sponsors: Zahilay

Jenny Giambattista, Council staff



Discussion and Possible Action

8. [Proposed Ordinance No. 2024-0343](#) p. 136

AN ORDINANCE making a net supplemental appropriation of \$21,734,000 to various general fund agencies, a net supplemental appropriation of \$100,744,000 to various non-general fund agencies and a net supplemental appropriation of \$1,944,800 from various capital fund budgets; and amending the 2023-2024 Biennial Budget Ordinance, Ordinance 19546, Sections 23, 40, 42, 46, 47, 49, 61, 65, 120, and 129, as amended, and Attachment A, as amended, and Ordinance 19712, Section 91, as amended.

Sponsors: Zahilay

April Sanders, Council staff

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711. Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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Briefing

9. [Briefing No. 2024-B0130](#) **(No materials)**
Proposed Automated Fingerprint Identification System (AFIS) Renewal Levy
Mike Leahy, AFIS Regional Manager, KCSO
Geoffrey Thomas, Chief of Staff, KCSO

Briefing Only

10. [Proposed Ordinance No. 2024-0383](#) **p. 212**
AN ORDINANCE authorizing the King County executive to execute an amended and restated residential ground lease with an entity comprised of Bridge Housing Corporation and Community Roots Housing for the affordable housing elements of the existing mixed-use affordable housing project on county-owned land located at the Northgate Park and Pool lot, in council district one.
Sponsors: Zahilay
Mary Bourguignon, Council staff
11. [Proposed Ordinance No. 2024-0384](#) **p. 212**
AN ORDINANCE authorizing the King County executive to execute an amended and restated commercial ground lease agreement with an entity comprised of Bridge Housing Corporation and Community Roots Housing for the child care and commercial space elements of the existing mixed-use affordable housing project on county-owned land located at the Northgate Park and Pool lot, in council district one.
Sponsors: Zahilay
Mary Bourguignon, Council staff

Adjournment

	<p>Sign language and interpreter services can be arranged given sufficient notice (206-848-0355). TTY Number - TTY 711. Council Chambers is equipped with a hearing loop, which provides a wireless signal that is picked up by a hearing aid when it is set to 'T' (Telecoil) setting.</p>	
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Meeting Minutes Budget and Fiscal Management Committee

Councilmembers:

Girmay Zahilay, Chair;
Rod Dembowski, Vice Chair;
Reagan Dunn, Claudia Balducci, Jorge Barón, Teresa
Mosqueda,
Sarah Perry, Dave Upthegrove, Pete von Reichbauer

Co-Lead Staff: Brandi Paribello (206-263-3129), April Sanders
(206-263-3412)

Committee Clerk: Marka Steadman (206-477-0887)

9:30 AM

Wednesday, November 13, 2024

Hybrid Meeting

DRAFT MINUTES

1. **Call to Order**

Vice Chair Dembowski called the meeting to order at 9:32 a.m.

2. **Roll Call**

Present: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

3. **Approval of Minutes**

Councilmember Perry moved approval of the September 25, October 8, 9, 10 (AM and PM), 15 16, 17, 24, 29 and 30 (AM and PM), 2024, Budget and Fiscal Management and Panel meeting minutes. There being no objections, the minutes were approved.

4. **Public Comment**

The following individuals provided public comment:

*Daniel Lugo
Heather Gates
Erika Fariday
Tyler Breier
Sylvia Cully
Grace Yang
Carolyn Clark*

Consent

5. [Proposed Ordinance No. 2024-0323](#)

AN ORDINANCE adopting the community needs list for the Snoqualmie Valley/Northeast King County community service area.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

6. [Proposed Ordinance No. 2024-0310](#)

AN ORDINANCE relating to public transportation, revising the rate for regular fare; amending Ordinance 19474, Section 1, as amended, and K.C.C. 4A.700.010 and establishing an effective date.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

7. [Proposed Ordinance No. 2024-0317](#)

AN ORDINANCE relating to public transportation, revising the low-income fare rate; amending Ordinance 19705, Section 1, as amended, and K.C.C. 4A.700.010 and establishing an effective date.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

8. [Proposed Ordinance No. 2024-0309](#)

AN ORDINANCE relating to public transportation, revising Water Taxi rates of fare; amending Ordinance 18411, Section 2, as amended, and K.C.C. 4A.700.820 and establishing an effective date.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

9. [Proposed Ordinance No. 2024-0308](#)

AN ORDINANCE relating to public transportation, revising water taxi rates of fare; amending Ordinance 18411, Section 2, as amended, and K.C.C. 4A.700.820 and establishing an effective date.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

10. [Proposed Ordinance No. 2024-0300](#)

AN ORDINANCE relating to the 2025 5.5 GWI King County Hourly Squared Schedule, 2025 5.5 GWI King County Annual FLSA-Exempt Squared Schedule, 2025 5.5 GWI King County Standardized Hourly Salary Schedule, 2025 5.5 GWI King County Standardized Annual FLSA-Exempt Salary Schedule, the annual general wage increase for nonrepresented King County employees, as stipulated in K.C.C. 3.12.130 and K.C.C. 3.12.140, and the insured benefits agreement for nonrepresented King County employees.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

11. [Proposed Ordinance No. 2024-0322](#)

AN ORDINANCE relating to school impact fees and comprehensive planning; adopting the capital facilities plans of the Tahoma, Federal Way, Riverview, Issaquah, Snoqualmie Valley, Highline, Lake Washington, Kent, Northshore, Enumclaw, Fife, Auburn, and Renton school districts as subelements of the King County Comprehensive Plan capital facilities element to implement the school impact fee program; establishing school impact fees to be collected by King County on behalf of the districts; and amending Ordinance 18619, Section 2, as amended, and K.C.C. 20.12.473, and Ordinance 10122, Section 2, as amended, and K.C.C. 27.44.010.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

12. [Proposed Ordinance No. 2024-0301](#)

AN ORDINANCE regarding surface water management; revising surface water management service charges; amending Ordinance 7590, Section 8, as amended, and K.C.C. 9.08.070 and establishing an effective date.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

13. [Proposed Ordinance No. 2024-0315](#)

AN ORDINANCE relating to development permitting fees; amending Ordinance 10662, Section 42, as amended, and K.C.C. 27.02.010, Ordinance 18822, Section 5, as amended, and K.C.C. 27.02.050, Ordinance 11141, Section 41, as amended, and K.C.C. 27.02.110, Ordinance 13332, Section 4, as amended, and K.C.C. 27.06.010, Ordinance 13332, Section 17, as amended, and K.C.C. 27.10.020, Ordinance 17923, Section 45, as amended, and K.C.C. 27.10.035, Ordinance 17923, Section 46, as amended, and K.C.C. 27.10.037, Ordinance 13332, Section 20, as amended, and K.C.C. 27.10.050, Ordinance 13332, Section 22, as amended, and K.C.C. 27.10.070, Ordinance 18000, Section 83, as amended, and K.C.C. 27.10.075, Ordinance 13332, Section 23, as amended, and K.C.C. 27.10.080, Ordinance 13332, Section 24, as amended, and K.C.C. 27.10.090, Ordinance 13332, Section 28, as amended, and K.C.C. 27.10.130, Ordinance 13332, Section 30, as amended, and K.C.C. 27.10.150, Ordinance 13332, Section 31, as amended, and K.C.C. 27.10.160, Ordinance 13332, Section 32, as amended, and K.C.C. 27.10.170, Ordinance 13332, Section 33, as amended, and K.C.C. 27.10.180, Ordinance 13332, Section 34, as amended, and K.C.C. 27.10.190, Ordinance 13332, Section 35, as amended, and K.C.C. 27.10.200, Ordinance 13332, Section 36, as amended, and K.C.C. 27.10.210, Ordinance 13332, Section 37, as amended, and K.C.C. 27.10.220, Ordinance 13332, Section 40, as amended, and K.C.C. 27.10.320, Ordinance 13332, Section 42, as amended, and K.C.C. 27.10.350, Ordinance 13332, Section 43, as amended, and K.C.C. 27.10.360, Ordinance 13332, Section 46, as amended, and K.C.C. 27.10.380, Ordinance 17224, Section 43, as amended, and K.C.C. 27.10.425, Ordinance 13332, Section 53, as amended, and K.C.C. 27.10.510, Ordinance 13332, Section 54, as amended, and K.C.C. 27.10.550, Ordinance 17682, Section 46, as amended, and K.C.C. 27.10.560, and Ordinance 17682, Section 48, as amended, and K.C.C. 27.10.580, and establishing an effective date.

This item was pulled from the consent agenda at the request of a committee member. Erin Auzins, Council staff, briefed the committee.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 8 - Balducci, Barón, Dembowski, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

No: 1 - Dunn

14. [Proposed Ordinance No. 2024-0271](#)

AN ORDINANCE authorizing the use of an interlocal agreement template for city entities seeking to enter into an agreement for jail services with King County.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

Discussion and Possible Action

15. [Proposed Ordinance No. 2024-0302](#)

AN ORDINANCE abolishing the 2008-2013 parks operating levy, the 2008-2013 open space and trails levy, and the 2014-2019 parks, trails, and open space replacement levy subfunds, and transferring any remaining net assets and fund balances to the parks operating fund; and amending Ordinance 14793, Section 2, as amended, and K.C.C. 4A.200.480 and Ordinance 15966, Section 2, as amended, and K.C.C. 4A.200.490.

Sherrie Hsu, Council staff, briefed the committee. Councilmember Dembowski moved amendment 1 and title amendment T1. The amendments were adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

16. [Proposed Ordinance No. 2024-0313](#)

AN ORDINANCE related to plumbing permit fees and amending Ordinance 6746, Section 10, as amended, and K.C.C. 16.32.080, Ordinance 16964, Section 6, as amended, and K.C.C. 16.32.095, and Ordinance 19485, Section 146, as amended, and K.C.C. 16.32.292.

Wendy Soo Hoo, Council staff, briefed the committee. Councilmember Dembowski moved striking amendment S1 and title amendment T1. The amendments were adopted.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

17. [Proposed Ordinance No. 2024-0307](#)

AN ORDINANCE authorizing the issuance and sale of one or more series of limited tax general obligation bonds of the county in an aggregate principal amount not to exceed \$604,000,000 to provide funds for acquiring and constructing capital improvement projects of the county and to pay the costs of issuing such bonds; authorizing the issuance and sale of one or more series of limited tax general obligation refunding bonds to refund outstanding limited tax general obligations of the county and to pay the costs of issuing such refunding bonds; pledging the annual levy of taxes to pay the principal of and interest on the bonds issued under this ordinance; and providing for other matters relating thereto.

Wendy Soo Hoo, Council staff, briefed the committee. Councilmember Dembowski moved amendment 1 and title amendment T1. The amendments were adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

18. [Proposed Ordinance No. 2024-0305](#)

AN ORDINANCE establishing the county hospital capital fund; and adding a new section to K.C.C. chapter 4A.200.

Sam Porter, Council staff, briefed the committee and answered questions from the members. Councilmember Dembowski moved amendment 1 and title amendment T1. The amendments were adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

19. [Proposed Ordinance No. 2024-0306](#)

AN ORDINANCE establishing the electric-vehicle-charging infrastructure fund; and adding a new section to K.C.C. chapter 4A.200.

Jenny Giambattista, Council staff, briefed the committee and answered questions from the members. Councilmember Dembowski moved amendment 1. The amendment was adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

20. [Proposed Ordinance No. 2024-0304](#)

AN ORDINANCE increasing the participant registration fee to attend a parenting seminar in cases under chapters 26.09 and 26.26 RCW related to custody, visitation, or parenting of minor children; and amending Ordinance 16972, Section 2, and K.C.C. 4A.632.120 and establishing an effective date.

Melissa Bailey, Council staff, briefed the committee and answered questions from the members. Melinda Johnson Taylor, Family Court Operations Director, King County Superior Court, addressed the committee. Councilmember Dembowski moved amendment 1 and title amendment T1. The amendments were adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

21. [Proposed Ordinance No. 2024-0311](#)

AN ORDINANCE documenting approval of the fifty-fifth and fifty-sixth judge positions of the King County superior court.

Melissa Bailey, Council staff, briefed the committee and answered questions from the members. Councilmember Dembowski moved amendment 1 and title amendment T1. The amendments were adopted.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute Consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

22. [Proposed Ordinance No. 2024-0319](#)

AN ORDINANCE adopting 2024 Fund Management Policies for the Public Transportation Fund; and repealing Ordinance 18321, Section 2, and Attachment A to Ordinance 18321.

Mary Bourguignon, Council staff, briefed the committee and answered questions from the members.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Passed Out of Committee Without a Recommendation. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

Other Business

There was no further business to come before the committee.

Adjournment

The meeting was adjourned at 10:30 a.m.

Approved this _____ day of _____

Clerk's Signature



King County

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Meeting Minutes Budget and Fiscal Management Committee

Councilmembers:

Girmay Zahilay, Chair;
Rod Dembowski, Vice Chair;
Reagan Dunn, Claudia Balducci, Jorge Barón, Teresa
Mosqueda,
Sarah Perry, Dave Upthegrove, Pete von Reichbauer

Co-Lead Staff: Brandi Paribello (206-263-3129), April Sanders
(206-263-3412)

Committee Clerk: Marka Steadman (206-477-0887)

9:30 AM

Thursday, November 14, 2024

Hybrid Meeting

DRAFT MINUTES- SPECIAL MEETING

1. **Call to Order**

Chair Zahilay called the meeting to order at 9:33 a.m.

2. **Roll Call**

Present: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

3. **Public Comment**

The following individuals provided public comment:

Velma Veloria
Alejandra Tres
River Morales
Maria Guerrero
Job Ruiz
Angela Ngiangi
Francoise Milinganyo
James Tjoa
Sameth Mell
Nathalie Tomaszewski
Patrick Arney
Carolyn Preshell
Jun Chambers
Judt de Barros
Samantha Conley
Kimela Virgil
Gabriel Rueda
Roman Torres
Angel Huaviga
Diego Rueda

*Rhonda Furlong
Therese Hengua
Gastao Nlandu
Mputu Mo Valentina
Gracia Mbuyamba
Adolphine Kapanga
Edwin Obras
Chelsea Lee
Rolan Goldman
Ken Shulman
River
Eliana Horn
Floribert Mubalama
Francois Nahimana
Godefroid Malimingi
Eunice Ngworsi
Robin Schwartz
Erica Sessle
Tamarack Randall
Alicia Torgeson
Wendy Aman
Sheila Nlshimoto
Linda Mitchell
Hollianne Monson
Jordan Crawley
Sherry Williams
Rebecca Zapata
Sara Seelmeyer
Laura Vega
Shannon Cheng
Jeni Johnson
Reyna Rollolazo
Hilary Emmer
Aaron Garcia
Shiaw-Ling Lai
Amy Drayer
Stefan Moritz
Kirsten Foot
Dr. Pela Terry
Rhea Yo
Brenda Rodriguez Lopez
Patricia Bowen
Zihan Kong
Ashley Haugen
Ross Pearson
Bishop Steven Sawyer
Kenia Cosio
Jefferson Rose
Teresa Everett
Ziauddin Baraki
Thelma Sevilla
Amanda Sandoval
Crystal Barquet*

Discussion and Possible Action

4. [Proposed Ordinance No. 2024-0299](#)

AN ORDINANCE that adopts the 2025 Annual Budget and makes appropriations for the operation of county agencies and departments and capital improvements for the fiscal year beginning January 1, 2025, and ending December 31, 2025; and establishing an effective date.

Brandi Paribello and April Sanders, Council staff, briefed the committee and answered questions from the members. Dwight Dively, Director, Office of Performance, Strategy and Budget, answered questions from the members. Margaret Shepherd, Chief of Staff, University of Washington, Office of the President, addressed the committee.

Councilmember Dembowski moved striking amendment S1. Amendment 1 was not offered. Councilmember Mosqueda moved amendment 1B. The amendment was adopted. Amendment 2 was not offered. Councilmember Mosqueda moved amendment 2B. Councilmember Dembowski requested to be added as a sponsor. The amendment was adopted. Councilmember Dembowski moved amendment 3. The amendment was adopted with CM Mosqueda voting no. Councilmember Dembowski moved amendment 3.5. The amendment was adopted. Councilmember Balducci moved amendment 4. Councilmember Balducci withdrew amendment 4. Councilmember Balducci moved amendment 5. The amendment was adopted. Councilmember Dunn withdrew amendment 6. Councilmember Balducci moved amendment 7. The amendment was adopted. Councilmember Balducci moved amendment 8. The amendment was adopted. Councilmember Dembowski moved amendment 9. The amendment was adopted. Councilmember Baron moved amendment 10. The amendment was adopted. Councilmember Mosqueda moved amendment 11. Councilmember Mosqueda withdrew amendment 11. Councilmember Mosqueda moved amendment 11B. The amendment was adopted. Councilmember Mosqueda moved amendment 12. The amendment was adopted. Amendment 13 was not offered. Councilmember Balducci moved amendment 14. The amendment was adopted. Councilmember Balducci moved amendment 15. The amendment was adopted.

Striking amendment S1, as amended, was adopted with Councilmember Dunn voting no.

This matter was expedited to the November 19, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Recommended Do Pass Substitute. The motion carried by the following vote:

Yes: 8 - Balducci, Barón, Dembowski, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

No: 1 - Dunn

5. [Proposed Ordinance No. 2024-0314](#)

AN ORDINANCE relating to the 2024 levy of property taxes in King County for collection in the year 2025.

Brandi Paribello, Council staff, briefed the committee and answered questions from the members.

The Chair requested that this item be held until the December 10, 2024, Council agenda.

A motion was made by Vice Chair Dembowski that this Ordinance be Passed Out of Committee Without a Recommendation. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

6. [Proposed Ordinance No. 2024-0316](#)

AN ORDINANCE relating to the county property tax levies for collection in 2025, and implementing RCW 84.55.120.

Brandi Paribello, Council staff, briefed the committee and answered questions from the members.

The Chair requested that this item be held until the December 10, 2024, Council agenda..

A motion was made by Vice Chair Dembowski that this Ordinance be Passed Out of Committee Without a Recommendation. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry, Upthegrove, von Reichbauer and Zahilay

Adjournment

The meeting was adjourned at 1:32 p.m.

Approved this _____ day of _____

Clerk's Signature



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

STAFF REPORT

Agenda Item:	5	Name:	Jenny Giambattista
Proposed No.:	2024-0373	Date:	December 2, 2024

SUBJECT

Proposed Ordinance 2024-0373 would authorize the Executive to enter into a loan agreement with the Washington State Department of Ecology for loan financing of a wastewater capital project.

SUMMARY

Proposed Ordinance 2024-0373 would authorize the Executive to enter into a loan agreement in the amount of \$8,132,882 with the Washington State Department of Ecology (Ecology) for loan financing of capital costs associated with the Sammamish Plateau Diversion project. This loan would have an annual interest rate of 1.2 percent and is estimated to save King County more than \$2,051,652 in interest expense over the term of the loan compared to conventional bond financing.

BACKGROUND

The State Revolving Fund (SRF) Loan Program. The Clean Water Act established the State Revolving Fund low-interest loan program. Washington State administers this program under Chapter 173-98 WAC. It is managed by the Department of Ecology and provides low-interest and forgivable principal loan funding for wastewater treatment construction projects, eligible nonpoint source pollution control projects, and eligible “green” projects. The Department of Ecology makes SRF funding available annually. There is a limit to the amount of funding that an entity is eligible to receive in each SRF loan funding cycle. Since 2000, the WTD has been awarded over \$676 million in SRF loans.

Sammamish Plateau Diversion Project. This project will provide funding for King County’s planning phase expenditures of the of the Sammamish Plateau Diversion Water Quality Project that will help manage wastewater flows from the East Lake Sammamish area. This project increases the capacity of existing conveyance infrastructure to treat wastewater from the Northeast Sammamish Sewer and Water District and the Sammamish Plateau Water and Sewer District. Currently, wastewater flows from the

Sammamish Plateau travel to King County's South Treatment Plan in Renton. This project would address regional conveyance system capacity needs by diverting wastewater from the South Lake Sammamish Planning Area north to the Brightwater Treatment Plan. Diverting flows northward will alleviate capacity needs at several conveyance facilities between Issaquah Interceptor Section 1 and the King County South Treatment Plant.

Future Funding for SRF Loan Program. WTD expects more loan funds to be available. SRF loans are awarded annually and WTD applies each year. WTD expects to receive a construction loan in 2025 for \$44 million for the West Duwamish project. Additionally, WTD has applied to receive a loan for the combined West Point Grit/Raw Sewage Pump Project.

ANALYSIS

Proposed Ordinance 2024-0373 would authorize King County to enter into a loan agreement with the Washington State Department of Ecology for loan financing of capital costs associated with the Sammamish Plateau Diversion Project. The following are the major agreement terms:

- Total loan amount: \$8,132,882
- Loan Term: 20 years
- Effective Interest Rate¹: 1.2 percent
- Repayment: Semiannual payments of principal and interest commence one year after the project is completed and is repaid over 60 equal semi-annual installments from the Water Quality Capital Improvement Fund.
- Effective date: April 11, 2023. The effective date goes back to the start of the design which allows WTD to go back to this date for purposes of submitting design expenditures for reimbursement.
- Expiration date: July 31, 2026. This expiration date is the last day in which eligible expenditures could be utilized for reimbursement so any expenditures after July 31, 2026, would be ineligible for loan participation.

Savings and Repayment. The estimated savings on utilizing SRF loan financing instead of conventional debt financing are detailed in the fiscal note. For this loan agreement, the 1.1 percent interest rate is projected to save King County \$340,638 in interest expense over 20 years, compared to conventional 20-year bond financing.

Loan Requirements. The proposed SRF loan comes with various requirements, including quarterly reporting to Ecology. The Wastewater Treatment Division does not anticipate any difficulties in complying with the performance requirements for the loan.

¹ Includes 0.3% Ecology Administration Charge

INVITED

- Sharman Herrin, Government Relations Administrator, Wastewater Treatment Division
- Steve Baruso, Grants Administrator, Wastewater Treatment Division

ATTACHMENTS

1. Proposed Ordinance 2024-0373 (and its attachment)
2. Transmittal Letter
3. Fiscal Note



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0373.1

Sponsors Zahilay

1 AN ORDINANCE authorizing the King County executive
2 to enter into an agreement with the Washington state
3 Department of Ecology for loan financing of a wastewater
4 capital project.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION 1. Findings:**

7 A. The Washington state Department of Ecology has awarded the department of
8 natural resources and parks \$8,132,882 in a State Revolving Fund loan for the fiscal year
9 2025 cycle.

10 B. The low-interest loan will save King County \$2,625,940 in interest payments
11 over twenty years, which is \$2,051,652 net present value, as compared to conventional
12 bond financing.

13 C. The State Revolving Fund loan will assist in financing the planning phase for
14 the Sammamish Plateau Diversion project that is part of King County's wastewater
15 capital improvement program.

16 **SECTION 2.** A. The King County executive or designee is hereby authorized to
17 enter into this agreement with the Washington state Department of Ecology for the
18 planning phase of the Sammamish Plateau Diversion project.

19 B. The maximum loan amount for the Sammamish Plateau Diversion project
20 shall be \$8,132,882 plus interest.

21 C. The twenty-year loan agreement shall have an annual interest rate of 1.2
22 percent.

23 D. The loan agreement shall be substantially in the form of Attachment A to this
24 ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Agreement No. WQC-2025-KCoNRP-00071, Water Quality Combined Financial Assistance 2025 Agreement Between the State of WA Department of Ecology and King County Natural Resources & Parks Department - WTD

Agreement No. WQC-2025-KCoNRP-00071

WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT

BETWEEN

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

KING COUNTY NATURAL RESOURCES & PARKS DEPARTMENT - WTD

This is a binding Agreement entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as “ECOLOGY,” and King County Natural Resources & Parks Department - WTD, hereinafter referred to as the “RECIPIENT,” to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	Sammamish Plateau Diversion Engineering Report
Total Cost:	\$8,132,882.00
Total Eligible Cost:	\$8,132,882.00
Ecology Share:	\$8,132,882.00
Recipient Share:	\$0.00
The Effective Date of this Agreement is:	04/11/2023
The Expiration Date of this Agreement is no later than:	07/31/2026
Project Type:	Wastewater Facility

Project Short Description:

This project improves water quality in the watershed through the planning of collection facilities from the Northeast Sammamish Sewer and Water District (NESSWD) and the Sammamish Plateau Water and Sewer District (SPWSD), collectively known as the South Lake Sammamish Planning Area, in the City of Sammamish. This project increases the capacity of existing conveyance infrastructure. Benefits include reducing overflows by increasing capability to treat wastewater from these two Districts.

Project Long Description:

This project improves water quality in the watershed through the planning of collection facilities from the Northeast Sammamish Sewer and Water District (NESSWD) and the Sammamish Plateau Water and Sewer District (SPWSD), collectively known as the South Lake Sammamish Planning Area, in the City of Sammamish. This project increases the capacity of existing conveyance infrastructure. Benefits include reducing overflows by increasing capability to treat

Agreement No: WQC-2025-KCoNRP-00071
Project Title: Sammamish Plateau Diversion Engineering Report
Recipient Name: King County Natural Resources & Parks Department - WTD

wastewater from these two Districts.

The Phase 1 objective of the Sammamish Plateau Diversion project is to address regional conveyance system capacity needs by diverting up to 6.46 MGD from the South Lake Sammamish Planning Area north to the Brightwater Treatment Plant. Diverting flows northward will alleviate capacity needs at several conveyance facilities between Issaquah Interceptor Section 1 and the King County South Treatment Plant.

Up to 2.67 MGD of flows from the NESSWD that presently flow north to Brightwater Treatment Plant via existing local infrastructure may be captured by the project. Phase 1 will evaluate redirecting wastewater flows from the SPWSD, intercepting wastewater from the NESSWD, conveying flows to the existing WTD Northeast Lake Sammamish Interceptor, and other solutions for optimizing existing operation to determine the most cost effective alternatives. Phase 1 consists of a new pump station and approximately 4.76 miles of new force mains and gravity pipelines.

The Phase 2 objective is to address the capacity needs in the Issaquah Interceptor Section 1 (lake line) by keeping flows below its capacity through the 2060 planning horizon. The project redirects additional SPWSD flow upstream of SPWSD's control structure and Central Lake Sammamish Lift Station to the existing WTD Northeast Lake Sammamish Interceptor. SPWSD local flows enter the tightline at the control structure, Mallard Bay Lift Station, and Central Lake Sammamish Lift Station. Phase 2 consists of replacing the Central Lake Sammamish and North Lake Sammamish lift stations and upgrading the intermediate pump station near Lift Station 14 and approximately 8.35 miles of force mains and gravity tightline. This includes paralleling the entire length of Phase 1 (approximately 4.76 miles). Phase 2 will provide up to approximately 18 to 37 MGD of additional conveyance capacity to divert flow north.

Overall Goal:

To develop an engineering report for the collection facilities that meet appropriate requirements and can be approved by ECOLOGY.

Agreement No: WQC-2025-KCoNRP-00071
Project Title: Sammamish Plateau Diversion Engineering Report
Recipient Name: King County Natural Resources & Parks Department - WTD

RECIPIENT INFORMATION

Organization Name: King County Natural Resources & Parks Department - WTD

Federal Tax ID: 91-6001327
UEI Number: EU1QJXNMWKE9

Mailing Address: 201 S Jackson, KSC-NR-6200
Seattle, WA 98104-3855

Physical Address: 201 S Jackson, KSC-NR-6200
Seattle, Washington 98104-3855

Organization Email: steve.baruso@kingcounty.gov

Contacts

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

<p>Project Manager</p>	<p>Steve Baruso Grants Administrator</p> <p>201 S Jackson St. KSC-NR-6200 Seattle, Washington 98104 Email: steve.baruso@kingcounty.gov Phone: (206) 477-5366</p>
<p>Billing Contact</p>	<p>Steve Baruso Grants Administrator</p> <p>201 S Jackson St. KSC-NR-6200 Seattle, Washington 98104 Email: steve.baruso@kingcounty.gov Phone: (206) 477-5366</p>
<p>Authorized Signatory</p>	<p>Kamuron Gurol Division Director</p> <p>201 S Jackson, Suite 500 Seattle, Washington 98104 Email: kgurol@kingcounty.gov Phone: (206) 549-1190</p>

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
 Water Quality
 PO BOX 47600
 Olympia, WA 98504-7600

Physical Address: Water Quality
 300 Desmond Drive SE
 Lacey, WA 98503

Contacts

<p>Project Manager</p>	<p>Kenneth D. Ziebart P.E., Project Manager PO Box 330316 Shoreline, Washington 98133-9716 Email: kzie461@ecy.wa.gov Phone: (206) 594-0163</p>
<p>Financial Manager</p>	<p>Tammie McClure PO Box 47600 Olympia, Washington 98504-7600 Email: tmcc461@ecy.wa.gov Phone: (360) 628-4315</p>
<p>Technical Advisor</p>	<p>Sean Wilson PO Box 330316 Shoreline, Washington 98133-9716 Email: SEWI461@ecy.wa.gov Phone: (425) 577-4864</p>

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

SCOPE OF WORK

Task Number: 1 **Task Cost: \$0.00**

Task Title: Grant and Loan Administration

Task Description:

A. The RECIPIENT shall carry out all work necessary to meet ECOLOGY grant or loan administration requirements. Responsibilities include but are not limited to: Maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation; progress reports; and the EAGL (Ecology Administration of Grants and Loans) recipient closeout report (including photos, if applicable). If the RECIPIENT elects to use a contractor to complete project elements, the RECIPIENT shall retain responsibility for the oversight and management of this funding agreement.

B. The RECIPIENT shall keep documentation that demonstrates the project is in compliance with applicable procurement, contracting, and interlocal agreement requirements; permitting requirements, including application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items. This documentation shall be available upon request.

C. The RECIPIENT shall maintain effective communication with ECOLOGY and maintain up-to-date staff contact information in the EAGL system. The RECIPIENT shall carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:

Properly managed and fully documented project that meets ECOLOGY’s grant or loan administrative requirements.

Task Expected Outcome:

- * Timely and complete submittal of requests for reimbursement, quarterly progress reports, and Recipient Closeout Report.
- * Properly maintained project documentation.

Recipient Task Coordinator: Steve Baruso

Grant and Loan Administration

Deliverables

Number	Description	Due Date
1.1	Progress Reports that include descriptions of work accomplished, project challenges or changes in the project schedule. Submitted at least quarterly.	
1.2	Recipient Closeout Report (EAGL Form)	

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

SCOPE OF WORK

Task Number: 2 **Task Cost: \$4,782,084.00**

Task Title: Engineering Report (Consultant Contract)

Task Description:

- A. The RECIPIENT will procure professional services in accordance with state law. The RECIPIENT will include ECOLOGY's State Revolving Fund Engineering Services Insert in the contract documents between the RECIPIENT and the professional services team. The RECIPIENT must submit all professional services contracts before ECOLOGY will provide reimbursement for work performed under this task.
- B. The RECIPIENT will submit the proposed scope of work for professional services to Ecology prior to executing a contract. Ecology will review the scope of work and provide feedback to the RECIPIENT.
- C. The RECIPIENT will submit the proposed scope of work for engineering services to Ecology prior to executing a contract for engineering services. Ecology will review the scope of work and provide feedback to the RECIPIENT.
- D. The RECIPIENT will prepare and submit an engineering report in accordance with the requirements of WAC 173-240 for approval by Ecology. The engineering report will fully evaluate the alternatives for addressing regional conveyance system capacity needs from the South Lake Sammamish Planning Area north to the Brightwater Treatment Plant. The engineering report will identify the cost-effective alternative as the preferred alternative.
- E. The RECIPIENT will prepare a Cost-Effectiveness Analysis for the PROJECT alternatives and will integrate the analysis into the planning document in accordance with WAC 173-98.
- F. The RECIPIENT will conduct an Investment Grade Efficiency Audit (IGEA). The RECIPIENT will review their energy use looking for cost effective energy savings. The recipient may also submit documentation of an energy efficiency review.
- G. The RECIPIENT will provide a State Environmental Review Process (SERP) Environmental Information Document (EID) to ECOLOGY as a deliverable to assist with ECOLOGY's environmental review process.
- H. The RECIPIENT will provide an Ecology Cultural Resources Review form. The RECIPIENT will provide any additional information for ECOLOGY to lead the required cultural resources consultation. Costs incurred for ground-disturbing activities that occur before cultural resources review will not be eligible for reimbursement.

Task Goal Statement:

See overall goal.

Task Expected Outcome:

See overall goal.

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

Engineering Report (Consultant Contract)

Deliverables

Number	Description	Due Date
2.1	Documentation of the RECIPIENT’s process for procuring professional services.	
2.2	Executed contracts for professional services.	
2.3	Proposed scope of work for professional services contract (hours and costs).	
2.4	Copy of the draft, and the final approved, planning document.	
2.5	Documentation of an energy efficiency review.	
2.6	Submit SERP EID.	
2.7	Cultural Resource Review Form.	

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

SCOPE OF WORK

Task Number: 3 **Task Cost: \$3,350,798.00**

Task Title: Planning Oversight-Force Account

Task Description:

A. The RECIPIENT will provide oversight of the Sammamish Plateau Diversion engineering report being written by the engineering consultant. The RECIPIENT acknowledges having the legal authority to perform the work, and adequate and technically qualified staff to perform the work without compromising other government functions. The RECIPIENT will coordinate planning oversight to avoid redundant work effort performed by the engineering consultant in Task 2.

B. The RECIPIENT will review the planning documents for consistency with the requirements of Chapter 173-240 WAC and the Recipient’s own requirements. Elements of the oversight accomplished by Force Account will include:

- Manage elements of the planning scope, including schedule, budget, risks, quality, procurement, completeness of alternatives, and other aspects as needed.
- Oversee the technical and engineering elements of the project.
- Provide support on scheduling, cost, risk, and budget management.
- Provide constructability review.

C. The RECIPIENT will provide a table of anticipated work indicating hours, hourly rates, and personnel proposed to be used.

Task Goal Statement:

See overall goal.

Task Expected Outcome:

See overall goal.

Planning Oversight-Force Account

Deliverables

Number	Description	Due Date
3.1	Table of anticipated work, hours, and budget.	
3.2	Salary and benefit documentation for staff personnel - only for time worked on this project. Includes dates worked, hours worked, hourly rate paid, and benefits earned.	

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

BUDGET

Funding Distribution EL250085

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title: SRF Loan (State) Funding Type: Loan
 Funding Effective Date: 04/11/2023 Funding Expiration Date: 07/31/2026

Funding Source:

Title: CWSRF-SFY25 (State)

Fund: FD0727

Type: State

Funding Source %: 100%

Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. The portion of this project funded with this funding distribution comes from non-federal source and are not subject to Federal Funding Accountability and Transparency Act (FFATA) and Single Audit Act (SAA). However, this project is subject to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions.

Approved Indirect Costs Rate: Approved State Indirect Rate: 30%

Recipient Match %: 0%

InKind Interlocal Allowed: No

InKind Other Allowed: No

Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.2% Interest Rate: 0.9% Admin Charge: 0.3%

Terms: 20 years

Project Start Date: 04/11/2023 Project Completion Date: 07/31/2026

Estimated Initiation of Operation date: 07/31/2026

Loan Security: Revenue Secure Lien Obligation of the Recipient

Final Accrued Interest: \$

Final Loan Amount: \$

Repayment Schedule Number: 930

Agreement No: WQC-2025-KCoNRP-00071
Project Title: Sammamish Plateau Diversion Engineering Report
Recipient Name: King County Natural Resources & Parks Department - WTD

SRF Loan (State)	Task Total
Engineering Report (Consultant Contract)	\$ 4,782,084.00
Planning Oversight-Force Account	\$ 3,350,798.00

Total: \$ 8,132,882.00

Agreement No: WQC-2025-KCoNRP-00071
 Project Title: Sammamish Plateau Diversion Engineering Report
 Recipient Name: King County Natural Resources & Parks Department - WTD

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
SRF Loan (State)	0.00 %	\$ 0.00	\$ 8,132,882.00	\$ 8,132,882.00
Total		\$ 0.00	\$ 8,132,882.00	\$ 8,132,882.00

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

WQC-2024—Water Quality Program Special Terms and Conditions (Update June 2023)

SECTION 1: DEFINITIONS

Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:

“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.

“Administrative Requirements” means the effective edition of ECOLOGY's Administrative Requirements for Recipients of Ecology Grants and Loans at the signing of this agreement.

“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.

“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.

“Accrued Interest” means the interest incurred as loan funds are disbursed.

“Acquisition” means the purchase or receipt of a donation of fee or less than fee interests in real property. These interests include, but are not limited to, conservation easements, access/trail easements, covenants, water rights, leases, and mineral rights.

“Build American Buy American (BABA)” means a portion of the Infrastructure Investment and Jobs Act and establishes a domestic content procurement preference for all Federal financial assistance obligated for infrastructure projects after May 14, 2022.

“Bipartisan Infrastructure Law (BIL)” means funding to improve drinking water, wastewater and stormwater infrastructure.

“Centennial Clean Water Program” means the state program funded from various state sources.

“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.

“Construction Materials” means an article, material, or supply (other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; aggregate binding agents or additives; or non-permanent products) that is or consists primarily of, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), (including optic glass), lumber, and drywall.

“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water

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Recipient Name: King County Natural Resources & Parks Department - WTD

quality problem as described in Chapter 173-98-730 WAC.

“Davis Bacon Prevailing Wage Act” means the federal law mandating on-site workers on public works projects be paid certain wages, benefits, and overtime (also known as “prevailing wage” on all government-funded construction, alteration, and repair projects.

“Defeasement” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.

“Effective Date” means the earliest date on which eligible costs may be incurred.

“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.

“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.

“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount and the estimated schedule for completion of the project.

“Equivalency” means the amount of State Revolving Fund (SRF) funding each funding cycle equivalent to the EPA grant to Ecology.

“Equivalency Project” means State Revolving Fund (SRF) funded project(s) designated by ECOLOGY to receive federal funding and meet additional federal requirements.

“Expiration Date” means the latest date on which eligible costs may be incurred.

“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.

“Final Loan Amount” means all principal of and accrued interest on the loan from the Project Start Date through the Project Completion Date.

“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount and the initiation of operation or completion date, whichever comes first.

“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.

“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.

“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.

“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defeasement or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.

“Guidelines” means the ECOLOGY’s Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.

“Initiation of Operation Date” means the actual date the facility financed with proceeds of the loan begins to operate for its intended purpose. (For loans only)

“Iron and Steel Products” means products made primarily of iron or steel including but may not be limited to: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

“Loan” means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund (Centennial) Loan made pursuant to this loan agreement.

Agreement No: WQC-2025-KCoNRP-00071
Project Title: Sammamish Plateau Diversion Engineering Report
Recipient Name: King County Natural Resources & Parks Department - WTD

“Loan Amount” means either an Estimated Loan Amount or a Final Loan Amount, as applicable.

“Loan Fund” means the special fund created by the RECIPIENT for the repayment of the principal of and interest on the loan.

“Loan Security” means the mechanism by which the RECIPIENT pledges to repay the loan.

“Loan Term” means the repayment period of the loan.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.

“Manufactured Products” means, items and construction materials composed in whole or in part of non-ferrous metals such as aluminum plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

“Produced in the United States” means for iron and steel products, that all manufacturing processes, from the initial melting state through the application of coatings, occurred in the United States.

“Net Revenue” means the Gross Revenue less the Maintenance and Operation Expense.

“Original Engineer’s Estimate” means the engineer’s estimate of construction costs included with bid documents.

“Prevailing Wage” means hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, and mechanics performing the same work. The rate is established separately for each county.

“Principal and Interest Account” means, for a loan that constitutes Revenue-Secured Debt, the account created in the loan fund to be first used to repay the principal of and interest on the loan.

“Project” means the project described in this agreement.

“Project Completion Date” means the date specified in the agreement on which the Scope of Work will be fully completed and is the last day eligible costs can be incurred. This term is only used in loan agreements.

“Project Schedule” means that schedule for the project specified in the agreement.

“Revenue-Secured Debt” means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.

“Reserve Account” means, for a loan that constitutes a Revenue Secured Debt and if specifically identified as a term and condition of the funding agreement, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.

“Risk-Based Determination” means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.

“Scope of Work” means the tasks and activities constituting the project.

“Section 319” means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.

“Senior Lien Obligations” means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.

“State Water Pollution Control Revolving Fund (Revolving Fund)” means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.

“Termination Date” means the effective date of ECOLOGY’s termination of the agreement.

“Termination Payment Date” means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

“Total Eligible Project Cost” means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding, including any required recipient match.

“Total Project Cost” means the sum of all costs associated with a water quality project, including costs that are not eligible for ECOLOGY grant or loan funding.

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“Unique Entity Identity Identifier (UEI)” means a 12-character alphanumeric ID assigned by SAM.gov. to an entity doing business with or receiving funds from the federal government. This number replaces the DUNS number.

“ULID” means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

“ULID Assessments” means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments will include principal installments and any interest or penalties which may be due.

“Utility” means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

The Water Quality Financial Assistance Funding Guidelines are included in this agreement by reference and are available on ECOLOGY’s Water Quality Program website.

A. Accounting Standards: The RECIPIENT shall maintain accurate records and accounts for the project (PROJECT Records) in accordance with Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB), including standards related to the reporting of infrastructure assets or in accordance with the standards in Chapter 43.09.200 RCW “Local Government Accounting – Uniform System of Accounting.”

B. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, “Contracts for Architectural and Engineering Services,” have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final architectural/engineering services contract and submit a copy of the contract to ECOLOGY.

C. Acquisition: The following provisions shall be in force only if the project described in this agreement is an acquisition project:

- a. Evidence of Land Value and Title. The RECIPIENT shall submit documentation of the cost of the property rights and the type of ownership interest that has been acquired.
- b. Legal Description of Real Property Rights Acquired. The legal description of the real property rights purchased with funding assistance provided through this agreement (and protected by a recorded conveyance of rights to the State of Washington) shall be incorporated into the agreement before final payment.
- c. Conveyance of Rights to the State of Washington. Upon purchase of real property rights (both fee simple and lesser interests), the RECIPIENT shall execute the document necessary to convey certain rights and responsibilities to ECOLOGY, on behalf of the State of Washington. The documents required will depend on the project type, the real property rights being acquired, and whether or not those rights are being acquired in perpetuity (see options below). The RECIPIENT shall use language provided by ECOLOGY, to record the executed document in the County where the real property lies, and to provide a copy of the recorded document to ECOLOGY.

Documentation Options:

1. Deed of Right. The Deed of Right conveys to the people of the state of Washington the right to preserve, protect, and/or use the property for public purposes consistent with the fund source. RECIPIENTS shall use this document when acquiring real property rights that include the underlying land. This document may also be applicable for those easements where the RECIPIENT has acquired a perpetual easement for public purposes. The RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the deed of right.
2. Assignment of Rights. The Assignment of Rights document transfers certain rights such as access and enforcement to ECOLOGY. The RECIPIENT shall use this document when an easement or lease is being acquired for water quality and habitat conservation. The Assignment of Rights requires the signature of the underlying landowner and must be incorporated by reference in the easement document.
3. Easements and Leases. The RECIPIENT may incorporate required language from the Deed of Right or Assignment of Rights directly into the easement or lease document, thereby eliminating the requirement for a separate document. Language

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will depend on the situation; therefore, the RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the easement or lease.

d. Real Property Acquisition and Relocation Assistance.

1. Federal Acquisition Policies. See Section 4 of this agreement for requirements specific to Section 319 and SRF funded projects.
2. State Acquisition Policies. When state funds are part of this agreement, the RECIPIENT agrees to comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policy of the State of Washington, Chapter 8.26 RCW, and Chapter 468-100 WAC.
3. Housing and Relocation. In the event that housing and relocation costs, as required by federal law set out in subsection (1) above and/or state law set out in subsection (2) above, are involved in the execution of this project, the RECIPIENT agrees to provide any housing and relocation assistance required.

e. Hazardous Substances.

1. Certification. The RECIPIENT shall inspect, investigate, and conduct an environmental audit of the proposed acquisition site for the presence of hazardous substances, as defined in RCW 70.105D.020(10), and certify:
 - i. No hazardous substances were found on the site, or
 - ii. Any hazardous substances found have been treated and/or disposed of in compliance with applicable state and federal laws, and the site is deemed “clean.”
2. Responsibility. Nothing in this provision alters the RECIPIENT's duties and liabilities regarding hazardous substances as set forth in RCW 70.105D.
3. Hold Harmless. The RECIPIENT will defend, protect and hold harmless ECOLOGY and any and all of its employees and/or agents, from and against any and all liability, cost (including but not limited to all costs of defense and attorneys' fees) and any and all loss of any nature from any and all claims or suits resulting from the presence of, or the release or threatened release of, hazardous substances on the property the RECIPIENT is acquiring.

f. Restriction On Conversion Of Real Property And/Or Facilities To Other Uses

The RECIPIENT shall not at any time convert any real property (including any interest therein) or facility acquired, developed, maintained, renovated, and/or restored pursuant to this agreement to uses other than those purposes for which funds were approved without prior approval of ECOLOGY. For acquisition projects that are term limited, such as one involving a lease or a term-limited restoration, renovation or development project or easement, this restriction on conversion shall apply only for the length of the term, unless otherwise provided in written documents or required by applicable state or federal law. In such case, the restriction applies to such projects for the length of the term specified by the lease, easement, deed, or landowner agreement.

D. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY's Water Quality Program funding website.

E. Electronic Fund Transfers: Payment will be issued through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, <https://ofm.wa.gov/it-systems/statewide-vendorpayee-services>. If you have questions about the vendor registration process or electronic fund transfers, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.

F. Equipment Purchase: Equipment purchases over \$5,000 and not included in the scope of work or the Ecology approved construction plans and specifications, must be pre-approved by ECOLOGY's project manager before purchase. All equipment purchases over \$5,000 and not included in a contract for work being completed on the funded project, must also be reported on the Equipment Purchase Report in EAGL.

G. Funding Recognition: The RECIPIENT must inform the public about any ECOLOGY or EPA funding participation in this

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project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Contact your Ecology Project Team to determine the appropriate recognition for your project.

H. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, "Growth Management Planning by Selected Counties and Cities." If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

I. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, "Interlocal Cooperation Act." The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY upon request.

J. Lobbying and Litigation: Costs incurred for the purposes of lobbying or litigation are not eligible for funding under this agreement.

K. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY's Water Quality Program may contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

L. Project Status Evaluation: ECOLOGY may evaluate the status at any time. ECOLOGY's Project Manager and Financial Manager will meet with the RECIPIENT to review spending trends, completion of outcome measures, and overall project administration and performance. If the RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

M. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement shall be consistent with the current U.S. Natural Resource Conservation Service ("NRCS") Field Office Technical Guide for Washington State and specific requirements outlined in the Water Quality Funding Guidelines. Technical assistance, proposed practices, or project designs that do not meet these standards may be eligible if approved in writing by ECOLOGY.

SECTION 3: CONDITIONS APPLY TO SECTION 319 AND CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form is available on the Water Quality Program website and must be completed and submitted to Ecology. (This form is used for Section 319 (federal) funds only)
2. "Section 319 Initial Data Reporting" form must be completed in EAGL.

A. Data Reporting: The RECIPIENT must complete the "Section 319 Initial Data Reporting" form in EAGL before this agreement can be signed by Ecology. This form is used to gather general information about the project for EPA.

B. Funding Recognition and Outreach: In addition to Section 2.F. of these Special Terms and Conditions, the RECIPIENT shall provide signage that informs the public that the project is funded by EPA. The signage shall contain the EPA logo and follow usage requirements available at <http://www2.epa.gov/stylebook/using-epa-seal-and-logo>. To obtain the appropriate EPA logo or seal graphic file, the RECIPIENT may send a request to their Ecology Financial Manager.

To increase public awareness of projects serving communities where English is not the predominant language, RECIPIENTS are encouraged to provide their outreach strategies communication in non-English languages. Translation costs for this purpose are allowable, provided the costs are reasonable. (Applies to both the Section 319 funded projects and the Centennial match projects)

The RECIPIENT shall use the following paragraph in all reports, documents, and signage developed under this agreement: (Applies to Section 319 funded projects only)

"This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views

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and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use.”

C. Load Reduction Reporting: The RECIPIENT shall complete the “Section 319 Annual Load Reduction Reporting” form in EAGL by January 15 of each year and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed the form. This form is used to gather information on best management practices (BMPs) installed and associated pollutant load reductions that were funded as a part of this project.

D. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA’s assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement by the expiration date. (For Section 319 funded projects only)

SECTION 4: CONDITIONS APPLY TO ALL FEDERAL FUNDING AGREEMENTS, INCLUDING SECTION 319, State Revolving Fund (SRF) Equivalency Projects, and SEWER OVERFLOW AND STORMWATER REUSE MUNICIPAL GRANT (OSG)

A. Acquisitions: RECIPIENTS shall comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 84 Stat. 1894 (1970)--Public Law 91-646, as amended by the Surface Transportation and Uniform Relocation Assistance Act, PL 100-17-1987, and applicable regulations and procedures of the federal agency implementing that Act.

B. Audit Requirements: In accordance with 2 CFR 200.501(a), the RECIPIENT agrees to obtain a single audit from an independent auditor, if their organization expends \$750,000 or more in total Federal funds in their fiscal year. The RECIPIENT must submit the form SF-SAC and a Single Audit Report Package within 9 months of the end of the fiscal year or 30 days after receiving the report from an independent auditor. The SF-SAC and a Single Audit Report Package MUST be submitted using the Federal Audit Clearinghouse’s Internet Data Entry System available at: <https://facweb.census.gov/>.

C. Archaeological Resources and Historic Properties (Section 106): This requires completion of the Ecology Cultural Resources Review Form, coordination with Ecology Cultural Resources staff, and receipt of the Ecology Final Determination prior to any property acquisition and above and below ground disturbing activities.

D. Architectural and Engineering Services Procurement: The RECIPIENT must procure architectural and engineering services in accordance with the federal requirements in Chapter 11 of Title 40, U.S.C. (see <https://uscode.house.gov/view.xhtml?path=/prelim@title40/subtitle1/chapter11&edition=prelim>).

E Build America, Buy America (BABA – Pub. L. No. 117-58, 70901-52) (Federally funded SRF Equivalency projects only): The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding agrees to comply with all federal requirements applicable to the assistance received (including those imposed by the Infrastructure Investment and Jobs Act (“IIJA”/BIL), Public Law No. 117-58) which the RECIPIENT understands includes, but is not limited to, the following requirements: that all the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States (“Build America, Buy America Requirements”) unless (i) the RECIPIENT has requested and obtained a waiver from the cognizant Agency pertaining to the Project or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing Agencies have otherwise advised the RECIPIENT in writing that the Build America, Buy America Requirements are not applicable to the project.

RECIPIENT shall comply with all record keeping and reporting requirements under all applicable legal authorities, including any reports required by the funding authority (such as EPA and/or a state), such as performance indicators of program deliverables, information on costs and project progress. The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding, understands that (i) each contract and subcontract related to the project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a default hereunder that results in a repayment of the assistance agreement in advance of termination and/or repayment of assistance, and/or other remedial actions.

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EPA has granted an adjustment period waiver of the requirements of Section 70914(a) of the BIL, pursuant to Section 70914(b)(1) (public interest waiver), for eligible projects financed by SRF projects that have initiated project design planning prior to May 14, 2022, the statutory effective date of the BABA requirements. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914. Sections 70917(a) and (b) of BIL provide a savings provision for existing statutory requirements that meet or exceed BABA requirements. The statutory American Iron and Steel (AIS) requirements of Clean Water Act (CWA) Section 608 and Safe Drinking Water Act (SDWA) Section 1452(a)(4) has previously applied to SRF projects and will continue to do so as part of BABA requirements.

Where manufactured products used in the project are required to be produced in the United States, manufactured product shall mean manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation. The manufactured products included cover the majority of potential water infrastructure products, including complex products made up of a variety of material types and components. For water infrastructure projects, commonly manufactured products would include, but not be limited to, pumps, motors, blowers, aerators, generators, instrumentation and control systems, gauges, meters, measurement equipment, treatment equipment, dewatering equipment, actuators, and many other mechanical and electrical items.

F. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency's Program for Utilization of Small, Minority, and Women's Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services, and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:

- 1) Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTS, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.
- 2) Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.
- 3) Consider, in the contracting process, whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State, and Local Government RECIPIENTS, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.
- 4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.
- 5) Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
- 6) If the prime contractor awards subcontracts, require the prime contractor to take the five good faith efforts steps in paragraphs 1 through 5 above.

The RECIPIENT agrees to submit ECOLOGY's Contractor Participation Report Form D with each payment request. Contract Administration Provisions, 40 CFR, Section 33.302. The RECIPIENT agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

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Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin, or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.

This does not preclude the RECIPIENT from enacting broader nondiscrimination protections.

The RECIPIENT shall comply with all federal and state nondiscrimination laws, including but not limited to, Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington's Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).

In the event of the RECIPIENT's noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.

The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.

“The Contractor will not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies.”

Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.

1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE

G. Electronic and information Technology (EIT) Accessibility: RECIPIENTS shall ensure that loan funds provided under this agreement for costs in the development or purchase of EIT systems or products provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology as per Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7.

Systems or products funded under this agreement must be designed to meet the diverse needs of users without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology.

H. Federal Funding Accountability and Transparency Act (FFATA) Form, available on the Water Quality Program website.

I. Hotel-Motel Fire Safety Act: The RECIPIENT shall ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (15 USC 2225a, PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance, or to find other information about the Act. Pursuant to 15 USC 2225a.

J. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a

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character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request. Wage determinations and instructions for their use can be found at <https://sam.gov/>.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request. Where conflicts arise between the State prevailing wage rates and Davis-Bacon Act prevailing wage requirements the more stringent requirement shall govern. Washington State prevailing wage rates can be found at <https://www.lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>

K. Trafficking in Persons: The RECIPIENT and RECIPIENT employees that are private entities shall not engage in forms of trafficking in persons. This includes, but is not limited to, the procurement of a commercial sex act or forced labor. The RECIPIENT shall notify ECOLOGY immediately of any information received from any source alleging a violation under this provision.

L. Unique Entity Identity Identifier (UEI): The RECIPIENT agrees to register with and make their registration public in the System for Award Management (SAM.gov). The RECIPIENT will be assigned a UEI and agree to include their UEI Number under their organization’s information in EAGL. The UEI number must be entered into EAGL before a funding agreement is signed.

SECTION 5: CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents/forms to ECOLOGY before this agreement is signed by ECOLOGY:

1. Financial Capability Assessment Documentation (upon request)
2. Opinion of RECIPIENT’s Legal Council – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
3. Authorizing Ordinance or Resolution – Must be uploaded to the General Uploads form in EAGL.
4. Federal Funding Accountability and Transparency Act (FFATA) Form (Required for all federally funded SRF Equivalency projects – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
5. CWSRF Federal Reporting Information form – Must be completed in EAGL.
6. Fiscal Sustainability Plan (Asset Management) Certification Form (Only required if the project includes construction of a wastewater or stormwater facility construction) – Must be completed in EAGL.
7. Cost and Effectiveness Analysis Certification Form (Required for all projects receiving SRF Loan funding) – Must be completed in EAGL.
8. State Environmental Review Process (SERP) Documentation (Required for treatment works projects only) – Must be uploaded to the Environmental and Cultural Review form in EAGL.

A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.

B. American Iron and Steel (Buy American – P.L 113-76, Consolidated Appropriations Act 2014, Section 436): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a “treatment works” as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products

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used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.

C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT's authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before this agreement shall be signed by ECOLOGY.

D. Equivalency Projects: ECOLOGY designated equivalency project and alternative designated equivalency project RECIPIENTS agree to accept federal funds and the federal requirements that accompany the funds. This includes all the requirements in Section 4 and this Section.

E. Fiscal Sustainability Plan Certification: The RECIPIENT shall submit a completed Fiscal Sustainability Plan Certification before this agreement is signed by ECOLOGY. The Fiscal Sustainability Plan Certification is available from the ECOLOGY Financial Manager or on the Water Quality Program website.

F. Funding Recognition and Outreach: The RECIPIENT agrees to comply with the EPA SRF Signage Guidance to enhance public awareness of EPA assistance agreements nationwide. Signage guidance can be found at: <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans/Facility-project-resources>.

G. Insurance: The RECIPIENT shall at all times carry fire and extended insurance coverage, public liability, and property damage, and such other forms of insurance with responsible insurers and policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.

H. Litigation Authority: No litigation is now pending, or to the RECIPIENT's knowledge, threatened, seeking to restrain, or enjoin:

- (i) the execution of this agreement; or
- (ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or
- (iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or
- (iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence, or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, revoked, or rescinded.

I. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan and all accrued interest to the computation date.

The Estimated Loan Amount and the Final Loan Amount (in either case, as applicable, a "Loan Amount") shall bear interest

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based on the interest rate identified in this agreement as the “Effective Interest Rate,” per annum, calculated on the basis of a 365-day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments, semiannually, over the term of this loan “Loan Term” as outlined in this agreement.

J. Loan Repayment:

Sources of Loan Repayment

1. Nature of RECIPIENT's Obligation. The obligation of the RECIPIENT to repay the loan from the sources identified below and to perform and observe all other agreements and obligations on its part, contained herein, shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all the covenants, agreements, and attachments contained herein.
2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.
3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.
4. For Revenue-Secured: Lien Position. This loan is a Revenue-Secured Debt of the RECIPIENT's Utility. This loan shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations.

In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

5. Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to it.
6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan.

If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

- (i) The Loan Amount with interest
- (ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY's notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

Method and Conditions on Repayments

1. Semiannual Payments. Notwithstanding any other provision of this agreement, the first semiannual payment of principal and interest on this loan shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment shall be due on the next business day for Washington State agencies.

Payments shall be mailed to:

Department of Ecology

Cashiering Unit

P.O. Box 47611

Olympia WA 98504-7611

In lieu of mailing payments, electronic fund transfers can be arranged by working with ECOLOGY's Financial Manager.

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No change to the amount of the semiannual principal and interest payments shall be made without a mutually signed amendment to this agreement. The RECIPIENT shall continue to make semiannual payments based on this agreement until the amendment is effective, at which time the RECIPIENT's payments shall be made pursuant to the amended agreement.

2. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.
3. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others: those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.
4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY's Revenue/Receivable Manager of the Fiscal Office.

K. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Where collecting adequate gross utility revenue requires connecting additional users, the RECIPIENT shall require the sewer system connections necessary to meet debt obligations and expected operation and maintenance expenses.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.

Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the Loan Fund and used to pay the principal of and interest on the loan.

L. Maintenance and Operation of a Funded Utility: The RECIPIENT shall, at all times, maintain and keep the funded Utility in good repair, working order, and condition.

M. Opinion of RECIPIENT's Legal Counsel: The RECIPIENT must submit an "Opinion of Legal Counsel to the RECIPIENT" to ECOLOGY before this agreement will be signed. ECOLOGY will provide the form.

N. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

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The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request.

O. Progress Reports: RECIPIENTS funded with State Revolving Fund Loan or Forgivable Principal shall include the following verification statement in the “General Comments” text box of each progress report.

“We verified that we are in compliance with all the requirements as outlined in our funding agreement(s) with the Department of Ecology. This includes but is not limited to:

- The Davis-Bacon Act, 29 CFR , prevailing wage requirements, certified weekly payroll, etc.
- The Disadvantaged Business Enterprise (DBE), 40 CFR, Part 33
- The American Iron and Steel Act (Buy American)
- The Build America Buy America Act (BABA) (equivalency projects only)”

P. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:

Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this agreement known to the RECIPIENT, which has not been disclosed in writing to ECOLOGY.

Existence; Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.

Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan agreement remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the project or to repay the principal of or interest on the loan, have occurred since the date of this loan agreement. Any changes in the RECIPIENT’s financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

Q. Sale or Disposition of Funded Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the funded Utility or any real or personal property comprising a part of the funded Utility unless:

1. The facilities or property transferred are not material to the operation of the funded Utility, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the funded Utility or are no longer necessary, material, or useful to the operation of the funded Utility; or
2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the funded Utility; or
3. The RECIPIENT receives from the transferee an amount equal to an amount which will be in the same proportion to the net amount of Senior Lien Obligations and this LOAN then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the funded Utility from the portion of the funded Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.
4. Expressed written agreement by the ECOLOGY.

The proceeds of any transfer under this paragraph must be used (1) to redeem promptly, or irrevocably set aside for the

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redemption of, Senior Lien Obligations and to redeem promptly the loan, and (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

R. Sewer-Use Ordinance or Resolution for Funded Wastewater Facility Projects: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. Such ordinance or resolution shall be submitted to ECOLOGY upon request.

The sewer use ordinance must include provisions to:

- 1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT's sewer system.
- 2) Prohibit inflow of stormwater into separated sewer systems.
- 3) Require that new sewers and connections be properly designed and constructed.

S. Termination and Default:

Termination and Default Events

1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.
2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.
3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.
4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance in full by the RECIPIENT of all its obligations under this loan agreement. The RECIPIENT shall be in default of its obligations under this loan agreement if, in the opinion of ECOLOGY, the RECIPIENT has unjustifiably failed to perform any obligation required of it by this loan agreement.

Procedures for Termination. If this loan agreement is terminated prior to project completion, ECOLOGY shall provide to the RECIPIENT a written notice of termination at least five working days prior to the effective date of termination (the "Termination Date"). The written notice of termination by the ECOLOGY shall specify the Termination Date and, when applicable, the date by which the RECIPIENT must repay any outstanding balance of the loan and all accrued interest (the "Termination Payment Date").

Termination and Default Remedies

No Further Payments. On and after the Termination Date, or in the event of a default event, ECOLOGY may, at its sole discretion, withdraw the loan and make no further payments under this agreement.

Repayment Demand. In response to an ECOLOGY initiated termination event, or in response to a loan default event, ECOLOGY may at its sole discretion demand that the RECIPIENT repay the outstanding balance of the Loan Amount and all accrued interest.

Interest after Repayment Demand. From the time that ECOLOGY demands repayment of funds, amounts owed by the RECIPIENT to ECOLOGY shall accrue additional interest at the rate of one percent per month, or fraction thereof.

Accelerate Repayments. In the event of a default, ECOLOGY may, in its sole discretion, declare the principal of and interest on the loan immediately due and payable, subject to the prior lien and charge of any outstanding Senior Lien Obligation upon the Net Revenue. That is, the loan is not subject to acceleration so long as any Senior Lien Obligations are outstanding.

Repayments not made immediately upon such acceleration will incur Late Charges.

Late Charges. All amounts due to ECOLOGY and not paid by the RECIPIENT by the Termination Payment Date or after acceleration following a default event, as applicable, shall incur late charges.

Intercept State Funds. In the event of a default event and in accordance with Chapter 90.50A.060 RCW, "Defaults," any state funds otherwise due to the RECIPIENT may, at ECOLOGY's sole discretion, be withheld and applied to the repayment of the loan.

Property to ECOLOGY. In the event of a default event and at the option of ECOLOGY, any personal property (equipment) acquired under this agreement may, in ECOLOGY's sole discretion, become ECOLOGY's property. In that circumstance,

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ECOLOGY shall reduce the RECIPIENT's liability to repay money by an amount reflecting the fair value of such property. Documents and Materials. If this agreement is terminated, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT shall, at the option of ECOLOGY, become ECOLOGY property. The RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Collection and Enforcement Actions. In the event of a default event, the state of Washington reserves the right to take any actions it deems necessary to collect the amounts due, or to become due, or to enforce the performance and observance of any obligation by the RECIPIENT, under this agreement.

Fees and Expenses. In any action to enforce the provisions of this agreement, reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of legal staff) shall be awarded to the prevailing party as that term is defined in Chapter 4.84.330 RCW.

Damages. Notwithstanding ECOLOGY's exercise of any or all the termination or default remedies provided in this agreement, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and/or the state of Washington because of any breach of this agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

T. User-Charge System for Funded Utilities: The RECIPIENT certifies that it has the legal authority to establish and implement a user-charge system and shall adopt a system of user-charges to assure that each user of the funded utility shall pay its proportionate share of the cost of operation and maintenance, including replacement during the design life of the project. The user-charge system will include provisions for a connection charge.

In addition, the RECIPIENT shall regularly evaluate the user-charge system, at least annually, to ensure the system provides adequate revenues necessary to operate and maintain the funded utility, to establish reserves to pay for replacement, and to repay the loan.

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

A. CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY

EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact ECOLOGY for assistance in obtaining a copy of those regulations.
4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled

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“CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION” without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

B. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING REQUIREMENTS:

CONTRACTOR/RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any CONTRACTOR/RECIPIENT that meets each of the criteria below must report compensation for its five top executives using the FFATA Data Collection Form.

- Receives more than \$30,000 in federal funds under this award.
- Receives more than 80 percent of its annual gross revenues from federal funds.
- Receives more than \$25,000,000 in annual federal funds.

Ecology will not pay any invoices until it has received a completed and signed FFATA Data Collection Form. Ecology is required to report the FFATA information for federally funded agreements, including the required Unique Entity Identifier in www.sam.gov <http://www.sam.gov> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov>.

For more details on FFATA requirements, see www.fsr.gov <http://www.fsr.gov>.

C. FEDERAL FUNDING PROHIBITION ON CERTAIN TELECOMMUNICATIONS OR VIDEO SURVEILLANCE SERVICES OR EQUIPMENT:

As required by 2 CFR 200.216, federal grant or loan recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;
2. Extend or renew a contract to procure or obtain; or
3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment, video surveillance services or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in [Public Law 115-232](https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf) <https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE

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Corporation (or any subsidiary or affiliate of such entities).

Recipients, subrecipients, and borrowers also may not use federal funds to purchase certain prohibited equipment, systems, or services, including equipment, systems, or services produced or provided by entities identified in section 889, are recorded in the [System for Award Management \(SAM\) <https://sam.gov/SAM/>](https://sam.gov/SAM/) exclusion list.

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GENERAL TERMS AND CONDITIONS

Pertaining to Grant and Loan Agreements With the state of Washington, Department of Ecology

GENERAL TERMS AND CONDITIONS

For DEPARTMENT OF ECOLOGY GRANTS and LOANS

07/01/2023 Version

1. ADMINISTRATIVE REQUIREMENTS

- a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition." (<https://fortress.wa.gov/ecy/publications/SummaryPages/2301002.html>)
- b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.
- c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
- d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ACCESSIBILITY REQUIREMENTS FOR COVERED TECHNOLOGY

The RECIPIENT must comply with the Washington State Office of the Chief Information Officer, OCIO Policy no. 188, Accessibility (<https://ocio.wa.gov/policy/accessibility>) as it relates to "covered technology." This requirement applies to all products supplied under the Agreement, providing equal access to information technology by individuals with disabilities, including and not limited to web sites/pages, web-based applications, software systems, video and audio content, and electronic documents intended for publishing on Ecology's public web site.

4. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take all reasonable action to avoid, minimize, or mitigate adverse effects to archaeological and historic archaeological sites, historic buildings/structures, traditional cultural places, sacred sites, or other cultural resources, hereby referred to as Cultural Resources.

The RECIPIENT must agree to hold harmless ECOLOGY in relation to any claim related to Cultural Resources discovered, disturbed, or damaged due to the RECIPIENT's project funded under this Agreement.

RECIPIENT shall:

- a) Contact the ECOLOGY Program issuing the grant or loan to discuss any Cultural Resources requirements for their project:
 - Cultural Resource Consultation and Review should be initiated early in the project planning process and must be completed prior to expenditure of Agreement funds as required by applicable State and Federal requirements.
- * For state funded construction, demolition, or land acquisitions, comply with Governor Executive Order 21-02, Archaeological and Cultural Resources.

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- For projects with any federal involvement, comply with the National Historic Preservation Act of 1966 (Section 106).
- b) If required by the ECOLOGY Program, submit an Inadvertent Discovery Plan (IDP) to ECOLOGY prior to implementing any project that involves field activities. ECOLOGY will provide the IDP form.

RECIPIENT shall:

- Keep the IDP at the project site.
 - Make the IDP readily available to anyone working at the project site.
 - Discuss the IDP with staff, volunteers, and contractors working at the project site.
 - Implement the IDP when Cultural Resources or human remains are found at the project site.
- c) If any Cultural Resources are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
- Immediately stop work and notify the ECOLOGY Program, who will notify the Department of Archaeology and Historic Preservation at (360) 586-3065, any affected Tribe, and the local government.
- d) If any human remains are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
- Immediately stop work and notify the local Law Enforcement Agency or Medical Examiner/Coroner's Office, the Department of Archaeology and Historic Preservation at (360) 790-1633, and then the ECOLOGY Program.
- e) Comply with RCW 27.53, RCW 27.44, and RCW 68.50.645, and all other applicable local, state, and federal laws protecting Cultural Resources and human remains.

5. ASSIGNMENT

No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

6. COMMUNICATION

RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

7. COMPENSATION

- a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
- b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
- c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible require approval by ECOLOGY prior to expenditure.
- d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
- e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
- f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
- g) RECIPIENT will receive payment through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, <https://ofm.wa.gov/it-systems/statewide-vendorpayee-services>. If you have questions about the vendor registration process, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.
- h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.
- i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.

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j) RECIPIENT must submit within thirty (30) days after the expiration date of this Agreement, all financial, performance, and other reports required by this Agreement. Failure to comply may result in delayed reimbursement.

8. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable federal, state and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:

- a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.
- b) RECIPIENT agrees to be bound by all applicable federal and state laws, regulations, and policies against discrimination.
- c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.
- d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.

ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

9. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

10. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.

RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.

ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

11. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:

- a) RECIPIENT notifies the funding program of an appeal request.
- b) Appeal request must be in writing and state the disputed issue(s).
- c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
- d) ECOLOGY reviews the RECIPIENT's appeal.
- e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

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The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.

The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.

Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.

Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.

Nothing in this Agreement will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

12. ENVIRONMENTAL DATA STANDARDS

a) RECIPIENT shall prepare a Quality Assurance Project Plan (QAPP) for a project that collects or uses environmental measurement data. RECIPIENTS unsure about whether a QAPP is required for their project shall contact the ECOLOGY Program issuing the grant or loan. If a QAPP is required, the RECIPIENT shall:

- Use ECOLOGY's QAPP Template/Checklist provided by the ECOLOGY, unless ECOLOGY Quality Assurance (QA) officer or the Program QA coordinator instructs otherwise.
- Follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030).
- Submit the QAPP to ECOLOGY for review and approval before the start of the work.

b) RECIPIENT shall submit environmental data that was collected on a project to ECOLOGY using the Environmental Information Management system (EIM), unless the ECOLOGY Program instructs otherwise. The RECIPIENT must confirm with ECOLOGY that complete and correct data was successfully loaded into EIM, find instructions at:

<http://www.ecy.wa.gov/eim>.

c) RECIPIENT shall follow ECOLOGY's data standards when Geographic Information System (GIS) data is collected and processed. Guidelines for Creating and Accessing GIS Data are available at:

<https://ecology.wa.gov/Research-Data/Data-resources/Geographic-Information-Systems-GIS/Standards>. RECIPIENT, when requested by ECOLOGY, shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

13. GOVERNING LAW

This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

14. INDEMNIFICATION

ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

15. INDEPENDENT STATUS

The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

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16. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

17. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.

Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:

- a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
- b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
- c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
- d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

18. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; (f) Ecology Funding Program Guidelines; and (g) General Terms and Conditions.

19. PRESENTATION AND PROMOTIONAL MATERIALS

ECOLOGY reserves the right to approve RECIPIENT's communication documents and materials related to the fulfillment of this Agreement:

- a) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.
- b) RECIPIENT shall include time for ECOLOGY's review and approval process in their project timeline.
- c) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best represents the item.

Any communications intended for public distribution that uses ECOLOGY's logo shall comply with ECOLOGY's graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY's logo contact ECOLOGY for guidelines.

RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

20. PROGRESS REPORTING

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- a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
- b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
- c) RECIPIENT shall use ECOLOGY's provided progress report format.
- d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
- e) RECIPIENT must submit within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY, all financial, performance, and other reports required by the Agreement and funding program guidelines. RECIPIENT shall use the ECOLOGY provided closeout report format.

21. PROPERTY RIGHTS

- a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this Agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
- b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
- c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.
- d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.
- e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.
- f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:
 1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.
 2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.
- g) Conversions. Regardless of the Agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

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22. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.

All records shall:

- a) Be kept in a manner which provides an audit trail for all expenditures.
- b) Be kept in a common file to facilitate audits and inspections.
- c) Clearly indicate total receipts and expenditures related to this Agreement.
- d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder.

RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced.

Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.

All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.

RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.

23. RECOVERY OF FUNDS

The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.

All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this Agreement shall be refunded to ECOLOGY by the RECIPIENT.

RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement.

RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.

Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

24. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

25. STATE ENVIRONMENTAL POLICY ACT (SEPA)

RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

26. SUSPENSION

When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

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27. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

- a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.
- b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, 100% post-consumer recycled paper, and toxic free products.

For more suggestions visit ECOLOGY's web page, Green Purchasing,
<https://ecology.wa.gov/Regulations-Permits/Guidance-technical-assistance/Sustainable-purchasing>.

28. TERMINATION

a) For Cause

ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.

Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience

ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT, except as noted below. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions, although ECOLOGY will make a reasonable attempt to provide notice.

In the event of termination or suspension, ECOLOGY will reimburse eligible costs incurred by the RECIPIENT through the effective date of termination or suspension. Reimbursed costs must be agreed to by ECOLOGY and the RECIPIENT. In no

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event shall ECOLOGY’s reimbursement exceed ECOLOGY’s total responsibility under the Agreement and any amendments. If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.

RECIPIENT’s obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) By Mutual Agreement

ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination

All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

29. THIRD PARTY BENEFICIARY

RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

30. WAIVER

Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.

End of General Terms and Conditions

Estimated loan repayment schedule

Loan number:	EL250085	Loan amount:	\$8,132,882.00
Agreement #:	WQC-2025-KCoNRP-00071	Term of loan:	20 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	1.200%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Initiation of Operations:	7/31/2026	Loan date:	7/31/2027
Project Completion:	7/31/2026	Schedule creation date:	9/26/2024
Schedule number:	AS-000000930		

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	7/31/2027	230,749.28	132,616.13	73,599.86	24,533.29	8,000,265.87
2	1/31/2028	230,749.28	182,627.52	36,091.32	12,030.44	7,817,638.35
Subtotal	FY 2028	461,498.56	315,243.65	109,691.18	36,563.73	7,817,638.35
3	7/31/2028	230,749.28	183,726.03	35,267.44	11,755.81	7,633,912.32
4	1/31/2029	230,749.28	184,831.14	34,438.60	11,479.54	7,449,081.18
Subtotal	FY 2029	461,498.56	368,557.17	69,706.04	23,235.35	7,449,081.18
5	7/31/2029	230,749.28	185,942.91	33,604.78	11,201.59	7,263,138.27
6	1/31/2030	230,749.28	187,061.36	32,765.94	10,921.98	7,076,076.91
Subtotal	FY 2030	461,498.56	373,004.27	66,370.72	22,123.57	7,076,076.91
7	7/31/2030	230,749.28	188,186.54	31,922.05	10,640.69	6,887,890.37
8	1/31/2031	230,749.28	189,318.48	31,073.10	10,357.70	6,698,571.89
Subtotal	FY 2031	461,498.56	377,505.02	62,995.15	20,998.39	6,698,571.89
9	7/31/2031	230,749.28	190,457.24	30,219.03	10,073.01	6,508,114.65
10	1/31/2032	230,749.28	191,602.84	29,359.83	9,786.61	6,316,511.81
Subtotal	FY 2032	461,498.56	382,060.08	59,578.86	19,859.62	6,316,511.81
11	7/31/2032	230,749.28	192,755.34	28,495.45	9,498.49	6,123,756.47
12	1/31/2033	230,749.28	193,914.76	27,625.89	9,208.63	5,929,841.71
Subtotal	FY 2033	461,498.56	386,670.10	56,121.34	18,707.12	5,929,841.71
13	7/31/2033	230,749.28	195,081.16	26,751.09	8,917.03	5,734,760.55
14	1/31/2034	230,749.28	196,254.58	25,871.02	8,623.68	5,538,505.97
Subtotal	FY 2034	461,498.56	391,335.74	52,622.11	17,540.71	5,538,505.97
15	7/31/2034	230,749.28	197,435.06	24,985.66	8,328.56	5,341,070.91
16	1/31/2035	230,749.28	198,622.63	24,094.99	8,031.66	5,142,448.28
Subtotal	FY 2035	461,498.56	396,057.69	49,080.65	16,360.22	5,142,448.28
17	7/31/2035	230,749.28	199,817.35	23,198.95	7,732.98	4,942,630.93

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	1/31/2036	230,749.28	201,019.26	22,297.51	7,432.51	4,741,611.67
Subtotal	FY 2036	461,498.56	400,836.61	45,496.46	15,165.49	4,741,611.67
19	7/31/2036	230,749.28	202,228.39	21,390.67	7,130.22	4,539,383.28
20	1/31/2037	230,749.28	203,444.80	20,478.36	6,826.12	4,335,938.48
Subtotal	FY 2037	461,498.56	405,673.19	41,869.03	13,956.34	4,335,938.48
21	7/31/2037	230,749.28	204,668.52	19,560.57	6,520.19	4,131,269.96
22	1/31/2038	230,749.28	205,899.61	18,637.25	6,212.42	3,925,370.35
Subtotal	FY 2038	461,498.56	410,568.13	38,197.82	12,732.61	3,925,370.35
23	7/31/2038	230,749.28	207,138.10	17,708.38	5,902.80	3,718,232.25
24	1/31/2039	230,749.28	208,384.04	16,773.93	5,591.31	3,509,848.21
Subtotal	FY 2039	461,498.56	415,522.14	34,482.31	11,494.11	3,509,848.21
25	7/31/2039	230,749.28	209,637.47	15,833.86	5,277.95	3,300,210.74
26	1/31/2040	230,749.28	210,898.45	14,888.12	4,962.71	3,089,312.29
Subtotal	FY 2040	461,498.56	420,535.92	30,721.98	10,240.66	3,089,312.29
27	7/31/2040	230,749.28	212,167.00	13,936.71	4,645.57	2,877,145.29
28	1/31/2041	230,749.28	213,443.19	12,979.57	4,326.52	2,663,702.10
Subtotal	FY 2041	461,498.56	425,610.19	26,916.28	8,972.09	2,663,702.10
29	7/31/2041	230,749.28	214,727.06	12,016.66	4,005.56	2,448,975.04
30	1/31/2042	230,749.28	216,018.65	11,047.97	3,682.66	2,232,956.39
Subtotal	FY 2042	461,498.56	430,745.71	23,064.63	7,688.22	2,232,956.39
31	7/31/2042	230,749.28	217,318.00	10,073.46	3,357.82	2,015,638.39
32	1/31/2043	230,749.28	218,625.17	9,093.08	3,031.03	1,797,013.22
Subtotal	FY 2043	461,498.56	435,943.17	19,166.54	6,388.85	1,797,013.22
33	7/31/2043	230,749.28	219,940.21	8,106.80	2,702.27	1,577,073.01
34	1/31/2044	230,749.28	221,263.15	7,114.60	2,371.53	1,355,809.86
Subtotal	FY 2044	461,498.56	441,203.36	15,221.40	5,073.80	1,355,809.86
35	7/31/2044	230,749.28	222,594.06	6,116.41	2,038.81	1,133,215.80
36	1/31/2045	230,749.28	223,932.96	5,112.24	1,704.08	909,282.84
Subtotal	FY 2045	461,498.56	446,527.02	11,228.65	3,742.89	909,282.84
37	7/31/2045	230,749.28	225,279.93	4,102.01	1,367.34	684,002.91
38	1/31/2046	230,749.28	226,634.99	3,085.72	1,028.57	457,367.92
Subtotal	FY 2046	461,498.56	451,914.92	7,187.73	2,395.91	457,367.92
39	7/31/2046	230,749.28	227,998.20	2,063.31	687.77	229,369.72
40	1/31/2047	230,749.38	229,369.72	1,034.74	344.92	0.00
Subtotal	FY 2047	461,498.66	457,367.92	3,098.05	1,032.69	0.00

Grand total

9,229,971.30

8,132,882.00

822,816.93

274,272.37

0.00



King County

Dow Constantine
King County Executive
401 Fifth Avenue, Suite 800
Seattle, WA 98104-1818
206-263-9600 Fax 206-296-0194
TTY Relay: 711
www.kingcounty.gov

October 30, 2024

The Honorable Dave Upthegrove
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to enter into a loan agreement with the State of Washington Department of Ecology (Ecology) for loan financing of capital costs associated with the Sammamish Plateau Diversion project.

The legislation authorizes the execution of an Ecology State Revolving Fund (SRF) 20-year loan agreement for state fiscal year 2025 in the amount of \$8,132,882 with an interest rate of 1.2 percent.

This low-interest loan will save King County ratepayers \$2,625,940 in interest expense (\$2,051,652 net present value), compared to 20-year conventional bond financing. The SRF loan will provide funding for King County's planning phase expenditures of the Sammamish Plateau Diversion Water Quality Project that will help manage wastewater flows from the East Lake Sammamish area. Currently, wastewater flows from the Sammamish Plateau travel to King County's South Treatment Plant in Renton.

Thank you for your consideration of this ordinance. This important legislation will save King County ratepayers money and protect water quality in our region.

If your staff have any questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at (206) 263-5767.

The Honorable Dave Upthegrove

October 30, 2024

Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Badda". The signature is written in a cursive style with a large, circular flourish at the end.

for

Dow Constantine

King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

John Taylor, Director, Department of Natural Resources and Parks (DNRP)

Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

STAFF REPORT

Agenda Item:	6	Name:	Jenny Giambattista
Proposed No.:	2024-0374	Date:	December 2, 2024

SUBJECT

Proposed Ordinance 2024-0374 would authorize the Executive to revise a loan agreement with the Washington State Department of Ecology for loan financing of a wastewater capital project.

SUMMARY

Proposed Ordinance 2024-0374 would authorize the Executive to revise a loan agreement with the Washington State Department of Ecology (Ecology) for loan financing of capital costs associated with the joint Ship Canal Water Quality project. The proposed amendment would extend the expiration date of the loan agreement from January 1, 2025, to January 1, 2026.

BACKGROUND

The State Revolving Fund (SRF) Loan Program. The Clean Water Act established the State Revolving Fund low-interest loan program. Washington State administers this program under Chapter 173-98 WAC. It is managed by the Department of Ecology and provides low-interest and forgivable principal loan funding for wastewater treatment construction projects, eligible nonpoint source pollution control projects, and eligible “green” projects. The Department of Ecology makes SRF funding available annually. There is a limit to the amount of funding that an entity is eligible to receive in each SRF loan funding cycle. Since 2000, the WTD has been awarded over \$676 million in SRF loans.

Joint Ship Canal Water Quality Project. This project will provide funding for King County’s design phase expenditures of the West Point Treatment Plan Grit Classifier Project. This project will implement all work necessary to replace or refurbish failing grit classifiers and associated equipment at West Point. The grit classifier equipment removes heavy inorganic materials, such as sand, gravel, and minerals from the wastewater flow during preliminary treatment.

The design work funded by this loan agreement has been completed. Once the loan agreement is signed, expenditures for the design can then be submitted for reimbursement.

This SRF loan provides funding for King County's construction phase expenditures for the joint Ship Canal Water Quality project. As the lead agency for the joint Ship Canal Water Quality project, Seattle Public Utilities has informed King County that the project scope of work of the SRF loan, the tunnel contract, will be completed after January 1, 2025.

Ordinance 19361 authorized the Executive to enter into a loan agreement with the Department of Ecology for loan financing of \$66 million for the construction phase of the Ship Canal water quality project. **Ordinance 19575** authorized an amendment to the original loan agreement to add \$26 million in loan funding for the construction phase. The amendment authorized by Ordinance 19575 was the first amendment to the loan agreement, but it was labeled by the Department of Ecology as Amendment 2. The Department of Ecology's online system which generated the agreement was not able to fix the numbering and thus Ordinance 19575 refers to the amendment as Amendment 2.

Future Funding for SRF Loan Program. WTD expects more loan funds to be available. SRF loans are awarded annually and WTD applies each year. WTD expects to receive a construction loan in 2025 for \$44 million for the West Duwamish project. Additionally, WTD has applied to receive a loan for the combined West Point Grit/Raw Sewage Pump Project.

ANALYSIS

Proposed Ordinance 2024-0374 would authorize King County to execute an amendment to the loan agreement (Ordinance 19575) with the Washington State Department of Ecology for loan financing of capital costs associated with the West Point Treatment Plant Grit Classifier Project.

The proposed amendment would extend the expiration date of the loan agreement from January 1, 2025, to January 1, 2026. As noted in the background section of this staff report, the first amendment to the loan agreement in Ordinance 19575 was labeled by the Department of Ecology as Amendment 2. Therefore, the amendment included with Proposed Ordinance 2024-0374 is labeled as Amendment 3.

INVITED

- Sharman Herrin, Government Relations Administrator, Wastewater Treatment Division
- Steve Baruso, Grants Administrator, Wastewater Treatment Division

ATTACHMENTS

1. Proposed Ordinance 2024-0374 (and its attachment)
2. Transmittal Letter
3. Fiscal Note



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0374.1

Sponsors Zahilay

1 AN ORDINANCE authorizing the executive to execute an
2 amendment to the agreement approved under Ordinance
3 19361 with the Washington state Department of Ecology
4 for loan financing for a wastewater capital project.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION 1. Findings:**

7 A. Ordinance 19361 authorized the executive to enter into an agreement with the
8 Washington state Department of Ecology for loan financing for the construction phase of
9 the Ship Canal water quality project. The maximum loan amount for the Ship Canal
10 water quality project under the original agreement is \$66,000,000 plus interest. This 30-
11 year loan agreement has an interest rate of 1.6 percent.

12 B. Ordinance 19575 authorized Amendment 2 to the original loan agreement to
13 add \$26,015,629 in loan funding for the construction phase of the Ship Canal water
14 quality project. The loan amount authorized by Ordinance 19575 has a term of thirty
15 years and an interest rate of 1.4 percent, making the total loan amount \$92,015,629 for
16 the loan agreement.

17 C. Amendment No. 3 would extend the expiration date of the loan agreement
18 from January 1, 2025, to January 1, 2026. The loan agreement, as amended, will save
19 King County \$33,168,311 in interest payments over thirty years, which is \$19,144,710
20 net present value, as compared to conventional bond financing.

21 SECTION 2. The King County executive is hereby authorized to execute
22 Amendment No. 3 (sic) to the original agreement with the Washington state Department
23 of Ecology for the construction phase of the Ship Canal water quality project,
24 substantially in the form of Attachment A to this ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Department of Ecology State of Washington Amendment 3 (sic) to Agreement No. WQC-2021-KCoNRP-00074, Between the State of WA Department of Ecology and King County Department Natural Resources & Parks WTD

AMENDMENT NO. 3
TO AGREEMENT NO. WQC-2021-KC0NRP-00074
BETWEEN
THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY
AND
King County Department of Natural Resources & Parks WTD

PURPOSE: To amend the above-referenced agreement (AGREEMENT) between the state of Washington Department of Ecology (ECOLOGY) and King County Department of Natural Resources & Parks WTD (RECIPIENT) for the Ship Canal Water Quality Project, Construction (PROJECT).

This amendment is needed to: 1) Extend the funding agreement based on projections from Seattle Public Utilities District that the project will be substantially completed by July 2025 and to allow for the delay in the billing process between Seattle and the RECIPIENT; and 2) Update the Estimated Loan Repayment Schedules for loans EL210335 and EL230082.

- 1) The scope of work remains the same.
- 2) The funding amount remains the same.
- 3) The Initiation of Operation Date is extended from January 1, 2025, to July, 30, 2025. Based on this date, loan repayment will begin no later than July 30, 2026.
- 4) The Completion Date is extended from January 1, 2025, to January 1, 2026.
- 5) Loan EL210335 Estimated Loan Repayment Schedule Number 338, created on May 11, 2021, is replaced with Estimated Loan Repayment Schedule Number 921, created on September 12, 2024.
- 6) Loan EL230082 Estimated Loan Repayment Schedule Number 572, created on October 17, 2022, is replaced with Estimated Loan Repayment Schedule Number 922, created on September 12, 2024.

IT IS MUTUALLY AGREED that the AGREEMENT is amended as follows:

Expiration Date:

Original: 01/01/2025 Amended: 01/01/2026

CHANGES TO THE BUDGET

Funding Distribution EL230082

Funding Title: SRF Loan (FY23-State)

Funding Type: Loan
 Funding Effective Date: 01/01/2020 Funding Expiration Date: 01/01/2026

Funding Source:

Title: CWSRF-SFY23 (State) (WQC-2021)
 Fund: FD0727
 Type: State
 Funding Source %: 100%
 Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part (K)). Washington State administers the program under Chapter 173-98 WAC. The portion of this project funded with this funding distribution comes from non-federal source and are not subject to Federal Funding Accountability and Transparency Act (FFATA) and Single Audit Act (SAA). However, this project is subject to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions.

Approved Indirect Costs Rate: Approved State Indirect: 30%
 Recipient Match %: 0%
 InKind Interlocal Allowed: No
 InKind Other Allowed: No
 Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.4% Interest Rate: 1.1% Admin Charge: 0.3%

Terms: 30 years

Project Start Date: 01/01/2020 Project Completion Date: 01/01/2026
 Estimated Initiation of Operation date: 07/30/2025
 Loan Security: Revenue Secure Lien Obligation of the Recipient
 Final Accrued Interest: \$
 Final Loan Amount: \$
 Repayment Schedule Number: 922

SRF Loan (FY23-State)	Task Total
Construction	\$ 26,015,629.0

Total: \$ 26,015,629.0

CHANGES TO THE BUDGET

Funding Distribution EL210335

Funding Title: SRF Loan
 Funding Type: Loan
 Funding Effective Date: 01/01/2020 Funding Expiration Date: 01/01/2026

Funding Source:

Title: CWSRF-SFY21 (State)

Fund: FD0727

Type: State

Funding Source %: 100%

Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. The portion of this project funded with this funding distribution comes from non-federal source and are not subject to Federal Funding Accountability and Transparency Act (FFATA) and Single Audit Act (SAA). However, this project is subject to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions.

Approved Indirect Costs Rate: Approved State Indirect: 30%

Recipient Match %: 0%

InKind Interlocal Allowed: No

InKind Other Allowed: No

Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.6% Interest Rate: 1.3% Admin Charge: 0.3%

Terms: 30 years

Project Start Date: 01/01/2020 Project Completion Date: 01/01/2026

Estimated Initiation of Operation date: 07/30/2025

Loan Security: Revenue Secure Lien Obligation of the Recipient

Final Accrued Interest: \$

Final Loan Amount: \$

Repayment Schedule Number: 921

SRF Loan	Task Total
Grant and Loan Administration	\$ 10,000.00
Construction	\$ 65,990,000.0

Total: \$ 66,000,000.0

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
SRF Loan	0 %	\$ 0.00	\$ 66,000,000.00	\$ 66,000,000.00
SRF Loan (FY23-State)	0 %	\$ 0.00	\$ 26,015,629.00	\$ 26,015,629.00
Total		\$ 0.00	\$ 92,015,629.00	\$ 92,015,629.00

AUTHORIZING SIGNATURES

All other terms and conditions of the original Agreement including any Amendments remain in full force and effect, except as expressly provided by this Amendment.

The signatories to this Amendment represent that they have the authority to execute this Amendment and bind their respective organizations to this Amendment.

This amendment will be effective 10/01/2024.

IN WITNESS WHEREOF: the parties hereto, having read this Amendment in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Washington State
Department of Ecology

King County Department of Natural Resources & Parks
WTD

By: _____

Vincent McGowan, P.E.
Water Quality
Program Manager

Date

By: _____

Kamuron Gurol
Division Director

Date

Template Approved to Form by
Attorney General's Office

Estimated loan repayment schedule

Loan number:	EL210335	Loan amount:	\$66,000,000.00
Agreement #:	WQC-2021-KCoNRP-00074	Term of loan:	30 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	1.600%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Initiation of Operations:	7/30/2025	Loan date:	7/30/2026
Project Completion:	1/1/2026	Schedule creation date:	9/12/2024
Schedule number:	AS-000000921		

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	7/30/2026	1,401,546.25	337,767.73	864,320.05	199,458.47	65,662,232.27
2	1/30/2027	1,401,546.25	874,494.28	428,229.73	98,822.24	64,787,737.99
Subtotal	FY 2027	2,803,092.50	1,212,262.01	1,292,549.78	298,280.71	64,787,737.99
3	7/30/2027	1,401,546.25	881,513.60	422,526.53	97,506.12	63,906,224.39
4	1/30/2028	1,401,546.25	888,589.26	416,777.55	96,179.44	63,017,635.13
Subtotal	FY 2028	2,803,092.50	1,770,102.86	839,304.08	193,685.56	63,017,635.13
5	7/30/2028	1,401,546.25	895,721.71	410,982.44	94,842.10	62,121,913.42
6	1/30/2029	1,401,546.25	902,911.41	405,140.81	93,494.03	61,219,002.01
Subtotal	FY 2029	2,803,092.50	1,798,633.12	816,123.25	188,336.13	61,219,002.01
7	7/30/2029	1,401,546.25	910,158.82	399,252.29	92,135.14	60,308,843.19
8	1/30/2030	1,401,546.25	917,464.41	393,316.49	90,765.35	59,391,378.78
Subtotal	FY 2030	2,803,092.50	1,827,623.23	792,568.78	182,900.49	59,391,378.78
9	7/30/2030	1,401,546.25	924,828.63	387,333.07	89,384.55	58,466,550.15
10	1/30/2031	1,401,546.25	932,251.97	381,301.60	87,992.68	57,534,298.18
Subtotal	FY 2031	2,803,092.50	1,857,080.60	768,634.67	177,377.23	57,534,298.18
11	7/30/2031	1,401,546.25	939,734.89	375,221.73	86,589.63	56,594,563.29
12	1/30/2032	1,401,546.25	947,277.87	369,093.06	85,175.32	55,647,285.42
Subtotal	FY 2032	2,803,092.50	1,887,012.76	744,314.79	171,764.95	55,647,285.42
13	7/30/2032	1,401,546.25	954,881.40	362,915.19	83,749.66	54,692,404.02
14	1/30/2033	1,401,546.25	962,545.96	356,687.74	82,312.55	53,729,858.06
Subtotal	FY 2033	2,803,092.50	1,917,427.36	719,602.93	166,062.21	53,729,858.06
15	7/30/2033	1,401,546.25	970,272.04	350,410.30	80,863.91	52,759,586.02
16	1/30/2034	1,401,546.25	978,060.14	344,082.46	79,403.65	51,781,525.88
Subtotal	FY 2034	2,803,092.50	1,948,332.18	694,492.76	160,267.56	51,781,525.88
17	7/30/2034	1,401,546.25	985,910.75	337,703.84	77,931.66	50,795,615.13

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	1/30/2035	1,401,546.25	993,824.37	331,274.03	76,447.85	49,801,790.76
Subtotal	FY 2035	2,803,092.50	1,979,735.12	668,977.87	154,379.51	49,801,790.76
19	7/30/2035	1,401,546.25	1,001,801.51	324,792.60	74,952.14	48,799,989.25
20	1/30/2036	1,401,546.25	1,009,842.69	318,259.14	73,444.42	47,790,146.56
Subtotal	FY 2036	2,803,092.50	2,011,644.20	643,051.74	148,396.56	47,790,146.56
21	7/30/2036	1,401,546.25	1,017,948.41	311,673.24	71,924.60	46,772,198.15
22	1/30/2037	1,401,546.25	1,026,119.19	305,034.49	70,392.57	45,746,078.96
Subtotal	FY 2037	2,803,092.50	2,044,067.60	616,707.73	142,317.17	45,746,078.96
23	7/30/2037	1,401,546.25	1,034,355.55	298,342.44	68,848.26	44,711,723.41
24	1/30/2038	1,401,546.25	1,042,658.03	291,596.68	67,291.54	43,669,065.38
Subtotal	FY 2038	2,803,092.50	2,077,013.58	589,939.12	136,139.80	43,669,065.38
25	7/30/2038	1,401,546.25	1,051,027.15	284,796.77	65,722.33	42,618,038.23
26	1/30/2039	1,401,546.25	1,059,463.44	277,942.28	64,140.53	41,558,574.79
Subtotal	FY 2039	2,803,092.50	2,110,490.59	562,739.05	129,862.86	41,558,574.79
27	7/30/2039	1,401,546.25	1,067,967.45	271,032.77	62,546.03	40,490,607.34
28	1/30/2040	1,401,546.25	1,076,539.72	264,067.81	60,938.72	39,414,067.62
Subtotal	FY 2040	2,803,092.50	2,144,507.17	535,100.58	123,484.75	39,414,067.62
29	7/30/2040	1,401,546.25	1,085,180.80	257,046.93	59,318.52	38,328,886.82
30	1/30/2041	1,401,546.25	1,093,891.23	249,969.70	57,685.32	37,234,995.59
Subtotal	FY 2041	2,803,092.50	2,179,072.03	507,016.63	117,003.84	37,234,995.59
31	7/30/2041	1,401,546.25	1,102,671.59	242,835.66	56,039.00	36,132,324.00
32	1/30/2042	1,401,546.25	1,111,522.42	235,644.36	54,379.47	35,020,801.58
Subtotal	FY 2042	2,803,092.50	2,214,194.01	478,480.02	110,418.47	35,020,801.58
33	7/30/2042	1,401,546.25	1,120,444.29	228,395.34	52,706.62	33,900,357.29
34	1/30/2043	1,401,546.25	1,129,437.77	221,088.14	51,020.34	32,770,919.52
Subtotal	FY 2043	2,803,092.50	2,249,882.06	449,483.48	103,726.96	32,770,919.52
35	7/30/2043	1,401,546.25	1,138,503.45	213,722.27	49,320.53	31,632,416.07
36	1/30/2044	1,401,546.25	1,147,641.89	206,297.29	47,607.07	30,484,774.18
Subtotal	FY 2044	2,803,092.50	2,286,145.34	420,019.56	96,927.60	30,484,774.18
37	7/30/2044	1,401,546.25	1,156,853.68	198,812.71	45,879.86	29,327,920.50
38	1/30/2045	1,401,546.25	1,166,139.42	191,268.05	44,138.78	28,161,781.08
Subtotal	FY 2045	2,803,092.50	2,322,993.10	390,080.76	90,018.64	28,161,781.08
39	7/30/2045	1,401,546.25	1,175,499.68	183,662.84	42,383.73	26,986,281.40
40	1/30/2046	1,401,546.25	1,184,935.08	175,996.58	40,614.59	25,801,346.32
Subtotal	FY 2046	2,803,092.50	2,360,434.76	359,659.42	82,998.32	25,801,346.32

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
41	7/30/2046	1,401,546.25	1,194,446.22	168,268.77	38,831.26	24,606,900.10
42	1/30/2047	1,401,546.25	1,204,033.70	160,478.95	37,033.60	23,402,866.40
Subtotal	FY 2047	2,803,092.50	2,398,479.92	328,747.72	75,864.86	23,402,866.40
43	7/30/2047	1,401,546.25	1,213,698.13	152,626.60	35,221.52	22,189,168.27
44	1/30/2048	1,401,546.25	1,223,440.14	144,711.21	33,394.90	20,965,728.13
Subtotal	FY 2048	2,803,092.50	2,437,138.27	297,337.81	68,616.42	20,965,728.13
45	7/30/2048	1,401,546.25	1,233,260.34	136,732.30	31,553.61	19,732,467.79
46	1/30/2049	1,401,546.25	1,243,159.37	128,689.34	29,697.54	18,489,308.42
Subtotal	FY 2049	2,803,092.50	2,476,419.71	265,421.64	61,251.15	18,489,308.42
47	7/30/2049	1,401,546.25	1,253,137.86	120,581.82	27,826.57	17,236,170.56
48	1/30/2050	1,401,546.25	1,263,196.44	112,409.22	25,940.59	15,972,974.12
Subtotal	FY 2050	2,803,092.50	2,516,334.30	232,991.04	53,767.16	15,972,974.12
49	7/30/2050	1,401,546.25	1,273,335.75	104,171.03	24,039.47	14,699,638.37
50	1/30/2051	1,401,546.25	1,283,556.46	95,866.70	22,123.09	13,416,081.91
51	7/30/2051	1,401,546.25	1,293,859.20	87,495.73	20,191.32	12,122,222.71
52	1/30/2052	1,401,546.25	1,304,244.63	79,057.57	18,244.05	10,817,978.08
53	7/30/2052	1,401,546.25	1,314,713.43	70,551.67	16,281.15	9,503,264.65
54	1/30/2053	1,401,546.25	1,325,266.26	61,977.49	14,302.50	8,177,998.39
55	7/30/2053	1,401,546.25	1,335,903.80	53,334.49	12,307.96	6,842,094.59
56	1/30/2054	1,401,546.25	1,346,626.71	44,622.13	10,297.41	5,495,467.88
57	7/30/2054	1,401,546.25	1,357,435.70	35,839.82	8,270.73	4,138,032.18
58	1/30/2055	1,401,546.25	1,368,331.45	26,987.02	6,227.78	2,769,700.73
59	7/30/2055	1,401,546.25	1,379,314.65	18,063.17	4,168.43	1,390,386.08
60	1/30/2056	1,401,546.31	1,390,386.08	9,067.69	2,092.54	0.00
Subtotal	Undefined	16,818,555.06	15,972,974.12	687,034.51	158,546.43	0.00
Grand total		84,092,775.06	66,000,000.00	14,700,379.72	3,392,395.34	0.00

Estimated loan repayment schedule

Loan number:	EL230082	Loan amount:	\$26,015,629.00
Agreement #:	WQC-2021-KCoNRP-00074	Term of loan:	30 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	1.400%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Initiation of Operations:	7/30/2025	Loan date:	7/30/2026
Project Completion:	1/1/2026	Schedule creation date:	9/12/2024
Schedule number:	AS-000000922		

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	7/30/2026	536,545.31	169,980.32	288,015.35	78,549.64	25,845,648.68
2	1/30/2027	536,545.31	355,097.26	142,566.32	38,881.73	25,490,551.42
Subtotal	FY 2027	1,073,090.62	525,077.58	430,581.67	117,431.37	25,490,551.42
3	7/30/2027	536,545.31	357,590.21	140,607.58	38,347.52	25,132,961.21
4	1/30/2028	536,545.31	360,100.65	138,635.09	37,809.57	24,772,860.56
Subtotal	FY 2028	1,073,090.62	717,690.86	279,242.67	76,157.09	24,772,860.56
5	7/30/2028	536,545.31	362,628.72	136,648.75	37,267.84	24,410,231.84
6	1/30/2029	536,545.31	365,174.53	134,648.47	36,722.31	24,045,057.31
Subtotal	FY 2029	1,073,090.62	727,803.25	271,297.22	73,990.15	24,045,057.31
7	7/30/2029	536,545.31	367,738.22	132,634.14	36,172.95	23,677,319.09
8	1/30/2030	536,545.31	370,319.91	130,605.67	35,619.73	23,306,999.18
Subtotal	FY 2030	1,073,090.62	738,058.13	263,239.81	71,792.68	23,306,999.18
9	7/30/2030	536,545.31	372,919.72	128,562.96	35,062.63	22,934,079.46
10	1/30/2031	536,545.31	375,537.79	126,505.91	34,501.61	22,558,541.67
Subtotal	FY 2031	1,073,090.62	748,457.51	255,068.87	69,564.24	22,558,541.67
11	7/30/2031	536,545.31	378,174.23	124,434.42	33,936.66	22,180,367.44
12	1/30/2032	536,545.31	380,829.18	122,348.39	33,367.74	21,799,538.26
Subtotal	FY 2032	1,073,090.62	759,003.41	246,782.81	67,304.40	21,799,538.26
13	7/30/2032	536,545.31	383,502.77	120,247.71	32,794.83	21,416,035.49
14	1/30/2033	536,545.31	386,195.14	118,132.28	32,217.89	21,029,840.35
Subtotal	FY 2033	1,073,090.62	769,697.91	238,379.99	65,012.72	21,029,840.35
15	7/30/2033	536,545.31	388,906.40	116,002.00	31,636.91	20,640,933.95
16	1/30/2034	536,545.31	391,636.70	113,856.76	31,051.85	20,249,297.25
Subtotal	FY 2034	1,073,090.62	780,543.10	229,858.76	62,688.76	20,249,297.25
17	7/30/2034	536,545.31	394,386.16	111,696.47	30,462.68	19,854,911.09

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	1/30/2035	536,545.31	397,154.93	109,521.01	29,869.37	19,457,756.16
Subtotal	FY 2035	1,073,090.62	791,541.09	221,217.48	60,332.05	19,457,756.16
19	7/30/2035	536,545.31	399,943.13	107,330.28	29,271.90	19,057,813.03
20	1/30/2036	536,545.31	402,750.92	105,124.16	28,670.23	18,655,062.11
Subtotal	FY 2036	1,073,090.62	802,694.05	212,454.44	57,942.13	18,655,062.11
21	7/30/2036	536,545.31	405,578.41	102,902.56	28,064.34	18,249,483.70
22	1/30/2037	536,545.31	408,425.75	100,665.37	27,454.19	17,841,057.95
Subtotal	FY 2037	1,073,090.62	814,004.16	203,567.93	55,518.53	17,841,057.95
23	7/30/2037	536,545.31	411,293.08	98,412.47	26,839.76	17,429,764.87
24	1/30/2038	536,545.31	414,180.54	96,143.75	26,221.02	17,015,584.33
Subtotal	FY 2038	1,073,090.62	825,473.62	194,556.22	53,060.78	17,015,584.33
25	7/30/2038	536,545.31	417,088.28	93,859.09	25,597.94	16,598,496.05
26	1/30/2039	536,545.31	420,016.42	91,558.41	24,970.48	16,178,479.63
Subtotal	FY 2039	1,073,090.62	837,104.70	185,417.50	50,568.42	16,178,479.63
27	7/30/2039	536,545.31	422,965.13	89,241.57	24,338.61	15,755,514.50
28	1/30/2040	536,545.31	425,934.53	86,908.47	23,702.31	15,329,579.97
Subtotal	FY 2040	1,073,090.62	848,899.66	176,150.04	48,040.92	15,329,579.97
29	7/30/2040	536,545.31	428,924.78	84,558.99	23,061.54	14,900,655.19
30	1/30/2041	536,545.31	431,936.03	82,193.01	22,416.27	14,468,719.16
Subtotal	FY 2041	1,073,090.62	860,860.81	166,752.00	45,477.81	14,468,719.16
31	7/30/2041	536,545.31	434,968.41	79,810.42	21,766.48	14,033,750.75
32	1/30/2042	536,545.31	438,022.09	77,411.10	21,112.12	13,595,728.66
Subtotal	FY 2042	1,073,090.62	872,990.50	157,221.52	42,878.60	13,595,728.66
33	7/30/2042	536,545.31	441,097.20	74,994.94	20,453.17	13,154,631.46
34	1/30/2043	536,545.31	444,193.90	72,561.82	19,789.59	12,710,437.56
Subtotal	FY 2043	1,073,090.62	885,291.10	147,556.76	40,242.76	12,710,437.56
35	7/30/2043	536,545.31	447,312.34	70,111.62	19,121.35	12,263,125.22
36	1/30/2044	536,545.31	450,452.67	67,644.22	18,448.42	11,812,672.55
Subtotal	FY 2044	1,073,090.62	897,765.01	137,755.84	37,569.77	11,812,672.55
37	7/30/2044	536,545.31	453,615.05	65,159.49	17,770.77	11,359,057.50
38	1/30/2045	536,545.31	456,799.63	62,657.32	17,088.36	10,902,257.87
Subtotal	FY 2045	1,073,090.62	910,414.68	127,816.81	34,859.13	10,902,257.87
39	7/30/2045	536,545.31	460,006.57	60,137.58	16,401.16	10,442,251.30
40	1/30/2046	536,545.31	463,236.02	57,600.16	15,709.13	9,979,015.28
Subtotal	FY 2046	1,073,090.62	923,242.59	117,737.74	32,110.29	9,979,015.28

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
41	7/30/2046	536,545.31	466,488.15	55,044.91	15,012.25	9,512,527.13
42	1/30/2047	536,545.31	469,763.10	52,471.74	14,310.47	9,042,764.03
Subtotal	FY 2047	1,073,090.62	936,251.25	107,516.65	29,322.72	9,042,764.03
43	7/30/2047	536,545.31	473,061.05	49,880.49	13,603.77	8,569,702.98
44	1/30/2048	536,545.31	476,382.15	47,271.05	12,892.11	8,093,320.83
Subtotal	FY 2048	1,073,090.62	949,443.20	97,151.54	26,495.88	8,093,320.83
45	7/30/2048	536,545.31	479,726.57	44,643.30	12,175.44	7,613,594.26
46	1/30/2049	536,545.31	483,094.46	41,997.10	11,453.75	7,130,499.80
Subtotal	FY 2049	1,073,090.62	962,821.03	86,640.40	23,629.19	7,130,499.80
47	7/30/2049	536,545.31	486,486.00	39,332.31	10,727.00	6,644,013.80
48	1/30/2050	536,545.31	489,901.35	36,648.83	9,995.13	6,154,112.45
Subtotal	FY 2050	1,073,090.62	976,387.35	75,981.14	20,722.13	6,154,112.45
49	7/30/2050	536,545.31	493,340.68	33,946.49	9,258.14	5,660,771.77
50	1/30/2051	536,545.31	496,804.15	31,225.20	8,515.96	5,163,967.62
51	7/30/2051	536,545.31	500,291.94	28,484.79	7,768.58	4,663,675.68
52	1/30/2052	536,545.31	503,804.22	25,725.14	7,015.95	4,159,871.46
53	7/30/2052	536,545.31	507,341.15	22,946.13	6,258.03	3,652,530.31
54	1/30/2053	536,545.31	510,902.91	20,147.60	5,494.80	3,141,627.40
55	7/30/2053	536,545.31	514,489.68	17,329.42	4,726.21	2,627,137.72
56	1/30/2054	536,545.31	518,101.62	14,491.47	3,952.22	2,109,036.10
57	7/30/2054	536,545.31	521,738.93	11,633.58	3,172.80	1,587,297.17
58	1/30/2055	536,545.31	525,401.77	8,755.64	2,387.90	1,061,895.40
59	7/30/2055	536,545.31	529,090.33	5,857.48	1,597.50	532,805.07
60	1/30/2056	536,545.60	532,805.07	2,938.99	801.54	0.00
Subtotal	Undefined	6,438,544.01	6,154,112.45	223,481.93	60,949.63	0.00
Grand total		32,192,718.89	26,015,629.00	4,853,427.74	1,323,662.15	0.00



King County

Dow Constantine

King County Executive

401 Fifth Avenue, Suite 800

Seattle, WA 98104-1818

206-263-9600 Fax 206-296-0194

TTY Relay: 711

www.kingcounty.gov

October 30, 2024

The Honorable Dave Upthegrove
 Chair, King County Council
 Room 1200
 C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to revise a loan agreement, in the form of Amendment No. 3 (sic) to the original loan, with the Washington State Department of Ecology (Ecology) for loan financing of capital costs associated with the joint Ship Canal Water Quality project. This project will benefit the public by protecting water quality in the region and the loan amendment will reduce costs to ratepayers.

The proposed legislation would authorize the execution of an Ecology State Revolving Fund (SRF) 30-year loan amendment that extends the expiration date of the loan agreement for Amendment No. 2 (sic) from January 1, 2025 to January 1, 2026.

Ordinance 19361 authorized the Executive to execute a loan agreement in the maximum amount of \$66,000,000 for the Ship Canal water quality. Ordinance 19575 authorized the Executive to execute Amendment 2 to the loan agreement that increased the loan amount by \$26,015,629, making the maximum loan amount for the Ship Canal water quality project \$92,015,629 plus interest. Amendment 3 extends the term of the loan from January 1, 2025 to January 1, 2026. The loans, as amended, will save King County ratepayers \$33,168,311 in interest payments over 30 years, which is \$19,144,710 net present value, as compared to conventional bond financing.

This SRF loan provides funding for King County's construction phase expenditures for the joint Ship Canal Water Quality project. As the lead agency for the joint Ship Canal Water Quality project, Seattle Public Utilities has informed King County that the project scope of work of the SRF loan, the tunnel contract, will be completed after January 1, 2025. This

The Honorable Dave Upthegrove

October 30, 2024

Page 2

amendment extends the expiration date on the loan to address the extension in the project timeline.

This proposed legislation furthers the King County Strategic Climate Action Plan goal of preparing for climate change through financing a facility that will help contain and control stormwater.

Please note that while the amendment document is labeled as Amendment No. 3, it is actually the second Amendment. Due to a timing issue, Ecology did not provide the initial Amendment No. 1 to King County and then was unable to rename Amendment No. 2 once the loan documents were sent to King County.

Thank you for your consideration of this proposed Ordinance. This important legislation will save King County ratepayers money and protect water quality in our region.

If your staff have any questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at 206-263-5767.

Sincerely,



for

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers
 ATTN: Stephanie Cirkovich, Chief of Staff
 Melani Pedroza, Clerk of the Council
Karan Gill, Chief of Staff, Office of the Executive
Penny Lipsou, Council Relations Director, Office of the Executive
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

STAFF REPORT

Agenda Item:	7	Name:	Jenny Giambattista
Proposed No.:	2024-0375	Date:	December 2, 2024

SUBJECT

Proposed Ordinance 2024-0375 would authorize the Executive to enter into a loan agreement with the Washington State Department of Ecology for loan financing of a wastewater capital project.

SUMMARY

Proposed Ordinance 2024-0375 would authorize the Executive to enter into a loan agreement in the amount of \$1,055,000 with the Washington State Department of Ecology (Ecology) for loan financing of capital costs associated with the West Point Treatment Plant Grit Classifier Project. This loan would have an annual interest rate of 1.2 percent and is estimated to save King County more than \$340,638 in interest expense over the term of the loan compared to conventional bond financing.

BACKGROUND

The State Revolving Fund (SRF) Loan Program. The Clean Water Act established the State Revolving Fund low-interest loan program. Washington State administers this program under Chapter 173-98 WAC. It is managed by the Department of Ecology and provides low-interest and forgivable principal loan funding for wastewater treatment construction projects, eligible nonpoint source pollution control projects, and eligible “green” projects. The Department of Ecology makes SRF funding available annually. There is a limit to the amount of funding that an entity is eligible to receive in each SRF loan funding cycle. Since 2000, the WTD has been awarded over \$676 million in SRF loans.

West Point Treatment Plant Grit Classifier Project. The proposed loan would provide funding for King County’s design phase expenditures of the West Point Treatment Plan Grit Classifier Project. This project will implement all work necessary to replace or refurbish failing grit classifiers and associated equipment at West Point. The grit classifier equipment removes heavy inorganic materials, such as sand, gravel, and minerals from the wastewater flow during preliminary treatment.

The design work funded by this loan agreement has been completed. Once the loan agreement is signed, expenditures for the design can then be submitted for reimbursement.

Future Funding for SRF Loan Program. WTD expects more loan funds to be available. SRF loans are awarded annually and WTD applies each year. WTD expects to receive a construction loan in 2025 for \$44 million for the West Duwamish project. Additionally, WTD has applied to receive a loan for the combined West Point Grit/Raw Sewage Pump Project.

ANALYSIS

Proposed Ordinance 2024-0375 would authorize King County to enter into a loan agreement with the Washington State Department of Ecology for loan financing of capital costs associated with the West Point Treatment Plant Grit Classifier Project. The following are the major agreement terms:

- Total loan amount: \$1,055,000
- Loan Term: 20 years
- Effective Interest Rate¹: 1.2 percent
- Repayment: Semiannual payments of principal and interest commence one year after the project is completed and is repaid over 60 equal semi-annual installments from the Water Quality Capital Improvement Fund.
- Effective date: January 17, 2023. The effective date goes back to the start of the design which allows WTD to go back to this date for purposes of submitting design expenditures for reimbursement.
- Expiration date: October 31, 2024. This expiration date is the last day in which eligible expenditures could be utilized for reimbursement so any expenditures after October 31, 2024, would be ineligible for loan participation.

Savings and Repayment. The estimated savings on utilizing SRF loan financing instead of conventional debt financing are detailed in the fiscal note. For this loan agreement, the 1.1 percent interest rate is projected to save King County \$340,638 in interest expense over 20 years, compared to conventional 20-year bond financing.

Loan Requirements. The proposed SRF loan comes with various requirements, including quarterly reporting to Ecology. The Wastewater Treatment Division does not anticipate any difficulties in complying with the performance requirements for the loan.

INVITED

- Sharman Herrin, Government Relations Administrator, Wastewater Treatment Division

¹ Includes 0.3% Ecology Administration Charge

- Steve Baruso, Grants Administrator, Wastewater Treatment Division

ATTACHMENTS

1. Proposed Ordinance 2024-0269 (and its attachment)
2. Transmittal Letter
3. Fiscal Note



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0375.1

Sponsors Zahilay

1 AN ORDINANCE authorizing the King County executive
2 to enter into an agreement with the Washington state
3 Department of Ecology for loan financing of a wastewater
4 capital project.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION 1. Findings:**

7 A. The Washington state Department of Ecology has awarded the department of
8 natural resources and parks \$1,055,000 in a State Revolving Fund loan for the fiscal year
9 2025 cycle.

10 B. The low-interest loan will save King County \$340,638 in interest payments
11 over twenty years, which is \$266,141 net present value, as compared to conventional
12 bond financing.

13 C. The State Revolving Fund loan will assist in financing the design phase for the
14 West Point Treatment Plant Grit Classifier project that is part of King County's
15 wastewater capital improvement program.

16 **SECTION 2.** A. The King County executive or designee is hereby authorized to
17 enter into this agreement with the Washington state Department of Ecology for the design
18 phase of the West Point Grit Classifier project.

19 B. The maximum loan amount for the West Point Grit Classifier project shall be
20 \$1,055,000 plus interest.

21 C. The twenty-year loan agreement shall have an annual interest rate of 1.2
22 percent.

23 D. The loan agreement shall be substantially in the form of Attachment A to this
24 ordinance.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Agreement No. WQC-2025-KCoNRP-00070, Water Quality Combined Financial Assistance 2025 agreement Between the State of WA Department of Ecology and King County Natural Resources & Parks Department - WTD

Agreement No. WQC-2025-KCoNRP-00070**WATER QUALITY COMBINED FINANCIAL ASSISTANCE AGREEMENT****BETWEEN****THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY****AND****KING COUNTY NATURAL RESOURCES & PARKS DEPARTMENT-WTD**

This is a binding Agreement entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as “ECOLOGY,” and King County Natural Resources & Parks Department-WTD, hereinafter referred to as the “RECIPIENT,” to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	West Point Treatment Plant Grit Classifier Replacement (Design)
Total Cost:	\$1,055,000.00
Total Eligible Cost:	\$1,055,000.00
Ecology Share:	\$1,055,000.00
Recipient Share:	\$0.00
The Effective Date of this Agreement is:	01/17/2023
The Expiration Date of this Agreement is no later than:	10/31/2024
Project Type:	Wastewater Facility

Project Short Description:

This project will protect Elliott Bay through the design of improvements necessary to replace or refurbish the failing grit removal system at the West Point Treatment Plant (WPTP). The grit removal system includes the grit classifiers, cyclones and hopper gates which remove heavy inorganic materials, like sand, and gravel to protect downstream equipment. Expected improvements include modifications to structural, mechanical, electrical, and process equipment related to the system.

Project Long Description:

This project will protect Elliott Bay through the design of improvements necessary to replace or refurbish the failing grit removal system at the West Point Treatment Plant (WPTP). The grit removal system includes the grit classifiers, cyclones and hopper gates which remove heavy inorganic materials, like sand, and gravel to protect downstream equipment. Expected improvements include modifications to structural, mechanical, electrical, and process equipment

Agreement No: WQC-2025-KCoNRP-00070
Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
Recipient Name: King County Natural Resources & Parks Department-WTD

related to the system.

The RECIPIENT is designing new grit washer/classifier system to replace the existing system at the WPTP. The existing grit removal system within the Grit Building (such as the unit heaters and water piping) are corroded and are at the end of their useful life. This project will design refurbishments and replacements for the system to continue to protect Elliott Bay through effective grit removal in the preliminary treatment system.

Overall Goal:

The goal of this project is to complete a design to replace the existing four (4) failing grit classifiers, twelve (12) old grit cyclones, and refurbish two (2) grit hopper gates. The other objectives are to implement general modifications to associated structural, mechanical, electrical process related to the grit removal system.

Agreement No: WQC-2025-KCoNRP-00070
Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
Recipient Name: King County Natural Resources & Parks Department-WTD

RECIPIENT INFORMATION

Organization Name: King County Natural Resources & Parks Department-WTD

Federal Tax ID: 91-6001327
UEI Number: EU1QJXNMWKE9

Mailing Address: 201 S Jackson, KSC-NR-6200
Seattle, WA 98104-3855

Physical Address: 201 S Jackson, KSC-NR-6200
Seattle, Washington 98104-3855

Organization Email: steve.baruso@kingcounty.gov

Contacts

Agreement No: WQC-2025-KCoNRP-00070
 Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
 Recipient Name: King County Natural Resources & Parks Department-WTD

<p>Project Manager</p>	<p>Mizanur Rahman Capital Project Manager</p> <p>201 S Jackson, Suite 500 Seattle, Washington 98104-3855 Email: mizanur.rahman@kingcounty.gov Phone: (206) 477-5366</p>
<p>Billing Contact</p>	<p>Steve Baruso Grants Administrator</p> <p>201 S Jackson St. KSC-NR-6200 Seattle, Washington 98104 Email: steve.baruso@kingcounty.gov Phone: (206) 477-5366</p>
<p>Authorized Signatory</p>	<p>Kamuron Gurol Division Director</p> <p>201 S Jackson, Suite 500 Seattle, Washington 98104 Email: kgurol@kingcounty.gov Phone: (206) 549-1190</p>

Agreement No: WQC-2025-KCoNRP-00070
 Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
 Recipient Name: King County Natural Resources & Parks Department-WTD

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
 Water Quality
 PO BOX 47600
 Olympia, WA 98504-7600

Physical Address: Water Quality
 300 Desmond Drive SE
 Lacey, WA 98503

Contacts

<p>Project Manager</p>	<p>Kenneth D. Ziebart P.E., Project Manager PO Box 330316 Shoreline, Washington 98133-9716 Email: kzie461@ecy.wa.gov Phone: (206) 594-0163</p>
<p>Financial Manager</p>	<p>Tammie McClure PO Box 47600 Olympia, Washington 98504-7600 Email: tmcc461@ecy.wa.gov Phone: (360) 628-4315</p>
<p>Technical Advisor</p>	<p>Sean Wilson PO Box 330316 Shoreline, Washington 98133-9716 Email: SEWI461@ecy.wa.gov Phone: (425) 577-4864</p>

Agreement No: WQC-2025-KCoNRP-00070
 Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
 Recipient Name: King County Natural Resources & Parks Department-WTD

SCOPE OF WORK

Task Number: 1 **Task Cost: \$0.00**

Task Title: Grant and Loan Administration

Task Description:

A. The RECIPIENT shall carry out all work necessary to meet ECOLOGY grant or loan administration requirements. Responsibilities include but are not limited to: Maintenance of project records; submittal of requests for reimbursement and corresponding backup documentation; progress reports; and the EAGL (Ecology Administration of Grants and Loans) recipient closeout report (including photos, if applicable). If the RECIPIENT elects to use a contractor to complete project elements, the RECIPIENT shall retain responsibility for the oversight and management of this funding agreement.

B. The RECIPIENT shall keep documentation that demonstrates the project is in compliance with applicable procurement, contracting, and interlocal agreement requirements; permitting requirements, including application for, receipt of, and compliance with all required permits, licenses, easements, or property rights necessary for the project; and submittal of required performance items. This documentation shall be available upon request.

C. The RECIPIENT shall maintain effective communication with ECOLOGY and maintain up-to-date staff contact information in the EAGL system. The RECIPIENT shall carry out this project in accordance with any completion dates outlined in this agreement.

Task Goal Statement:

Properly managed and fully documented project that meets ECOLOGY’s grant or loan administrative requirements.

Task Expected Outcome:

- * Timely and complete submittal of requests for reimbursement, quarterly progress reports, and Recipient Closeout Report.
- * Properly maintained project documentation.

Grant and Loan Administration

Deliverables

Number	Description	Due Date
1.1	Progress Reports that include descriptions of work accomplished, project challenges or changes in the project schedule. Submitted at least quarterly.	
1.2	Recipient Closeout Report (EAGL Form)	

Agreement No: WQC-2025-KCoNRP-00070
 Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
 Recipient Name: King County Natural Resources & Parks Department-WTD

SCOPE OF WORK

Task Number: 2 **Task Cost: \$730,000.00**

Task Title: Design

Task Description:

- A. The RECIPIENT will procure professional services in accordance with state law. The RECIPIENT will include ECOLOGY's State Revolving Fund Engineering Services Insert in the contract documents between the RECIPIENT and the professional services team. The RECIPIENT must submit professional services contracts before ECOLOGY will provide reimbursement for work performed under this task.
- B. The RECIPIENT will design the Grit Classifier Replacement. Construction contract documents developed by the RECIPIENT and design team must be consistent with the requirements of Chapter 173-240 WAC. Elements of the design will include:
- B.1. Demolition of existing classifiers, classifier assemblies, two grit hopper gates and appurtenances
 - B.2. Four new washer/classifiers
 - B.3. Two new cyclones and appurtenances
 - B.4. Two new grit hopper gates and hydraulic actuators
 - B.5. C3 piping and instrument air piping, and appurtenances
- C. The RECIPIENT will review and approve the construction contract documents prior to submittal to ECOLOGY for review and approval. Construction plans submitted to ECOLOGY for review and approval will be reduced to no larger than 11" x 17" in size. Plans, and details, should note if they are to scale or not. ECOLOGY may request plans be submitted in PDF or other electronic format, and specifications in searchable and indexed PDF or Microsoft Word electronic file. An updated estimate of the construction cost at bid opening will be submitted with each plan/specification submittal. The project manager may request a spreadsheet of the estimate in Excel electronic file format.
- D. The RECIPIENT's design team will provide a constructability review and quality assurance check of the project drawings and specification package, and general requirements of the construction bid documents at the 90 percent stage. The 90 percent design package including an engineer's estimate will also be provided.
- E. The RECIPIENT will conduct an Investment Grade Efficiency Audit (IGEA). The RECIPIENT will review their energy use looking for cost-effective energy savings. The recipient may also submit documentation of an energy efficiency review conducted within the last five years.
- F. The RECIPIENT will submit the minimum requirements as outlined in the Environmental Information Document (EID) Guidance, Section A and in the State Environmental Review Process (SERP) EID at the time construction contract documents are submitted to ECOLOGY for approval.
- G. The RECIPIENT will provide an Ecology Cultural Resources Review form as part of the minimum SERP requirements. The RECIPIENT will provide any additional information for ECOLOGY to lead the required cultural resources consultation. Costs incurred for ground-disturbing activities that occur before cultural resources review will not be eligible for reimbursement.

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H. The RECIPIENT will complete an Ecology inadvertent discovery plan template for their project.

I. The RECIPIENT will notify Ecology when deliverables are available and have been uploaded to EAGL.

J. All recipients of funding for water pollution control facility projects must comply with the SERP in accordance with WAC 173-98-720.

Task Goal Statement:

See overall goal.

Task Expected Outcome:

See overall goal.

Design

Deliverables

Number	Description	Due Date
2.1	Executed contracts for professional services, and documentation of the RECIPIENT’s process for procuring professional services.	
2.2	Proposed scope of work for professional services contract (hours and costs).	
2.3	Draft and final construction contract documents with cost estimates.	
2.4	Documentation of energy efficiency review.	
2.5	Complete SERP EID.	
2.6	Ecology Cultural Resources Review form.	
2.7	Inadvertent Discovery Plan.	
2.8	Environmental Mitigation Plan.	

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SCOPE OF WORK

Task Number: 3 **Task Cost:** \$325,000.00

Task Title: Design Oversight - Force Account

Task Description:

A. The RECIPIENT will provide oversight of the West Point Treatment Plant Grit Classifier Replacement Design of the engineering consultant. The RECIPIENT acknowledges having the legal authority to perform the work, and adequate and technically qualified staff to perform the work without compromising other government functions. The RECIPIENT will coordinate oversight to avoid redundant work effort performed by the engineering consultant in Task 2.

B. The RECIPIENT will provide oversight and review of the WPTP Grit Classifier Replacement Design construction documents. The RECIPIENT will review the construction documents for consistency with the requirements of Chapter 173-240 WAC and the RECIPIENT’s own requirements. Elements of the oversight accomplished by Design Oversight-Force Account will include:

- Manage elements of the design scope, including schedule, budget, risks, quality, procurement, completeness of construction documents, and other aspects as needed.
- Oversee the technical and engineering elements of the project.
- Provide support on scheduling, cost, risk, and budget management.
- Provide constructability review.

C. The RECIPIENT will provide a spreadsheet of anticipated Design Oversight-Force Account task costs and hours indicating hours, hourly rates, overhead. and personnel proposed to be used.

Task Goal Statement:

See overall goal.

Task Expected Outcome:

See overall goal.

Design Oversight - Force Account

Deliverables

Number	Description	Due Date
3.1	Design Oversight-Force Account description of work and budget.	
3.2	Salary and benefit documentation for RECIPIENT staff personnel for time worked on this project only. Includes dates worked, hours worked, hourly rate paid, and benefits earned.	

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BUDGET

Funding Distribution EL250104

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title: SRF Loan (State) Funding Type: Loan
 Funding Effective Date: 01/17/2023 Funding Expiration Date: 10/31/2024

Funding Source:

Title: CWSRF-SFY25 (State)

Fund: FD0727

Type: State

Funding Source %: 100%

Description: The Clean Water Act (CWA) (33 U.S.C 1251-1387) established the State Revolving Fund (SRF) low interest loans program (40. C.F.R. Part 31, 35 Sub Part K). Washington State administers the program under Chapter 173-98 WAC. The portion of this project funded with this funding distribution comes from non-federal source and are not subject to Federal Funding Accountability and Transparency Act (FFATA) and Single Audit Act (SAA). However, this project is subject to the federal requirements outlined in Section 4 and 5 of agreement terms and conditions.

Approved Indirect Costs Rate: Approved State Indirect Rate: 30%

Recipient Match %: 0%

InKind Interlocal Allowed: No

InKind Other Allowed: No

Is this Funding Distribution used to match a federal grant? No

Effective Interest Rate: 1.2% Interest Rate: 0.9% Admin Charge: 0.3%

Terms: 20 years

Project Start Date: 01/17/2023 Project Completion Date: 10/31/2024

Estimated Initiation of Operation date: 10/31/2024

Loan Security: Revenue Secure Lien Obligation of the Recipient

Final Accrued Interest: \$

Final Loan Amount: \$

Repayment Schedule Number: 940

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SRF Loan (State)	Task Total
Grant and Loan Administration	\$ 0.00
Design	\$ 730,000.00
Design Oversight - Force Account	\$ 325,000.00

Total: \$ 1,055,000.00

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Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
SRF Loan (State)	0.00 %	\$ 0.00	\$ 1,055,000.00	\$ 1,055,000.00
Total		\$ 0.00	\$ 1,055,000.00	\$ 1,055,000.00

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

WQC-2024—Water Quality Program Special Terms and Conditions (Update June 2023)

SECTION 1: DEFINITIONS

Unless otherwise provided, the following terms will have the respective meanings for all purposes of this agreement:

“Administration Charge” means a charge established in accordance with Chapter 90.50A RCW and Chapter 173-98 WAC, to be used to pay Ecology’s cost to administer the State Revolving Fund by placing a percentage of the interest earned in an Administrative Charge Account.

“Administrative Requirements” means the effective edition of ECOLOGY's Administrative Requirements for Recipients of Ecology Grants and Loans at the signing of this agreement.

“Annual Debt Service” for any calendar year means for any applicable bonds or loans including the loan, all interest plus all principal due on such bonds or loans in such year.

“Average Annual Debt Service” means, at the time of calculation, the sum of the Annual Debt Service for the remaining years of the loan to the last scheduled maturity of the loan divided by the number of those years.

“Accrued Interest” means the interest incurred as loan funds are disbursed.

“Acquisition” means the purchase or receipt of a donation of fee or less than fee interests in real property. These interests include, but are not limited to, conservation easements, access/trail easements, covenants, water rights, leases, and mineral rights.

“Build American Buy American (BABA)” means a portion of the Infrastructure Investment and Jobs Act and establishes a domestic content procurement preference for all Federal financial assistance obligated for infrastructure projects after May 14, 2022.

“Bipartisan Infrastructure Law (BIL)” means funding to improve drinking water, wastewater and stormwater infrastructure.

“Centennial Clean Water Program” means the state program funded from various state sources.

“Contract Documents” means the contract between the RECIPIENT and the construction contractor for construction of the project.

“Construction Materials” means an article, material, or supply (other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates such as stone, sand, or gravel; aggregate binding agents or additives; or non-permanent products) that is or consists primarily of, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), (including optic glass), lumber, and drywall.

“Cost Effective Analysis” means a comparison of the relative cost-efficiencies of two or more potential ways of solving a water

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quality problem as described in Chapter 173-98-730 WAC.

“Davis Bacon Prevailing Wage Act” means the federal law mandating on-site workers on public works projects be paid certain wages, benefits, and overtime (also known as “prevailing wage” on all government-funded construction, alteration, and repair projects.

“Defeasement” or “Defeasance” means the setting aside in escrow or other special fund or account of sufficient investments and money dedicated to pay all principal of and interest on all or a portion of an obligation as it comes due.

“Effective Date” means the earliest date on which eligible costs may be incurred.

“Effective Interest Rate” means the total interest rate established by Ecology that includes the Administrative Charge.

“Estimated Loan Amount” means the initial amount of funds loaned to the RECIPIENT.

“Estimated Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Estimated Loan Amount and the estimated schedule for completion of the project.

“Equivalency” means the amount of State Revolving Fund (SRF) funding each funding cycle equivalent to the EPA grant to Ecology.

“Equivalency Project” means State Revolving Fund (SRF) funded project(s) designated by ECOLOGY to receive federal funding and meet additional federal requirements.

“Expiration Date” means the latest date on which eligible costs may be incurred.

“Final Accrued Interest” means the interest accrued beginning with the first disbursement of funds to the RECIPIENT through such time as the loan is officially closed out and a final loan repayment schedule is issued.

“Final Loan Amount” means all principal of and accrued interest on the loan from the Project Start Date through the Project Completion Date.

“Final Loan Repayment Schedule” means the schedule of loan repayments over the term of the loan based on the Final Loan Amount and the initiation of operation or completion date, whichever comes first.

“Forgivable Principal” means the portion of a loan that is not required to be paid back by the borrower.

“General Obligation Debt” means an obligation of the RECIPIENT secured by annual ad valorem taxes levied by the RECIPIENT and by the full faith, credit, and resources of the RECIPIENT.

“General Obligation Payable from Special Assessments Debt” means an obligation of the RECIPIENT secured by a valid general obligation of the Recipient payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.

“Gross Revenue” means all of the earnings and revenues received by the RECIPIENT from the maintenance and operation of the Utility and all earnings from the investment of money on deposit in the Loan Fund, except (i) Utility Local Improvement Districts (ULID) Assessments, (ii) government grants, (iii) RECIPIENT taxes, (iv) principal proceeds of bonds and other obligations, or (v) earnings or proceeds (A) from any investments in a trust, Defeasance, or escrow fund created to Defeasement or refund Utility obligations or (B) in an obligation redemption fund or account other than the Loan Fund until commingled with other earnings and revenues of the Utility or (C) held in a special account for the purpose of paying a rebate to the United States Government under the Internal Revenue Code.

“Guidelines” means the ECOLOGY’s Funding Guidelines that that correlate to the State Fiscal Year in which the project is funded.

“Initiation of Operation Date” means the actual date the facility financed with proceeds of the loan begins to operate for its intended purpose. (For loans only)

“Iron and Steel Products” means products made primarily of iron or steel including but may not be limited to: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

“Loan” means the Washington State Water Pollution Control Revolving Fund Loan or Centennial Clean Water Fund (Centennial) Loan made pursuant to this loan agreement.

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“Loan Amount” means either an Estimated Loan Amount or a Final Loan Amount, as applicable.

“Loan Fund” means the special fund created by the RECIPIENT for the repayment of the principal of and interest on the loan.

“Loan Security” means the mechanism by which the RECIPIENT pledges to repay the loan.

“Loan Term” means the repayment period of the loan.

“Maintenance and Operation Expense” means all reasonable expenses incurred by the RECIPIENT in causing the Utility to be operated and maintained in good repair, working order, and condition including payments to other parties, but will not include any depreciation or RECIPIENT levied taxes or payments to the RECIPIENT in lieu of taxes.

“Manufactured Products” means, items and construction materials composed in whole or in part of non-ferrous metals such as aluminum plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

“Produced in the United States” means for iron and steel products, that all manufacturing processes, from the initial melting state through the application of coatings, occurred in the United States.

“Net Revenue” means the Gross Revenue less the Maintenance and Operation Expense.

“Original Engineer’s Estimate” means the engineer’s estimate of construction costs included with bid documents.

“Prevailing Wage” means hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, and mechanics performing the same work. The rate is established separately for each county.

“Principal and Interest Account” means, for a loan that constitutes Revenue-Secured Debt, the account created in the loan fund to be first used to repay the principal of and interest on the loan.

“Project” means the project described in this agreement.

“Project Completion Date” means the date specified in the agreement on which the Scope of Work will be fully completed and is the last day eligible costs can be incurred. This term is only used in loan agreements.

“Project Schedule” means that schedule for the project specified in the agreement.

“Revenue-Secured Debt” means an obligation of the RECIPIENT secured by a pledge of the revenue of a utility and one not a general obligation of the RECIPIENT.

“Reserve Account” means, for a loan that constitutes a Revenue Secured Debt and if specifically identified as a term and condition of the funding agreement, the account of that name created in the loan fund to secure the payment of the principal of and interest on the loan.

“Risk-Based Determination” means an approach to sub-recipient monitoring and oversight based on risk factors associated to a RECIPIENT or project.

“Scope of Work” means the tasks and activities constituting the project.

“Section 319” means the section of the Clean Water Act that provides funding to address nonpoint sources of water pollution.

“Senior Lien Obligations” means all revenue bonds and other obligations of the RECIPIENT outstanding on the date of execution of this loan agreement (or subsequently issued on a parity therewith, including refunding obligations) or issued after the date of execution of this loan agreement having a claim or lien on the Gross Revenue of the Utility prior and superior to the claim or lien of the loan, subject only to Maintenance and Operation Expense.

“State Water Pollution Control Revolving Fund (Revolving Fund)” means the water pollution control revolving fund established by Chapter 90.50A.020 RCW.

“Termination Date” means the effective date of ECOLOGY’s termination of the agreement.

“Termination Payment Date” means the date on which the RECIPIENT is required to repay to ECOLOGY any outstanding balance of the loan and all accrued interest.

“Total Eligible Project Cost” means the sum of all costs associated with a water quality project that have been determined to be eligible for ECOLOGY grant or loan funding, including any required recipient match.

“Total Project Cost” means the sum of all costs associated with a water quality project, including costs that are not eligible for ECOLOGY grant or loan funding.

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“Unique Entity Identity Identifier (UEI)” means a 12-character alphanumeric ID assigned by SAM.gov. to an entity doing business with or receiving funds from the federal government. This number replaces the DUNS number.

“ULID” means any utility local improvement district of the RECIPIENT created for the acquisition or construction of additions to and extensions and betterments of the Utility.

“ULID Assessments” means all assessments levied and collected in any ULID. Such assessments are pledged to be paid into the Loan Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments will include principal installments and any interest or penalties which may be due.

“Utility” means the sewer system, stormwater system, or the combined water and sewer system of the RECIPIENT, the Net Revenue of which is pledged to pay and secure the loan.

SECTION 2: CONDITIONS APPLY TO ALL RECIPIENTS OF WATER QUALITY COMBINED FINANCIAL ASSISTANCE FUNDING.

The Water Quality Financial Assistance Funding Guidelines are included in this agreement by reference and are available on ECOLOGY’s Water Quality Program website.

A. Accounting Standards: The RECIPIENT shall maintain accurate records and accounts for the project (PROJECT Records) in accordance with Generally Accepted Accounting Principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB), including standards related to the reporting of infrastructure assets or in accordance with the standards in Chapter 43.09.200 RCW “Local Government Accounting – Uniform System of Accounting.”

B. Architectural and Engineering Services: The RECIPIENT certifies by signing this agreement that the requirements of Chapter 39.80 RCW, “Contracts for Architectural and Engineering Services,” have been, or shall be, met in procuring qualified architectural/engineering services. The RECIPIENT shall identify and separate eligible and ineligible costs in the final architectural/engineering services contract and submit a copy of the contract to ECOLOGY.

C. Acquisition: The following provisions shall be in force only if the project described in this agreement is an acquisition project:

- a. Evidence of Land Value and Title. The RECIPIENT shall submit documentation of the cost of the property rights and the type of ownership interest that has been acquired.
- b. Legal Description of Real Property Rights Acquired. The legal description of the real property rights purchased with funding assistance provided through this agreement (and protected by a recorded conveyance of rights to the State of Washington) shall be incorporated into the agreement before final payment.
- c. Conveyance of Rights to the State of Washington. Upon purchase of real property rights (both fee simple and lesser interests), the RECIPIENT shall execute the document necessary to convey certain rights and responsibilities to ECOLOGY, on behalf of the State of Washington. The documents required will depend on the project type, the real property rights being acquired, and whether or not those rights are being acquired in perpetuity (see options below). The RECIPIENT shall use language provided by ECOLOGY, to record the executed document in the County where the real property lies, and to provide a copy of the recorded document to ECOLOGY.

Documentation Options:

1. Deed of Right. The Deed of Right conveys to the people of the state of Washington the right to preserve, protect, and/or use the property for public purposes consistent with the fund source. RECIPIENTS shall use this document when acquiring real property rights that include the underlying land. This document may also be applicable for those easements where the RECIPIENT has acquired a perpetual easement for public purposes. The RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the deed of right.
2. Assignment of Rights. The Assignment of Rights document transfers certain rights such as access and enforcement to ECOLOGY. The RECIPIENT shall use this document when an easement or lease is being acquired for water quality and habitat conservation. The Assignment of Rights requires the signature of the underlying landowner and must be incorporated by reference in the easement document.
3. Easements and Leases. The RECIPIENT may incorporate required language from the Deed of Right or Assignment of Rights directly into the easement or lease document, thereby eliminating the requirement for a separate document. Language

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will depend on the situation; therefore, the RECIPIENT must obtain ECOLOGY approval on the draft language prior to executing the easement or lease.

d. Real Property Acquisition and Relocation Assistance.

1. Federal Acquisition Policies. See Section 4 of this agreement for requirements specific to Section 319 and SRF funded projects.
2. State Acquisition Policies. When state funds are part of this agreement, the RECIPIENT agrees to comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policy of the State of Washington, Chapter 8.26 RCW, and Chapter 468-100 WAC.
3. Housing and Relocation. In the event that housing and relocation costs, as required by federal law set out in subsection (1) above and/or state law set out in subsection (2) above, are involved in the execution of this project, the RECIPIENT agrees to provide any housing and relocation assistance required.

e. Hazardous Substances.

1. Certification. The RECIPIENT shall inspect, investigate, and conduct an environmental audit of the proposed acquisition site for the presence of hazardous substances, as defined in RCW 70.105D.020(10), and certify:
 - i. No hazardous substances were found on the site, or
 - ii. Any hazardous substances found have been treated and/or disposed of in compliance with applicable state and federal laws, and the site is deemed “clean.”
2. Responsibility. Nothing in this provision alters the RECIPIENT's duties and liabilities regarding hazardous substances as set forth in RCW 70.105D.
3. Hold Harmless. The RECIPIENT will defend, protect and hold harmless ECOLOGY and any and all of its employees and/or agents, from and against any and all liability, cost (including but not limited to all costs of defense and attorneys' fees) and any and all loss of any nature from any and all claims or suits resulting from the presence of, or the release or threatened release of, hazardous substances on the property the RECIPIENT is acquiring.

f. Restriction On Conversion Of Real Property And/Or Facilities To Other Uses

The RECIPIENT shall not at any time convert any real property (including any interest therein) or facility acquired, developed, maintained, renovated, and/or restored pursuant to this agreement to uses other than those purposes for which funds were approved without prior approval of ECOLOGY. For acquisition projects that are term limited, such as one involving a lease or a term-limited restoration, renovation or development project or easement, this restriction on conversion shall apply only for the length of the term, unless otherwise provided in written documents or required by applicable state or federal law. In such case, the restriction applies to such projects for the length of the term specified by the lease, easement, deed, or landowner agreement.

D. Best Management Practices (BMP) Implementation: If the RECIPIENT installs BMPs that are not approved by ECOLOGY prior to installation, the RECIPIENT assumes the risk that part or all of the reimbursement for that activity may be delayed or ineligible. For more details regarding BMP Implementation, please reference the Water Quality Financial Assistance Funding Guidelines available on ECOLOGY's Water Quality Program funding website.

E. Electronic Fund Transfers: Payment will be issued through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, <https://ofm.wa.gov/it-systems/statewide-vendorpayee-services>. If you have questions about the vendor registration process or electronic fund transfers, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.

F. Equipment Purchase: Equipment purchases over \$5,000 and not included in the scope of work or the Ecology approved construction plans and specifications, must be pre-approved by ECOLOGY's project manager before purchase. All equipment purchases over \$5,000 and not included in a contract for work being completed on the funded project, must also be reported on the Equipment Purchase Report in EAGL.

G. Funding Recognition: The RECIPIENT must inform the public about any ECOLOGY or EPA funding participation in this

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project through the use of project signs, acknowledgement in published materials, reports, the news media, websites, or other public announcements. Projects addressing site-specific locations must utilize appropriately sized and weather-resistant signs. Contact your Ecology Project Team to determine the appropriate recognition for your project.

H. Growth Management Planning: The RECIPIENT certifies by signing this agreement that it is in compliance with the requirements of Chapter 36.70A RCW, "Growth Management Planning by Selected Counties and Cities." If the status of compliance changes, either through RECIPIENT or legislative action, the RECIPIENT shall notify ECOLOGY in writing of this change within 30 days.

I. Interlocal: The RECIPIENT certifies by signing this agreement that all negotiated interlocal agreements necessary for the project are, or shall be, consistent with the terms of this agreement and Chapter 39.34 RCW, "Interlocal Cooperation Act." The RECIPIENT shall submit a copy of each interlocal agreement necessary for the project to ECOLOGY upon request.

J. Lobbying and Litigation: Costs incurred for the purposes of lobbying or litigation are not eligible for funding under this agreement.

K. Post Project Assessment Survey: The RECIPIENT agrees to participate in a brief survey regarding the key project results or water quality project outcomes and the status of long-term environmental results or goals from the project approximately three years after project completion. A representative from ECOLOGY's Water Quality Program may contact the RECIPIENT to request this data. ECOLOGY may also conduct site interviews and inspections, and may otherwise evaluate the project, as part of this assessment.

L. Project Status Evaluation: ECOLOGY may evaluate the status at any time. ECOLOGY's Project Manager and Financial Manager will meet with the RECIPIENT to review spending trends, completion of outcome measures, and overall project administration and performance. If the RECIPIENT fails to make satisfactory progress toward achieving project outcomes, ECOLOGY may change the scope of work, reduce grant funds, or increase oversight measures.

M. Technical Assistance: Technical assistance for agriculture activities provided under the terms of this agreement shall be consistent with the current U.S. Natural Resource Conservation Service ("NRCS") Field Office Technical Guide for Washington State and specific requirements outlined in the Water Quality Funding Guidelines. Technical assistance, proposed practices, or project designs that do not meet these standards may be eligible if approved in writing by ECOLOGY.

SECTION 3: CONDITIONS APPLY TO SECTION 319 AND CENTENNIAL CLEAN WATER FUNDED PROJECTS BEING USED TO MATCH SECTION 319 FUNDS.

The RECIPIENT must submit the following documents to ECOLOGY before this agreement is signed by ECOLOGY:

1. Federal Funding Accountability and Transparency Act (FFATA) Form is available on the Water Quality Program website and must be completed and submitted to Ecology. (This form is used for Section 319 (federal) funds only)
2. "Section 319 Initial Data Reporting" form must be completed in EAGL.

A. Data Reporting: The RECIPIENT must complete the "Section 319 Initial Data Reporting" form in EAGL before this agreement can be signed by Ecology. This form is used to gather general information about the project for EPA.

B. Funding Recognition and Outreach: In addition to Section 2.F. of these Special Terms and Conditions, the RECIPIENT shall provide signage that informs the public that the project is funded by EPA. The signage shall contain the EPA logo and follow usage requirements available at <http://www2.epa.gov/stylebook/using-epa-seal-and-logo>. To obtain the appropriate EPA logo or seal graphic file, the RECIPIENT may send a request to their Ecology Financial Manager.

To increase public awareness of projects serving communities where English is not the predominant language, RECIPIENTS are encouraged to provide their outreach strategies communication in non-English languages. Translation costs for this purpose are allowable, provided the costs are reasonable. (Applies to both the Section 319 funded projects and the Centennial match projects)

The RECIPIENT shall use the following paragraph in all reports, documents, and signage developed under this agreement: (Applies to Section 319 funded projects only)

"This project has been funded wholly or in part by the United States Environmental Protection Agency under an assistance agreement to the Washington State Department of Ecology. The contents of this document do not necessarily reflect the views

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and policies of the Environmental Protection Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation for use.”

C. Load Reduction Reporting: The RECIPIENT shall complete the “Section 319 Annual Load Reduction Reporting” form in EAGL by January 15 of each year and at project close-out. ECOLOGY may hold reimbursements until the RECIPIENT has completed the form. This form is used to gather information on best management practices (BMPs) installed and associated pollutant load reductions that were funded as a part of this project.

D. Time Extension: The RECIPIENT may request a one-time extension for up to 12 months. However, the time extension cannot exceed the time limitation established in EPA’s assistance agreement. In the event a time extension is requested and approved by ECOLOGY, the RECIPIENT must complete all eligible work performed under this agreement by the expiration date. (For Section 319 funded projects only)

SECTION 4: CONDITIONS APPLY TO ALL FEDERAL FUNDING AGREEMENTS, INCLUDING SECTION 319, State Revolving Fund (SRF) Equivalency Projects, and SEWER OVERFLOW AND STORMWATER REUSE MUNICIPAL GRANT (OSG)

A. Acquisitions: RECIPIENTS shall comply with the terms and conditions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 84 Stat. 1894 (1970)--Public Law 91-646, as amended by the Surface Transportation and Uniform Relocation Assistance Act, PL 100-17-1987, and applicable regulations and procedures of the federal agency implementing that Act.

B. Audit Requirements: In accordance with 2 CFR 200.501(a), the RECIPIENT agrees to obtain a single audit from an independent auditor, if their organization expends \$750,000 or more in total Federal funds in their fiscal year. The RECIPIENT must submit the form SF-SAC and a Single Audit Report Package within 9 months of the end of the fiscal year or 30 days after receiving the report from an independent auditor. The SF-SAC and a Single Audit Report Package MUST be submitted using the Federal Audit Clearinghouse’s Internet Data Entry System available at: <https://facweb.census.gov/>.

C. Archaeological Resources and Historic Properties (Section 106): This requires completion of the Ecology Cultural Resources Review Form, coordination with Ecology Cultural Resources staff, and receipt of the Ecology Final Determination prior to any property acquisition and above and below ground disturbing activities.

D. Architectural and Engineering Services Procurement: The RECIPIENT must procure architectural and engineering services in accordance with the federal requirements in Chapter 11 of Title 40, U.S.C. (see <https://uscode.house.gov/view.xhtml?path=/prelim@title40/subtitle1/chapter11&edition=prelim>).

E Build America, Buy America (BABA – Pub. L. No. 117-58, 70901-52) (Federally funded SRF Equivalency projects only): The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding agrees to comply with all federal requirements applicable to the assistance received (including those imposed by the Infrastructure Investment and Jobs Act (“IIJA”/BIL), Public Law No. 117-58) which the RECIPIENT understands includes, but is not limited to, the following requirements: that all the iron and steel, manufactured products, and construction materials used in the Project are to be produced in the United States (“Build America, Buy America Requirements”) unless (i) the RECIPIENT has requested and obtained a waiver from the cognizant Agency pertaining to the Project or the Project is otherwise covered by a general applicability waiver; or (ii) all of the contributing Agencies have otherwise advised the RECIPIENT in writing that the Build America, Buy America Requirements are not applicable to the project.

RECIPIENT shall comply with all record keeping and reporting requirements under all applicable legal authorities, including any reports required by the funding authority (such as EPA and/or a state), such as performance indicators of program deliverables, information on costs and project progress. The RECIPIENT identified by ECOLOGY as receiving federal equivalency funding, understands that (i) each contract and subcontract related to the project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the applicable legal requirements and this Agreement may result in a default hereunder that results in a repayment of the assistance agreement in advance of termination and/or repayment of assistance, and/or other remedial actions.

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EPA has granted an adjustment period waiver of the requirements of Section 70914(a) of the BIL, pursuant to Section 70914(b)(1) (public interest waiver), for eligible projects financed by SRF projects that have initiated project design planning prior to May 14, 2022, the statutory effective date of the BABA requirements. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914. This action permits the use of non-domestic manufactured products and construction materials in such projects funded by a Clean Water or Drinking Water SRF that may otherwise be prohibited under the BABA requirements of Section 70914. Sections 70917(a) and (b) of BIL provide a savings provision for existing statutory requirements that meet or exceed BABA requirements. The statutory American Iron and Steel (AIS) requirements of Clean Water Act (CWA) Section 608 and Safe Drinking Water Act (SDWA) Section 1452(a)(4) has previously applied to SRF projects and will continue to do so as part of BABA requirements.

Where manufactured products used in the project are required to be produced in the United States, manufactured product shall mean manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation. The manufactured products included cover the majority of potential water infrastructure products, including complex products made up of a variety of material types and components. For water infrastructure projects, commonly manufactured products would include, but not be limited to, pumps, motors, blowers, aerators, generators, instrumentation and control systems, gauges, meters, measurement equipment, treatment equipment, dewatering equipment, actuators, and many other mechanical and electrical items.

F. Disadvantaged Business Enterprise (DBE): General Compliance, 40 CFR, Part 33. The RECIPIENT agrees to comply with the requirements of the Environmental Protection Agency's Program for Utilization of Small, Minority, and Women's Business Enterprises (MBE/WBE) 40CFR, Part 33 in procurement under this agreement.

Six Good Faith Efforts, 40 CFR, Part 33, Subpart C. The RECIPIENT agrees to make the following good faith efforts whenever procuring construction, equipment, services, and supplies under this agreement. Records documenting compliance with the following six good faith efforts shall be retained:

- 1) Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government RECIPIENTS, this shall include placing Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.
- 2) Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.
- 3) Consider, in the contracting process, whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State, and Local Government RECIPIENTS, this shall include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.
- 4) Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.
- 5) Use services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
- 6) If the prime contractor awards subcontracts, require the prime contractor to take the five good faith efforts steps in paragraphs 1 through 5 above.

The RECIPIENT agrees to submit ECOLOGY's Contractor Participation Report Form D with each payment request. Contract Administration Provisions, 40 CFR, Section 33.302. The RECIPIENT agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

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Non-discrimination Provision. The RECIPIENT shall not discriminate on the basis of race, color, national origin, or sex in the performance of this agreement. The RECIPIENT shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the RECIPIENT to carry out these requirements is a material breach of this agreement which may result in the termination of this contract or other legally available remedies.

This does not preclude the RECIPIENT from enacting broader nondiscrimination protections.

The RECIPIENT shall comply with all federal and state nondiscrimination laws, including but not limited to, Title VI and VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and Chapter 49.60 RCW, Washington's Law Against Discrimination, and 42 U.S.C. 12101 et seq, the Americans with Disabilities Act (ADA).

In the event of the RECIPIENT's noncompliance or refusal to comply with any applicable nondiscrimination law, regulation, or policy, this agreement may be rescinded, canceled, or terminated in whole or in part and the RECIPIENT may be declared ineligible for further funding from ECOLOGY. The RECIPIENT shall, however, be given a reasonable time in which to cure this noncompliance.

The RECIPIENT shall include the following terms and conditions in contracts with all contractors, subcontractors, engineers, vendors, and any other entity for work or services pertaining to this agreement.

“The Contractor will not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The Contractor will carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under Environmental Protection Agency financial agreements. Failure by the Contractor to carry out these requirements is a material breach of this Contract which may result in termination of this Contract or other legally available remedies.”

Bidder List, 40 CFR, Section 33.501(b) and (c). The RECIPIENT agrees to create and maintain a bidders list. The bidders list shall include the following information for all firms that bid or quote on prime contracts, or bid or quote subcontracts, including both MBE/WBEs and non-MBE/WBEs.

1. Entity's name with point of contact
2. Entity's mailing address, telephone number, and e-mail address
3. The procurement on which the entity bid or quoted, and when
4. Entity's status as an MBE/WBE or non-MBE/WBE

G. Electronic and information Technology (EIT) Accessibility: RECIPIENTS shall ensure that loan funds provided under this agreement for costs in the development or purchase of EIT systems or products provide individuals with disabilities reasonable accommodations and an equal and effective opportunity to benefit from or participate in a program, including those offered through electronic and information technology as per Section 504 of the Rehabilitation Act, codified in 40 CFR Part 7.

Systems or products funded under this agreement must be designed to meet the diverse needs of users without barriers or diminished function or quality. Systems shall include usability features or functions that accommodate the needs of persons with disabilities, including those who use assistive technology.

H. Federal Funding Accountability and Transparency Act (FFATA) Form, available on the Water Quality Program website.

I. Hotel-Motel Fire Safety Act: The RECIPIENT shall ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (15 USC 2225a, PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance, or to find other information about the Act. Pursuant to 15 USC 2225a.

J. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a

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character similar in the locality as determined by the Secretary of Labor.

The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request. Wage determinations and instructions for their use can be found at <https://sam.gov/>.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request. Where conflicts arise between the State prevailing wage rates and Davis-Bacon Act prevailing wage requirements the more stringent requirement shall govern. Washington State prevailing wage rates can be found at <https://www.lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>

K. Trafficking in Persons: The RECIPIENT and RECIPIENT employees that are private entities shall not engage in forms of trafficking in persons. This includes, but is not limited to, the procurement of a commercial sex act or forced labor. The RECIPIENT shall notify ECOLOGY immediately of any information received from any source alleging a violation under this provision.

L. Unique Entity Identity Identifier (UEI): The RECIPIENT agrees to register with and make their registration public in the System for Award Management (SAM.gov). The RECIPIENT will be assigned a UEI and agree to include their UEI Number under their organization’s information in EAGL. The UEI number must be entered into EAGL before a funding agreement is signed.

SECTION 5: CONDITIONS APPLY TO STATE REVOLVING FUND (SRF) LOAN FUNDED PROJECTS ONLY.

The RECIPIENT must submit the following documents/forms to ECOLOGY before this agreement is signed by ECOLOGY:

1. Financial Capability Assessment Documentation (upon request)
2. Opinion of RECIPIENT’s Legal Council – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
3. Authorizing Ordinance or Resolution – Must be uploaded to the General Uploads form in EAGL.
4. Federal Funding Accountability and Transparency Act (FFATA) Form (Required for all federally funded SRF Equivalency projects – Form available on the Ecology website must be completed and uploaded to the General Uploads form in EAGL.
5. CWSRF Federal Reporting Information form – Must be completed in EAGL.
6. Fiscal Sustainability Plan (Asset Management) Certification Form (Only required if the project includes construction of a wastewater or stormwater facility construction) – Must be completed in EAGL.
7. Cost and Effectiveness Analysis Certification Form (Required for all projects receiving SRF Loan funding) – Must be completed in EAGL.
8. State Environmental Review Process (SERP) Documentation (Required for treatment works projects only) – Must be uploaded to the Environmental and Cultural Review form in EAGL.

A. Alteration and Eligibility of Project: During the term of this agreement, the RECIPIENT (1) shall not materially alter the design or structural character of the project without the prior written approval of ECOLOGY and (2) shall take no action which would adversely affect the eligibility of the project as defined by applicable funding program rules and state statutes, or which would cause a violation of any covenant, condition, or provision herein.

B. American Iron and Steel (Buy American – P.L 113-76, Consolidated Appropriations Act 2014, Section 436): This loan provision applies to projects for the construction, alteration, maintenance, or repair of a “treatment works” as defined in the Federal Water Pollution Control Act (33 USC 1381 et seq.) The RECIPIENT shall ensure that all iron and steel products

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used in the project are produced in the United States. Iron and Steel products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The RECIPIENT may request waiver from this requirement from the Administrator of the Environmental Protection Agency. The RECIPIENT must coordinate all waiver requests through ECOLOGY. This provision does not apply if the engineering plans and specifications for the project were approved by ECOLOGY prior to January 17, 2014. ECOLOGY reserves the right to request documentation of RECIPIENT'S compliance with this provision.

C. Authority of RECIPIENT: This agreement is authorized by the Constitution and laws of the state of Washington, including the RECIPIENT's authority, and by the RECIPIENT pursuant to the authorizing ordinance or resolution. The RECIPIENT shall submit a copy of the authorizing ordinance or resolution to the ECOLOGY Financial Manager before this agreement shall be signed by ECOLOGY.

D. Equivalency Projects: ECOLOGY designated equivalency project and alternative designated equivalency project RECIPIENTS agree to accept federal funds and the federal requirements that accompany the funds. This includes all the requirements in Section 4 and this Section.

E. Fiscal Sustainability Plan Certification: The RECIPIENT shall submit a completed Fiscal Sustainability Plan Certification before this agreement is signed by ECOLOGY. The Fiscal Sustainability Plan Certification is available from the ECOLOGY Financial Manager or on the Water Quality Program website.

F. Funding Recognition and Outreach: The RECIPIENT agrees to comply with the EPA SRF Signage Guidance to enhance public awareness of EPA assistance agreements nationwide. Signage guidance can be found at: <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans/Facility-project-resources>.

G. Insurance: The RECIPIENT shall at all times carry fire and extended insurance coverage, public liability, and property damage, and such other forms of insurance with responsible insurers and policies payable to the RECIPIENT on such of the buildings, equipment, works, plants, facilities, and properties of the Utility as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately-owned utilities engaged in the operation of like systems, or it shall self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the RECIPIENT, to protect it against loss.

H. Litigation Authority: No litigation is now pending, or to the RECIPIENT's knowledge, threatened, seeking to restrain, or enjoin:

- (i) the execution of this agreement; or
- (ii) the fixing or collection of the revenues, rates, and charges or the formation of the ULID and the levy and collection of ULID Assessments therein pledged to pay the principal of and interest on the loan (for revenue secured lien obligations); or
- (iii) the levy and collection of the taxes pledged to pay the principal of and interest on the loan (for general obligation-secured loans and general obligation payable from special-assessment-secured loans); or
- (iv) in any manner questioning the proceedings and authority under which the agreement, the loan, or the project are authorized. Neither the corporate existence, or boundaries of the RECIPIENT nor the title of its present officers to their respective offices is being contested. No authority or proceeding for the execution of this agreement has been repealed, revoked, or rescinded.

I. Loan Interest Rate and Terms: This loan agreement shall remain in effect until the date of final repayment of the loan, unless terminated earlier according to the provisions herein.

When the Project Completion Date has occurred, ECOLOGY and the RECIPIENT shall execute an amendment to this loan agreement which details the final loan amount (Final Loan Amount), and ECOLOGY shall prepare a final loan repayment schedule. The Final Loan Amount shall be the combined total of actual disbursements made on the loan and all accrued interest to the computation date.

The Estimated Loan Amount and the Final Loan Amount (in either case, as applicable, a "Loan Amount") shall bear interest

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based on the interest rate identified in this agreement as the “Effective Interest Rate,” per annum, calculated on the basis of a 365-day year. Interest on the Estimated Loan Amount shall accrue from and be compounded monthly based on the date that each payment is mailed to the RECIPIENT. The Final Loan Amount shall be repaid in equal installments, semiannually, over the term of this loan “Loan Term” as outlined in this agreement.

J. Loan Repayment:

Sources of Loan Repayment

1. Nature of RECIPIENT's Obligation. The obligation of the RECIPIENT to repay the loan from the sources identified below and to perform and observe all other agreements and obligations on its part, contained herein, shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, or abatement of any kind. To secure the repayment of the loan from ECOLOGY, the RECIPIENT agrees to comply with all the covenants, agreements, and attachments contained herein.
2. For General Obligation. This loan is a General Obligation Debt of the RECIPIENT.
3. For General Obligation Payable from Special Assessments. This loan is a General Obligation Debt of the RECIPIENT payable from special assessments to be imposed within the constitutional and statutory tax limitations provided by law without a vote of the electors of the RECIPIENT on all the taxable property within the boundaries of the RECIPIENT.
4. For Revenue-Secured: Lien Position. This loan is a Revenue-Secured Debt of the RECIPIENT's Utility. This loan shall constitute a lien and charge upon the Net Revenue junior and subordinate to the lien and charge upon such Net Revenue of any Senior Lien Obligations.

In addition, if this loan is also secured by Utility Local Improvement Districts (ULID) Assessments, this loan shall constitute a lien upon ULID Assessments in the ULID prior and superior to any other charges whatsoever.

5. Other Sources of Repayment. The RECIPIENT may repay any portion of the loan from any funds legally available to it.
6. Defeasance of the Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT shall not be entitled to, and shall not affect, an economic Defeasance of the loan. The RECIPIENT shall not advance refund the loan.

If the RECIPIENT defeases or advance refunds the loan, it shall be required to use the proceeds thereof immediately upon their receipt, together with other available RECIPIENT funds, to repay both of the following:

- (i) The Loan Amount with interest
- (ii) Any other obligations of the RECIPIENT to ECOLOGY under this agreement, unless in its sole discretion ECOLOGY finds that repayment from those additional sources would not be in the public interest.

Failure to repay the Loan Amount plus interest within the time specified in ECOLOGY's notice to make such repayment shall incur Late Charges and shall be treated as a Loan Default.

7. Refinancing or Early Repayment of the Project. So long as ECOLOGY shall hold this loan, the RECIPIENT shall give ECOLOGY thirty days written notice if the RECIPIENT intends to refinance or make early repayment of the loan.

Method and Conditions on Repayments

1. Semiannual Payments. Notwithstanding any other provision of this agreement, the first semiannual payment of principal and interest on this loan shall be due and payable no later than one year after the project completion date or initiation of operation date, whichever comes first.

Thereafter, equal payments shall be due every six months.

If the due date for any semiannual payment falls on a Saturday, Sunday, or designated holiday for Washington State agencies, the payment shall be due on the next business day for Washington State agencies.

Payments shall be mailed to:

Department of Ecology

Cashiering Unit

P.O. Box 47611

Olympia WA 98504-7611

In lieu of mailing payments, electronic fund transfers can be arranged by working with ECOLOGY's Financial Manager.

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No change to the amount of the semiannual principal and interest payments shall be made without a mutually signed amendment to this agreement. The RECIPIENT shall continue to make semiannual payments based on this agreement until the amendment is effective, at which time the RECIPIENT's payments shall be made pursuant to the amended agreement.

2. Late Charges. If any amount of the Final Loan Amount or any other amount owed to ECOLOGY pursuant to this agreement remains unpaid after it becomes due and payable, ECOLOGY may assess a late charge. The late charge shall be one percent per month on the past due amount starting on the date the debt becomes past due and until it is paid in full.
3. Repayment Limitations. Repayment of the loan is subject to the following additional limitations, among others: those on defeasance, refinancing and advance refunding, termination, and default and recovery of payments.
4. Prepayment of Loan. So long as ECOLOGY shall hold this loan, the RECIPIENT may prepay the entire unpaid principal balance of and accrued interest on the loan or any portion of the remaining unpaid principal balance of the Loan Amount. Any prepayments on the loan shall be applied first to any accrued interest due and then to the outstanding principal balance of the Loan Amount. If the RECIPIENT elects to prepay the entire remaining unpaid balance and accrued interest, the RECIPIENT shall first contact ECOLOGY's Revenue/Receivable Manager of the Fiscal Office.

K. Loan Security

Due Regard: For loans secured with a Revenue Obligation: The RECIPIENT shall exercise due regard for Maintenance and Operation Expense and the debt service requirements of the Senior Lien Obligations and any other outstanding obligations pledging the Gross Revenue of the Utility, and it has not obligated itself to set aside and pay into the loan Fund a greater amount of the Gross Revenue of the Utility than, in its judgment, shall be available over and above such Maintenance and Operation Expense and those debt service requirements.

Where collecting adequate gross utility revenue requires connecting additional users, the RECIPIENT shall require the sewer system connections necessary to meet debt obligations and expected operation and maintenance expenses.

Levy and Collection of Taxes (if used to secure the repayment of the loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of its electors on all of the taxable property within the boundaries of the RECIPIENT in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the loan, and the full faith, credit and resources of the RECIPIENT are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Not an Excess Indebtedness: For loans secured with a general obligation pledge or a general obligation pledge on special assessments: The RECIPIENT agrees that this agreement and the loan to be made do not create an indebtedness of the RECIPIENT in excess of any constitutional or statutory limitations.

Pledge of Net Revenue and ULID Assessments in the ULID (if used to secure the repayment of this loan): For so long as the loan is outstanding, the RECIPIENT irrevocably pledges the Net Revenue of the Utility, including applicable ULID Assessments in the ULID, to pay when due the principal of and interest on the loan.

Utility Local Improvement District (ULID) Assessment Collection (if used to secure the repayment of the loan): All ULID Assessments in the ULID shall be paid into the Loan Fund and used to pay the principal of and interest on the loan.

L. Maintenance and Operation of a Funded Utility: The RECIPIENT shall, at all times, maintain and keep the funded Utility in good repair, working order, and condition.

M. Opinion of RECIPIENT's Legal Counsel: The RECIPIENT must submit an "Opinion of Legal Counsel to the RECIPIENT" to ECOLOGY before this agreement will be signed. ECOLOGY will provide the form.

N. Prevailing Wage (Davis-Bacon Act): The RECIPIENT agrees, by signing this agreement, to comply with the Davis-Bacon Act prevailing wage requirements. This applies to the construction, alteration, and repair of treatment works carried out, in whole or in part, with assistance made available by the State Revolving Fund as authorized by Section 513, title VI of the Federal Water Pollution Control Act (33 U.S.C. 1372). Laborers and mechanics employed by contractors and subcontractors shall be paid wages not less often than once a week and at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor.

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The RECIPIENT shall obtain the wage determination for the area in which the project is located prior to issuing requests for bids, proposals, quotes, or other methods for soliciting contracts (solicitation). These wage determinations shall be incorporated into solicitations and any subsequent contracts. The RECIPIENT shall ensure that the required EPA contract language regarding Davis-Bacon Wages is in all contracts and subcontracts more than \$2,000. The RECIPIENT shall maintain records sufficient to document compliance with the Davis-Bacon Act and make such records available for review upon request.

The RECIPIENT also agrees, by signing this agreement, to comply with State Prevailing Wages on Public Works, Chapter 39.12 RCW, as applicable. Compliance may include the determination whether the project involves “public work” and inclusion of the applicable prevailing wage rates in the bid specifications and contracts. The RECIPIENT agrees to maintain records sufficient to evidence compliance with Chapter 39.12 RCW and make such records available for review upon request.

O. Progress Reports: RECIPIENTS funded with State Revolving Fund Loan or Forgivable Principal shall include the following verification statement in the “General Comments” text box of each progress report.

“We verified that we are in compliance with all the requirements as outlined in our funding agreement(s) with the Department of Ecology. This includes but is not limited to:

- The Davis-Bacon Act, 29 CFR , prevailing wage requirements, certified weekly payroll, etc.
- The Disadvantaged Business Enterprise (DBE), 40 CFR, Part 33
- The American Iron and Steel Act (Buy American)
- The Build America Buy America Act (BABA) (equivalency projects only)”

P. Representations and Warranties: The RECIPIENT represents and warrants to ECOLOGY as follows:

Application: Material Information. All information and materials submitted by the RECIPIENT to ECOLOGY in connection with its loan application were, when made, and are, as of the date the RECIPIENT signs this agreement, true and correct. There is no material adverse information relating to the RECIPIENT, the project, the loan, or this agreement known to the RECIPIENT, which has not been disclosed in writing to ECOLOGY.

Existence; Authority. It is a duly formed and legally existing municipal corporation or political subdivision of the state of Washington or a federally recognized Indian Tribe. It has full corporate power and authority to execute, deliver, and perform all of its obligations under this agreement and to undertake the project identified herein.

Certification. Each payment request shall constitute a certification by the RECIPIENT to the effect that all representations and warranties made in this loan agreement remain true as of the date of the request and that no adverse developments, affecting the financial condition of the RECIPIENT or its ability to complete the project or to repay the principal of or interest on the loan, have occurred since the date of this loan agreement. Any changes in the RECIPIENT’s financial condition shall be disclosed in writing to ECOLOGY by the RECIPIENT in its request for payment.

Q. Sale or Disposition of Funded Utility: The RECIPIENT shall not sell, transfer, or otherwise dispose of any of the works, plant, properties, facilities, or other part of the funded Utility or any real or personal property comprising a part of the funded Utility unless:

1. The facilities or property transferred are not material to the operation of the funded Utility, or have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the funded Utility or are no longer necessary, material, or useful to the operation of the funded Utility; or
2. The aggregate depreciated cost value of the facilities or property being transferred in any fiscal year comprises no more than three percent of the total assets of the funded Utility; or
3. The RECIPIENT receives from the transferee an amount equal to an amount which will be in the same proportion to the net amount of Senior Lien Obligations and this LOAN then outstanding (defined as the total amount outstanding less the amount of cash and investments in the bond and loan funds securing such debt) as the Gross Revenue of the funded Utility from the portion of the funded Utility sold or disposed of for the preceding year bears to the total Gross Revenue for that period.
4. Expressed written agreement by the ECOLOGY.

The proceeds of any transfer under this paragraph must be used (1) to redeem promptly, or irrevocably set aside for the

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redemption of, Senior Lien Obligations and to redeem promptly the loan, and (2) to provide for part of the cost of additions to and betterments and extensions of the Utility.

R. Sewer-Use Ordinance or Resolution for Funded Wastewater Facility Projects: If not already in existence, the RECIPIENT shall adopt and shall enforce a sewer-use ordinance or resolution. Such ordinance or resolution shall be submitted to ECOLOGY upon request.

The sewer use ordinance must include provisions to:

- 1) Prohibit the introduction of toxic or hazardous wastes into the RECIPIENT's sewer system.
- 2) Prohibit inflow of stormwater into separated sewer systems.
- 3) Require that new sewers and connections be properly designed and constructed.

S. Termination and Default:

Termination and Default Events

1. For Insufficient ECOLOGY or RECIPIENT Funds. ECOLOGY may terminate this loan agreement for insufficient ECOLOGY or RECIPIENT funds.
2. For Failure to Commence Work. ECOLOGY may terminate this loan agreement for failure of the RECIPIENT to commence project work.
3. Past Due Payments. The RECIPIENT shall be in default of its obligations under this loan agreement when any loan repayment becomes 60 days past due.
4. Other Cause. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance in full by the RECIPIENT of all its obligations under this loan agreement. The RECIPIENT shall be in default of its obligations under this loan agreement if, in the opinion of ECOLOGY, the RECIPIENT has unjustifiably failed to perform any obligation required of it by this loan agreement.

Procedures for Termination. If this loan agreement is terminated prior to project completion, ECOLOGY shall provide to the RECIPIENT a written notice of termination at least five working days prior to the effective date of termination (the "Termination Date"). The written notice of termination by the ECOLOGY shall specify the Termination Date and, when applicable, the date by which the RECIPIENT must repay any outstanding balance of the loan and all accrued interest (the "Termination Payment Date").

Termination and Default Remedies

No Further Payments. On and after the Termination Date, or in the event of a default event, ECOLOGY may, at its sole discretion, withdraw the loan and make no further payments under this agreement.

Repayment Demand. In response to an ECOLOGY initiated termination event, or in response to a loan default event, ECOLOGY may at its sole discretion demand that the RECIPIENT repay the outstanding balance of the Loan Amount and all accrued interest.

Interest after Repayment Demand. From the time that ECOLOGY demands repayment of funds, amounts owed by the RECIPIENT to ECOLOGY shall accrue additional interest at the rate of one percent per month, or fraction thereof.

Accelerate Repayments. In the event of a default, ECOLOGY may, in its sole discretion, declare the principal of and interest on the loan immediately due and payable, subject to the prior lien and charge of any outstanding Senior Lien Obligation upon the Net Revenue. That is, the loan is not subject to acceleration so long as any Senior Lien Obligations are outstanding.

Repayments not made immediately upon such acceleration will incur Late Charges.

Late Charges. All amounts due to ECOLOGY and not paid by the RECIPIENT by the Termination Payment Date or after acceleration following a default event, as applicable, shall incur late charges.

Intercept State Funds. In the event of a default event and in accordance with Chapter 90.50A.060 RCW, "Defaults," any state funds otherwise due to the RECIPIENT may, at ECOLOGY's sole discretion, be withheld and applied to the repayment of the loan.

Property to ECOLOGY. In the event of a default event and at the option of ECOLOGY, any personal property (equipment) acquired under this agreement may, in ECOLOGY's sole discretion, become ECOLOGY's property. In that circumstance,

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ECOLOGY shall reduce the RECIPIENT's liability to repay money by an amount reflecting the fair value of such property. Documents and Materials. If this agreement is terminated, all finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, and reports or other materials prepared by the RECIPIENT shall, at the option of ECOLOGY, become ECOLOGY property. The RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Collection and Enforcement Actions. In the event of a default event, the state of Washington reserves the right to take any actions it deems necessary to collect the amounts due, or to become due, or to enforce the performance and observance of any obligation by the RECIPIENT, under this agreement.

Fees and Expenses. In any action to enforce the provisions of this agreement, reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of legal staff) shall be awarded to the prevailing party as that term is defined in Chapter 4.84.330 RCW.

Damages. Notwithstanding ECOLOGY's exercise of any or all the termination or default remedies provided in this agreement, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and/or the state of Washington because of any breach of this agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

T. User-Charge System for Funded Utilities: The RECIPIENT certifies that it has the legal authority to establish and implement a user-charge system and shall adopt a system of user-charges to assure that each user of the funded utility shall pay its proportionate share of the cost of operation and maintenance, including replacement during the design life of the project. The user-charge system will include provisions for a connection charge.

In addition, the RECIPIENT shall regularly evaluate the user-charge system, at least annually, to ensure the system provides adequate revenues necessary to operate and maintain the funded utility, to establish reserves to pay for replacement, and to repay the loan.

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

A. CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY

EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact ECOLOGY for assistance in obtaining a copy of those regulations.
4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled

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“CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION” without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

B. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING REQUIREMENTS:

CONTRACTOR/RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any CONTRACTOR/RECIPIENT that meets each of the criteria below must report compensation for its five top executives using the FFATA Data Collection Form.

- Receives more than \$30,000 in federal funds under this award.
- Receives more than 80 percent of its annual gross revenues from federal funds.
- Receives more than \$25,000,000 in annual federal funds.

Ecology will not pay any invoices until it has received a completed and signed FFATA Data Collection Form. Ecology is required to report the FFATA information for federally funded agreements, including the required Unique Entity Identifier in www.sam.gov <http://www.sam.gov> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov>.

For more details on FFATA requirements, see www.fsr.gov <http://www.fsr.gov>.

C. FEDERAL FUNDING PROHIBITION ON CERTAIN TELECOMMUNICATIONS OR VIDEO SURVEILLANCE SERVICES OR EQUIPMENT:

As required by 2 CFR 200.216, federal grant or loan recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;
2. Extend or renew a contract to procure or obtain; or
3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment, video surveillance services or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in [Public Law 115-232](https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf) <https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE

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Corporation (or any subsidiary or affiliate of such entities).

Recipients, subrecipients, and borrowers also may not use federal funds to purchase certain prohibited equipment, systems, or services, including equipment, systems, or services produced or provided by entities identified in section 889, are recorded in the [System for Award Management \(SAM\) <https://sam.gov/SAM/>](https://sam.gov/SAM/) exclusion list.

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GENERAL TERMS AND CONDITIONS

Pertaining to Grant and Loan Agreements With the state of Washington, Department of Ecology

GENERAL TERMS AND CONDITIONS

For DEPARTMENT OF ECOLOGY GRANTS and LOANS

07/01/2023 Version

1. ADMINISTRATIVE REQUIREMENTS

- a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition." (<https://fortress.wa.gov/ecy/publications/SummaryPages/2301002.html>)
- b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.
- c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.
- d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ACCESSIBILITY REQUIREMENTS FOR COVERED TECHNOLOGY

The RECIPIENT must comply with the Washington State Office of the Chief Information Officer, OCIO Policy no. 188, Accessibility (<https://ocio.wa.gov/policy/accessibility>) as it relates to "covered technology." This requirement applies to all products supplied under the Agreement, providing equal access to information technology by individuals with disabilities, including and not limited to web sites/pages, web-based applications, software systems, video and audio content, and electronic documents intended for publishing on Ecology's public web site.

4. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take all reasonable action to avoid, minimize, or mitigate adverse effects to archaeological and historic archaeological sites, historic buildings/structures, traditional cultural places, sacred sites, or other cultural resources, hereby referred to as Cultural Resources.

The RECIPIENT must agree to hold harmless ECOLOGY in relation to any claim related to Cultural Resources discovered, disturbed, or damaged due to the RECIPIENT's project funded under this Agreement.

RECIPIENT shall:

- a) Contact the ECOLOGY Program issuing the grant or loan to discuss any Cultural Resources requirements for their project:
 - Cultural Resource Consultation and Review should be initiated early in the project planning process and must be completed prior to expenditure of Agreement funds as required by applicable State and Federal requirements.
- * For state funded construction, demolition, or land acquisitions, comply with Governor Executive Order 21-02, Archaeological and Cultural Resources.

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- For projects with any federal involvement, comply with the National Historic Preservation Act of 1966 (Section 106).
- b) If required by the ECOLOGY Program, submit an Inadvertent Discovery Plan (IDP) to ECOLOGY prior to implementing any project that involves field activities. ECOLOGY will provide the IDP form.

RECIPIENT shall:

- Keep the IDP at the project site.
- Make the IDP readily available to anyone working at the project site.
- Discuss the IDP with staff, volunteers, and contractors working at the project site.
- Implement the IDP when Cultural Resources or human remains are found at the project site.
- c) If any Cultural Resources are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
 - Immediately stop work and notify the ECOLOGY Program, who will notify the Department of Archaeology and Historic Preservation at (360) 586-3065, any affected Tribe, and the local government.
- d) If any human remains are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.
 - Immediately stop work and notify the local Law Enforcement Agency or Medical Examiner/Coroner's Office, the Department of Archaeology and Historic Preservation at (360) 790-1633, and then the ECOLOGY Program.
- e) Comply with RCW 27.53, RCW 27.44, and RCW 68.50.645, and all other applicable local, state, and federal laws protecting Cultural Resources and human remains.

5. ASSIGNMENT

No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

6. COMMUNICATION

RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

7. COMPENSATION

- a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.
- b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.
- c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible require approval by ECOLOGY prior to expenditure.
- d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.
- e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.
- f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.
- g) RECIPIENT will receive payment through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, <https://ofm.wa.gov/it-systems/statewide-vendorpayee-services>. If you have questions about the vendor registration process, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.
- h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.
- i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.

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j) RECIPIENT must submit within thirty (30) days after the expiration date of this Agreement, all financial, performance, and other reports required by this Agreement. Failure to comply may result in delayed reimbursement.

8. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable federal, state and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:

- a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.
- b) RECIPIENT agrees to be bound by all applicable federal and state laws, regulations, and policies against discrimination.
- c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.
- d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.

ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

9. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

10. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.

RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.

ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

11. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:

- a) RECIPIENT notifies the funding program of an appeal request.
- b) Appeal request must be in writing and state the disputed issue(s).
- c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.
- d) ECOLOGY reviews the RECIPIENT's appeal.
- e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

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The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.

The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.

Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.

Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.

Nothing in this Agreement will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

12. ENVIRONMENTAL DATA STANDARDS

a) RECIPIENT shall prepare a Quality Assurance Project Plan (QAPP) for a project that collects or uses environmental measurement data. RECIPIENTS unsure about whether a QAPP is required for their project shall contact the ECOLOGY Program issuing the grant or loan. If a QAPP is required, the RECIPIENT shall:

- Use ECOLOGY's QAPP Template/Checklist provided by the ECOLOGY, unless ECOLOGY Quality Assurance (QA) officer or the Program QA coordinator instructs otherwise.
- Follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030).
- Submit the QAPP to ECOLOGY for review and approval before the start of the work.

b) RECIPIENT shall submit environmental data that was collected on a project to ECOLOGY using the Environmental Information Management system (EIM), unless the ECOLOGY Program instructs otherwise. The RECIPIENT must confirm with ECOLOGY that complete and correct data was successfully loaded into EIM, find instructions at:

<http://www.ecy.wa.gov/eim>.

c) RECIPIENT shall follow ECOLOGY's data standards when Geographic Information System (GIS) data is collected and processed. Guidelines for Creating and Accessing GIS Data are available at:

<https://ecology.wa.gov/Research-Data/Data-resources/Geographic-Information-Systems-GIS/Standards>. RECIPIENT, when requested by ECOLOGY, shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

13. GOVERNING LAW

This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

14. INDEMNIFICATION

ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.

To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

15. INDEPENDENT STATUS

The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

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16. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

17. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.

Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:

- a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.
- b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.
- c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.
- d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

18. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; (f) Ecology Funding Program Guidelines; and (g) General Terms and Conditions.

19. PRESENTATION AND PROMOTIONAL MATERIALS

ECOLOGY reserves the right to approve RECIPIENT's communication documents and materials related to the fulfillment of this Agreement:

- a) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.
- b) RECIPIENT shall include time for ECOLOGY's review and approval process in their project timeline.
- c) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best represents the item.

Any communications intended for public distribution that uses ECOLOGY's logo shall comply with ECOLOGY's graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY's logo contact ECOLOGY for guidelines.

RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

20. PROGRESS REPORTING

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- a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
- b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
- c) RECIPIENT shall use ECOLOGY's provided progress report format.
- d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
- e) RECIPIENT must submit within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY, all financial, performance, and other reports required by the Agreement and funding program guidelines. RECIPIENT shall use the ECOLOGY provided closeout report format.

21. PROPERTY RIGHTS

- a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this Agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
- b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
- c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.
- d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.
- e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.
- f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:
 1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.
 2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.
- g) Conversions. Regardless of the Agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

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22. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.

All records shall:

- a) Be kept in a manner which provides an audit trail for all expenditures.
 - b) Be kept in a common file to facilitate audits and inspections.
 - c) Clearly indicate total receipts and expenditures related to this Agreement.
 - d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder.
- RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.

All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.

RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.

23. RECOVERY OF FUNDS

The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.

All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this Agreement shall be refunded to ECOLOGY by the RECIPIENT.

RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement. RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.

Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

24. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

25. STATE ENVIRONMENTAL POLICY ACT (SEPA)

RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

26. SUSPENSION

When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

Agreement No: WQC-2025-KCoNRP-00070
Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
Recipient Name: King County Natural Resources & Parks Department-WTD

27. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

- a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.
- b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, 100% post-consumer recycled paper, and toxic free products.

For more suggestions visit ECOLOGY's web page, Green Purchasing,
<https://ecology.wa.gov/Regulations-Permits/Guidance-technical-assistance/Sustainable-purchasing>.

28. TERMINATION

a) For Cause

ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.

Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience

ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT, except as noted below. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions, although ECOLOGY will make a reasonable attempt to provide notice.

In the event of termination or suspension, ECOLOGY will reimburse eligible costs incurred by the RECIPIENT through the effective date of termination or suspension. Reimbursed costs must be agreed to by ECOLOGY and the RECIPIENT. In no

Agreement No: WQC-2025-KCoNRP-00070
 Project Title: West Point Treatment Plant Grit Classifier Replacement (Design)
 Recipient Name: King County Natural Resources & Parks Department-WTD

event shall ECOLOGY’s reimbursement exceed ECOLOGY’s total responsibility under the Agreement and any amendments. If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.

RECIPIENT’s obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) By Mutual Agreement

ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination

All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

29. THIRD PARTY BENEFICIARY

RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

30. WAIVER

Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.

End of General Terms and Conditions

Estimated loan repayment schedule

Loan number:	EL250104	Loan amount:	\$1,055,000.00
Agreement #:	WQC-2025-KCoNRP-00070	Term of loan:	20 Years
Recipient name:	KING COUNTY NATURAL RESOURCES	Effective interest rate:	1.200%
Amortization method:	Compound-365 D/Y	Interest compounded:	Monthly
Initiation of Operations:	10/31/2024	Loan date:	10/31/2025
Project Completion:	10/31/2024	Schedule creation date:	10/16/2024
Schedule number:	AS-000000940		

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
1	10/31/2025	29,932.87	17,203.01	9,547.39	3,182.47	1,037,796.99
2	4/30/2026	29,932.87	23,690.50	4,681.78	1,560.59	1,014,106.49
Subtotal	FY 2026	59,865.74	40,893.51	14,229.17	4,743.06	1,014,106.49
3	10/30/2026	29,932.87	23,833.00	4,574.90	1,524.97	990,273.49
4	4/30/2027	29,932.87	23,976.36	4,467.38	1,489.13	966,297.13
Subtotal	FY 2027	59,865.74	47,809.36	9,042.28	3,014.10	966,297.13
5	10/30/2027	29,932.87	24,120.57	4,359.22	1,453.08	942,176.56
6	4/30/2028	29,932.87	24,265.66	4,250.41	1,416.80	917,910.90
Subtotal	FY 2028	59,865.74	48,386.23	8,609.63	2,869.88	917,910.90
7	10/30/2028	29,932.87	24,411.62	4,140.94	1,380.31	893,499.28
8	4/30/2029	29,932.87	24,558.45	4,030.81	1,343.61	868,940.83
Subtotal	FY 2029	59,865.74	48,970.07	8,171.75	2,723.92	868,940.83
9	10/30/2029	29,932.87	24,706.17	3,920.02	1,306.68	844,234.66
10	4/30/2030	29,932.87	24,854.78	3,808.57	1,269.52	819,379.88
Subtotal	FY 2030	59,865.74	49,560.95	7,728.59	2,576.20	819,379.88
11	10/30/2030	29,932.87	25,004.28	3,696.44	1,232.15	794,375.60
12	4/30/2031	29,932.87	25,154.68	3,583.64	1,194.55	769,220.92
Subtotal	FY 2031	59,865.74	50,158.96	7,280.08	2,426.70	769,220.92
13	10/30/2031	29,932.87	25,305.99	3,470.16	1,156.72	743,914.93
14	4/30/2032	29,932.87	25,458.21	3,355.99	1,118.67	718,456.72
Subtotal	FY 2032	59,865.74	50,764.20	6,826.15	2,275.39	718,456.72
15	10/30/2032	29,932.87	25,611.34	3,241.15	1,080.38	692,845.38
16	4/30/2033	29,932.87	25,765.39	3,125.61	1,041.87	667,079.99
Subtotal	FY 2033	59,865.74	51,376.73	6,366.76	2,122.25	667,079.99
17	10/30/2033	29,932.87	25,920.37	3,009.37	1,003.13	641,159.62

Payment number	Due date	Payment amount	Principal amount	Interest amount	Admin amount	Balance amount
18	4/30/2034	29,932.87	26,076.28	2,892.44	964.15	615,083.34
Subtotal	FY 2034	59,865.74	51,996.65	5,901.81	1,967.28	615,083.34
19	10/30/2034	29,932.87	26,233.13	2,774.80	924.94	588,850.21
20	4/30/2035	29,932.87	26,390.92	2,656.46	885.49	562,459.29
Subtotal	FY 2035	59,865.74	52,624.05	5,431.26	1,810.43	562,459.29
21	10/30/2035	29,932.87	26,549.67	2,537.40	845.80	535,909.62
22	4/30/2036	29,932.87	26,709.36	2,417.63	805.88	509,200.26
Subtotal	FY 2036	59,865.74	53,259.03	4,955.03	1,651.68	509,200.26
23	10/30/2036	29,932.87	26,870.02	2,297.14	765.71	482,330.24
24	4/30/2037	29,932.87	27,031.64	2,175.92	725.31	455,298.60
Subtotal	FY 2037	59,865.74	53,901.66	4,473.06	1,491.02	455,298.60
25	10/30/2037	29,932.87	27,194.24	2,053.97	684.66	428,104.36
26	4/30/2038	29,932.87	27,357.81	1,931.29	643.77	400,746.55
Subtotal	FY 2038	59,865.74	54,552.05	3,985.26	1,328.43	400,746.55
27	10/30/2038	29,932.87	27,522.37	1,807.87	602.63	373,224.18
28	4/30/2039	29,932.87	27,687.92	1,683.71	561.24	345,536.26
Subtotal	FY 2039	59,865.74	55,210.29	3,491.58	1,163.87	345,536.26
29	10/30/2039	29,932.87	27,854.46	1,558.81	519.60	317,681.80
30	4/30/2040	29,932.87	28,022.01	1,433.14	477.72	289,659.79
Subtotal	FY 2040	59,865.74	55,876.47	2,991.95	997.32	289,659.79
31	10/30/2040	29,932.87	28,190.56	1,306.73	435.58	261,469.23
32	4/30/2041	29,932.87	28,360.13	1,179.55	393.19	233,109.10
Subtotal	FY 2041	59,865.74	56,550.69	2,486.28	828.77	233,109.10
33	10/30/2041	29,932.87	28,530.71	1,051.62	350.54	204,578.39
34	4/30/2042	29,932.87	28,702.33	922.90	307.64	175,876.06
Subtotal	FY 2042	59,865.74	57,233.04	1,974.52	658.18	175,876.06
35	10/30/2042	29,932.87	28,874.97	793.42	264.48	147,001.09
36	4/30/2043	29,932.87	29,048.66	663.16	221.05	117,952.43
Subtotal	FY 2043	59,865.74	57,923.63	1,456.58	485.53	117,952.43
37	10/30/2043	29,932.87	29,223.38	532.12	177.37	88,729.05
38	4/30/2044	29,932.87	29,399.16	400.28	133.43	59,329.89
Subtotal	FY 2044	59,865.74	58,622.54	932.40	310.80	59,329.89
39	10/30/2044	29,932.87	29,576.00	267.65	89.22	29,753.89
40	4/30/2045	29,932.86	29,753.89	134.23	44.74	0.00
Subtotal	FY 2045	59,865.73	59,329.89	401.88	133.96	0.00

Grand total

1,197,314.79

1,055,000.00

106,736.02

35,578.77

0.00



King County

Dow Constantine
 King County Executive
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October 30, 2024

The Honorable Dave Upthegrove
 Chair, King County Council
 Room 1200
 C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if approved, would authorize the King County Executive to enter into a loan agreement with the State of Washington Department of Ecology (Ecology) for loan financing of capital costs associated with the West Point Treatment Plant (WPTP) Grit Classifier Project.

The legislation authorizes the execution of an Ecology State Revolving Fund (SRF) 20-year loan agreement for state fiscal year 2025 in the amount of \$1,055,000 with an interest rate of 1.2 percent.

This low-interest loan will save King County ratepayers \$340,638 in interest expense (\$266,141 net present value), compared to 20-year conventional bond financing. The SRF loan will provide funding for King County's design phase expenditures of the WPTP Grit Classifier Water Quality Project. This project will implement all work necessary to replace or refurbish failing grit classifiers and associated equipment at West Point. The grit classifier equipment removes heavy inorganic materials, such as sand, gravel, and minerals from the wastewater flow during preliminary treatment.

The loan agreement expiration date is October 31, 2024. The design of this project, which this loan agreement covers, has been completed. Once the loan agreement is signed, expenditures for the design can then be submitted for reimbursement.

This legislation furthers the King County Strategic Climate Action Plan (SCAP) goal of reducing Greenhouse gas emissions by reducing truck trips to the landfill through the reduction in volume of grit produced at the WPTP.

The Honorable Dave Upthegrove

October 30, 2024

Page 2

Thank you for your consideration of this ordinance. This important legislation will save King County ratepayers money and protect water quality in our region.

If your staff have any questions, please contact Kamuron Gurol, Division Director of the Wastewater Treatment Division of the Department of Natural Resources and Parks, at (206) 263-5767.

Sincerely,



for

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers
 ATTN: Stephanie Cirkovich, Chief of Staff, King County Council
 Melani Hay, Clerk of the Council
Karan Gill, Chief of Staff, Office of the Executive
Penny Lipsou, Council Relations Director, Office of the Executive
John Taylor, Director, Department of Natural Resources and Parks (DNRP)
Kamuron Gurol, Division Director, Wastewater Treatment Division, DNRP



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

STAFF REPORT

Agenda Item:	8	Name:	April Sanders
Proposed No.:	2024-0343	Date:	December 2, 2024

SUBJECT

An ordinance making net supplemental appropriations to General Fund agencies, non-General Fund agencies, and capital fund budgets as part of the 2023-2024 3rd Omnibus.

SUMMARY

Proposed Ordinance 2024-0343 (referred to as the 2023-2024 4th Omnibus) would make a net supplemental appropriation of \$124.3 million. The impact to the General Fund would be approximately \$600,000.

Table 1 below shows the 2023-2024 Adopted Budget, the additions adopted in various supplemental budget ordinances, and the additions proposed in this ordinance.

Table 1. Adopted vs. Proposed

Major Fund	2023-2024 Adopted Budget¹	Total Adopted Supplementals²	2023-2024 4th Omnibus as Proposed
General Fund	\$2,387 mil	\$109.1 mil	\$21.7 million
Non-General Fund	\$11,179 mil	\$725.8 mil	\$100.7 million
Capital Improvement Program	\$2,653 mil	\$479.3 mil	\$1.9 million
	\$16,219 mil	\$1,314.2 mil	\$124.3 million

¹ Ordinance 19546

² Ordinance 19633 (1st Omnibus); Ordinance 19621 (Wastewater Treatment Division); Ordinance 19659 (COVID 10 Budget); Ordinance 19650 (Jail Health and DAJD); Ordinance 19678 (Building Repair and Replace); Ordinance 19712 (2nd Omnibus); Ordinance 19729 (DPD Labor); Ordinance 19768 (Dexter Horton Supplemental); Ordinance 19791 (3rd Omnibus)

Proposals of note include the following:

- *Coronavirus Local Fiscal Recovery (CLFR) funding*: \$21.3 million in CLFR funding proposals (\$5.8 million in new investments and the remaining in technical adjustments);
- *Medicaid Payment Reconciliation*: \$92.2 million technical adjustment related to Medicaid payment reconciliation work in the Department of Community and Human Services (DCHS); and
- *State Funding for DCHS Programs*: \$8 million in state funding for Early Support for Infants and Toddlers, and Adult Services programs in DCHS.

ANALYSIS

The proposed ordinance would make a net supplemental appropriation of \$124.3 million: \$21.7 million to General Fund agencies, \$100.7 million to non-General Fund agencies, and \$1.9 million to a capital fund budget. The net impact to the General Fund would be approximately \$600,000, once revenue-backed CLFR funding is accounted for.

NEW CLFR FUNDING REQUESTS	\$5,800,000
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The proposed ordinance includes \$21.3 million in CLFR funding proposals, including new investments as well as technical transfers.

Executive staff indicate that there is approximately \$9 million in anticipated CLFR underspend to allocate in the 4th Omnibus, to comply with federal government requirements for when CLFR dollars must be committed. The proposed ordinance would appropriate \$5.8 million of that, leaving \$3.2 million uncommitted.

Table 2 below summarizes those proposals.

Table 2. New CLFR Investments

Project or Recipient	Appropriation Unit	Funding
AiPace- senior center and clinic	External Support	\$1.5 million
Mary's Place- senior center and low-income housing	External Support	\$1 million
Uplift NW- remodel and replace Western Ave Facility	External Support	\$500,000
King County mobile emergency response	Emergency Management	\$375,000
King County transport of emergency tents	Facilities Management	\$500,000

King County fiber optic network path for RCECC ³	ITS Capital ⁴	\$1.9 million
TOTAL		\$5.8 million

OFFICE OF EMERGENCY MANAGEMENT

Prime Mover and Mobile Command Trailer [\$375,000]. The proposed ordinance would appropriate \$375,000 in CLFR underspend to purchase a prime mover for relocating mobile assets during response situations and to purchase a mobile emergency operations center for on-site incident management. This is a joint project with the King County Sheriff's Office (KCSO) in order to replace the existing mobile command vehicle, which Executive staff indicate has outlived its useful life.

Regarding the command trailer, Executive staff indicate that it would improve King County's mobile emergency response capabilities and could be deployed in any situation requiring a large or coordinated field presence by the Office of Emergency Management (OEM), KCSO, or other County agencies, including fires, flooding, major crime scenes, special events, training exercises, and as a back-up emergency operations center in the event the primary location in Renton, and other back up locations, are unusable.

Regarding the need for the prime mover, OEM currently has multiple towed assets funded by previous emergency management grants that they cannot transport unless they are able to borrow vehicles to tow them. These assets include three large generators, three shelter supply trailers, two handicap accessible shower/bathroom trailers, two variable message signs, and the mobile command trailer.

FACILITIES MANAGEMENT DIVISION

Relocation of COVID Safety Infrastructure [\$500,000]. The proposed ordinance would appropriate \$500,000 in CLFR underspend to fund the transport of four portable emergency tents purchased by COVID-19 funding to King County. These tenants were moved to Arizona for storage because there was not adequate storage space in a County facility to store them. The cost will pay to relocate the tents from Arizona to Seattle to be stored in the SODO facility.

ITS CAPITAL AND GF TRANSFER TO KCIT

KCIT Diverse Fiber Path [\$1,944,880]. The proposed ordinance would appropriate \$1.9 million in CLFR underspend for the construction of a second diverse fiber optical network path for the Regional Communications and Emergency Coordination Center (RCECC) in Renton to help ensure network infrastructure availability in the event of an

³ Regional Communication and Emergency Coordination Center

⁴ Note, this is double budgeted in the General Fund Transfer to KCIT appropriation unit.

incident that would prevent the use of the primary network fiber path. There is a similar project occurring at the Elections building in Renton.

EXTERNAL SUPPORT

AiPace [\$1,500,000]. The proposed ordinance would appropriate \$1.5 million in CLFR underspend for AiPace to develop a senior center and clinic specialized for low-income Asian and Pacific Islander elders, but available to all seniors.

Mary's Place [\$1,000,000]. The proposed ordinance would appropriate \$1,000,000 in CLFR underspend for Mary's Place to develop an emergency shelter and low-income housing in Burien.

UpLift NW [\$500,000]. The proposed ordinance would appropriate \$500,000 for UpLift NW for a capital campaign to remodel or replace its facility on Western Avenue.

TECHNICAL CLFR CHANGES	\$12,500,000
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The following CLFR allocations were previously approved by Council, but were initially placed in non-General Fund appropriation units. The Executive indicates that programs and projects that have run into eligibility, timing, or compliance concerns will need to utilize the CLFR revenue replacement option offered by U.S. Treasury, which would require these items to be double budgeted to allow for the General Fund transfer to the non-General Fund appropriation units. Below is a summary of those technical changes.

Table 3. Technical CLFR Changes

Project or Recipient	Current Appropriation Unit	General Fund Appropriation Unit	Funding
Asylee Seeker RFP	Housing and Community Development	GF Transfer to DCHS	\$2 million
Homelessness Response	Housing and Community Development	GF Transfer to DCHS	\$1.3 million
Federal Way Red Lion	Housing and Community Development Fund	GF Transfer to DCHS	\$3 million
Renton Red Lion	Department of Executive Services	GF Transfer to DES	\$4.7 million
Deintensification and I&Q Costs	Department of Executive Services	GF Transfer to DES	\$4.5 million

TOTAL	\$15.5 million
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OTHER PROPOSED EXPENDITURE REQUESTS	\$101,157,947
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JOBS AND HOUSING

City of Kent Program Reimbursement [\$250,000, fully revenue-backed]. The proposed ordinance would add \$250,000 in reimbursement to Jobs and Housing for costs incurred for contracted services provided to the City of Kent under an existing interlocal agreement. Executive staff indicate that the City of Kent learned of the program and requested \$250,000 worth of Jobs and Housing program services within the City. This request would add appropriation authority and the City's reimbursement to the Jobs and Housing program.

The Jobs and Housing Program began operations in 2021, utilizing a CLFR appropriation, to provide temporary jobs, career preparation, housing, and support services to people experiencing homelessness. Program participants receive these services for up to one year so that they can secure permanent housing and exit the homelessness system. Subsidized jobs may be with King County or other community partners that were selected in two procurement rounds in late 2021 and early 2022.

GF TRANSFER TO DNRP

Local Infrastructure Project Area Transfer [\$664,000]. The proposed ordinance would reappropriate \$664,000 in General Fund dollars originally allocated in the 2021-2022 biennial budget to the General Fund Transfer to DNRP to make planned payments to the City of Seattle for the Transfer of Development Rights program.

Executive staff indicate that, due to a payment delayed from the end of 2022 to early 2023, the 2023-2024 biennium will include payments for 2023, 2024, and the second half of 2022. The payment for 2022 was not accounted for in the original 2023-2024 biennial budget.

As background, Ordinance 17663 authorized the County to enter into an interlocal agreement with the City of Seattle to allow development rights originating in rural King County to be sold to private developers building within the City of Seattle (called Local Infrastructure Project Areas, or LIPAs). In exchange, the County diverts a portion of the County's property taxes collected for new construction within LIPAs back to the City.

DEVELOPMENTAL DISABILITIES

State Funds Increase [\$8,000,000, fully revenue-backed]. The proposed ordinance would add \$8 million in appropriation authority and revenue in the Early Support for Infants and Toddlers, as well as Adult Services programs to match program growth.

This is fully revenue-backed by state funds. Early Support for Infants and Toddlers supports children with disabilities and/or developmental delays and their families from birth to three years old.

Funding from the state Department of Children, Youth, and Families increased due to an increase in the number of children served and a shift in how children are counted. Additionally, funding from the state Department of Social and Health Services' Developmental Disabilities Administration increased as the state allowed higher hourly rates to contracted providers and an increase in administration percentage rates to counties.

BEHAVIORAL HEALTH

Medicaid Reconciliation Payments [\$92,243,947]. The proposed ordinance would appropriate approximately \$92.2 million in expenditure authority for DCHS to repay previously-received Medicaid revenues to the state Health Care Authority (HCA) in response to Medicaid payment reconciliation work. The HCA conducted reconciliation work for 2021 and 2022, reviewing Medicaid revenues and expenses statewide and requiring payback of Medicaid revenues not used on Medicaid services in the years received. As this reconciliation work has been ongoing, Executive staff indicate that DCHS has adequate fund balance to make these reconciliation payments, which has been an assumed expense in reserve funds.

This surplus was caused by Federal rules in place during the pandemic prohibiting people from losing Medicaid eligibility. Executive staff state that managed care organizations continued receiving funding for Medicaid patients even though there were significant fluctuations in the number of people accessing services. Additionally, the pandemic increased unpredictability in Medicaid behavioral health funding because of slower service caused by COVID-related service changes and workforce shortages.

DCHS has paid \$8 million in settlement payments to date, and the remaining \$84 million could be completed as soon as November 2024.

TIMING

The BFM Chair, in consultation with staff, has proposed a schedule for the legislation as provided in the table below.

Date	Activity
Oct. 30 th (Wed) 9:30 am	BFM – 1 st Briefing and no action
Nov. 13 th (Wed) COB	Striking amendment requests due to BFM Chair
Nov. 18 th (Mon) COB	BFM Chair's striking amendment direction due to staff & <u>district councilmanic grant allocations due to staff</u>
Nov. 25 th (Mon) COB	Striking amendment finalized and distributed
Nov. 29 th (Fri) COB	Line amendment direction due to staff
Dec. 2 nd (Mon) 1:30 pm	Special BFM – Action on all amendments
Dec. 6 th (Fri) COB	Line amendment direction due to staff (if necessary)
Dec.10 th (Tue) 1:30 pm	Full Council – Final Action

AMENDMENTS

The committee packet includes Striking Amendment S1 and a corresponding Title Amendment T1. A line amendment packet will be distributed separately, if needed. The striking amendment, summarized below, would fully allocate all remaining anticipated CLFR underspend.

Table 4. Summary of Striking Amendment S1

<i>Appropriation Unit</i>	<i>Change</i>
<i>External Support</i>	<i>Would restrict CLFR underspend for the following purposes:</i>
	<i>UpLift NW (Executive proposed) \$500,000</i>
	<i>Mary's Place (Executive proposed) \$1,000,000</i>
	<i>LIHI \$851,000</i>
	<i>Riverton UMC \$449,000</i>
	<i>United Way rental assistance \$71,000</i>
	<i>United Way food security \$400,000</i>
	<i>Issaquah Food & Clothing Bank \$250,000</i>
	<i>REACH Homelessness Outreach \$500,000</i>
	<i>Waterfront Shuttle \$500,000</i>
	<i>Lake City Partners Shelter \$250,000</i>
	<i>White Center Food Bank \$477,000</i>
	<i>The Breakfast Group \$200,000</i>
	<i>ACLT Benu Community \$150,000</i>
	<i>Leadership Eastside \$25,000</i>
	<i>FW Schools Pre-Apprenticeship \$250,000</i>
	<i>Auburn Schools Pre-Apprenticeship \$250,000</i>
	<i>Virtual Hiring Hall \$150,000</i>
	<i>Labor-led Dispatch Center \$500,000</i>

	<i>Atlantic Street Center</i> \$200,000 <i>Pride Across the Bridge</i> \$100,000 <i>SnoValley Pride</i> \$100,000 <i>Seatown FC Startup</i> \$67,000 <i>Skyway Coalition Youth Activities</i> \$200,000 <i>KCRHA Extreme Weather Response</i> \$350,000 <i>Would remove funding for AiPace, which would instead be bond financed in the 2025 Annual Budget.</i>
<i>HCD and GF Transfer to DCHS</i>	<i>Would allocate \$500,000 in CLFR underspend towards tiny house villages.</i>
<i>BHRD and GF Transfer to DCHS</i>	<i>Would allocate \$35,000 in CLFR underspend to expand the King County Conference on Substance Use Disorders.</i>
<i>KCSO</i>	<i>Would remove the motion requirement from Proviso P1, restricting \$700k until Council passes a motion acknowledging receipt of a report on a crisis response program plan, thereby releasing the moneys upon transmittal. This plan was transmitted through Proposed Motion 2024-0284 on September 8, 2024.</i>
<i>GF Transfer to KCIT</i>	<i>Would remove the \$1.9 million GF Transfer to KCIT for the fiber optic path to reflect that this project would instead be bond financed in the 2025 Annual Budget.</i>
<i>Facilities Management Division</i>	<i>Would reduce the Executive's proposed allocation of CLFR underspend for the transport of four portable emergency tents by \$100,000, for a new total of \$400,000.</i>
<i>CSO/VSHSL/YASF</i>	<i>Would allocate Councilmanic Grants.</i>

INVITED

- Aaron Rubardt, Deputy Budget Director, Office of Performance, Strategy and Budget

ATTACHMENTS

1. Proposed Ordinance 2024-0343 and the following attachment:
 - a. Capital Improvement Program 10-04-2024
2. Striking Amendment S1
3. Title Amendment T1
4. Transmittal Letter
5. 2024-0343 - 4th Omnibus Crosswalk
6. 2024-0343 Financial Plan – 4th Omnibus



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0343.1

Sponsors Zahilay

1 AN ORDINANCE making a net supplemental
2 appropriation of \$21,734,000 to various general fund
3 agencies, a net supplemental appropriation of \$100,744,000
4 to various non-general fund agencies and a net
5 supplemental appropriation of \$1,944,800 from various
6 capital fund budgets; and amending the 2023-2024 Biennial
7 Budget Ordinance, Ordinance 19546, Sections 23, 40, 42,
8 46, 47, 49, 61, 65, 120, and 129, as amended, and
9 Attachment A, as amended, and Ordinance 19712, Section
10 91, as amended.

11 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

12 SECTION 1. Ordinance 19546, Section 23, as amended, is hereby amended as
13 follows:

14 OFFICE OF EMERGENCY MANAGEMENT - From the general fund there is
15 hereby appropriated to:

16 Office of emergency management \$375,000

17 SECTION 2. Ordinance 19546, Section 40, as amended, is hereby amended as
18 follows:

19 JOBS AND HOUSING PROGRAM - From the general fund there is hereby
20 appropriated to:

67 SECTION 11. Attachment A to this ordinance hereby amends Attachment A to
68 Ordinance 19546, as amended, by adding thereto and inserting therein the projects listed
69 in Attachment A to this ordinance (Proposed Ordinance 2024-XXXX).

70 SECTION 12. Ordinance 19712, Section 91, as amended, is hereby amended as
71 follows:

72 GENERAL FUND TRANSFER TO KING COUNTY INFORMATION

73 TECHNOLOGY - From the general fund there is hereby appropriated to:

74 General fund transfer to King County information technology \$1,945,000

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, ____.

Dow Constantine, County Executive

Attachments: A. 2023-2024 Capital Improvement Program 10-04-2024

Attachment A Capital Improvement Program Dated 10/04/2024

2024 4th Omnibus Ordinance - Executive Proposed

3781 ITS CAPITAL							
Project Number	Project Name Class Code	Tech Adj	IT Proi	FY23-24	FY25-26	FY27-28	Total 6-Year Budget
1148377	KCIT RCECC Diverse Fiber Path STANDALONE	✓	✓	\$1,944,800	\$0	\$0	\$1,944,800
3781 - ITS CAPITAL		Total		\$1,944,800	\$0	\$0	\$1,944,800
Grand Total				\$1,944,800	\$0	\$0	\$1,944,800

19 Of this appropriation, \$100,000 shall be expended or encumbered solely to
20 support a voluntary safe firearm and ammunition return program in 2023.

21 ER3 EXPENDITURE RESTRICTION:

22 Of this appropriation, \$25,000 shall be expended or encumbered solely to support
23 the city of Maple Valley with moneys for coordination of traffic control with other
24 jurisdictions in the unincorporated areas around Lake Wilderness park for the national
25 IRONMAN triathlon to take place on September 17, 2023.

26 ER4 EXPENDITURE RESTRICTION:

27 Of this appropriation, \$100,000 shall not be expended or encumbered until the
28 webpage for the sheriff's office includes a prominent, public-facing section dedicated to
29 voluntary firearm surrender and/or return information including all

30 ER6 EXPENDITURE RESTRICTION:

31 Of this appropriation, \$126,000 shall be expended or encumbered solely to
32 support at least two voluntary safe firearm and ammunition return events in 2024.

33 ER7 EXPENDITURE RESTRICTION:

34 Of this appropriation, \$75,000 shall be expended or encumbered solely to support
35 additional overtime hours for traffic patrols in Precinct 3, particularly in the Fairwood
36 area of unincorporated King County.

37 ER8 EXPENDITURE RESTRICTION:

38 Of this appropriation \$100,000 shall be expended or encumbered solely for the
39 sheriff's office to conduct DNA testing for unidentified remains, cold cases, and other
40 evidence, and for those remains, cold cases, and other evidence that failed to yield a
41 Combined DNA Index System match, for forensic genetic genealogy DNA testing to be

42 conducted. King County may contract for these services. For the purposes of this
43 expenditure restriction, "forensic genetic genealogy DNA testing" means any technology
44 performed in a forensic laboratory capable of producing a forensic genealogy profile with a
45 minimum of 100,000 genetic markers and compatible with multiple genealogical databases
46 consented for law enforcement use. Records from the NDA testing or forensic genetic
47 genealogy DNA testing, including DNA profiles and markers, of unidentified remains
48 should be used solely for the purpose of establishing identification.

49 P1 PROVIDED THAT:

50 Of this appropriation, \$700,000 shall not be expended or encumbered until the
51 executive transmits a crisis response program report (~~and a motion that should~~
52 ~~acknowledge receipt of the report, and a motion acknowledging receipt of the report is~~
53 ~~passed by the council. The motion should reference the subject matter, the proviso's~~
54 ~~ordinance number, ordinance section and proviso number in both the title and body of the~~
55 ~~motion~~)).

56 The plan shall include, but not be limited to, the following:

57 A. A description of the executive's community engagement efforts in each
58 department of public safety precinct, including a list of local governments, community
59 organizations, nonprofits, neighborhood groups, renter associations, homeowner
60 associations, schools and businesses consulted in the development of the crisis response
61 program;

62 B. A summary of each department of public safety's precinct's preferred crisis
63 response program model, including general program structure and process for deploying
64 crisis response professionals;

65 C. A description of the policy or policies the department of public safety intends
66 to implement to guide the deployment of crisis response professionals in each department
67 of public safety precinct;

68 D. A description of the department of public safety's procedures for ensuring
69 interjurisdictional and interagency cooperation; and

70 E. A timeline for the crisis response program implementation in each department
71 of public safety precinct.

72 The executive should electronically file the report (~~(and motion)~~) required by this
73 proviso no later than December 31, 202~~(3)~~⁴, with the clerk of the council, who shall
74 retain the original and provide an electronic copy to all councilmembers, the council chief
75 of staff, and the lead staff for the law, justice, health and human services committee or its
76 successor.

77 SECTION 4. Ordinance 19546, Section 23, as amended, is hereby amended as
78 follows:

79 OFFICE OF EMERGENCY MANAGEMENT - From the general fund there is
80 hereby appropriated to:

81 Office of emergency management \$375,000

82 SECTION 5. Ordinance 19546, Section 40, as amended, is hereby amended as
83 follows:

84 JOBS AND HOUSING PROGRAM - From the general fund there is hereby
85 appropriated to:

86 Jobs and housing program \$250,000

110 Of this appropriation, moneys shall not be expended or encumbered for residential
111 outreach to publicize King County's programs and services.

112 ER4 EXPENDITURE RESTRICTION:

113 Of this appropriation, \$1,000,000 shall be expended or encumbered solely to
114 support the King County Search and Rescue Association's headquarters site acquisition
115 and development capital project; and, of the moneys restricted by this Expenditure
116 Restriction ER4, up to \$100,000 shall be expended or encumbered to conduct a site study
117 for the capital project as described in Proviso P1 of this section.

118 ER5 EXPENDITURE RESTRICTION:

119 Of this appropriation, \$21,928,000 shall be expended or encumbered solely to
120 support the following projects, contingent on the executive determining that each project
121 serves a fundamental governmental purpose, a county purpose for which the county is
122 receiving consideration, or support of the poor or infirm:

123	African Community Housing and Dev. African Diaspora Project	\$900,000
124	AiPACE Project	\$115,000
125	Associated Students of the University of Washington Shell House	\$750,000
126	Auburn Manor	\$675,000
127	Auburn Theater Rehabilitation	\$100,000
128	Center of Success Project	\$250,000
129	Central District Community Preservation and Development Authority	\$110,000
130	Children's Home Society North Seattle Resource Hub	\$1,000,000
131	Ching Garden	\$220,000
132	City of Algona City Park Project	\$25,000

133	Comunidad de Vashon Community Center	\$500,000
134	Elevator Project for Pike Place Market	\$500,000
135	Energize Program	\$1,000,000
136	Family First Community Center	\$500,000
137	Friends of Little Saigon Landmark Project	\$1,000,000
138	Friends of Youth Project	\$500,000
139	Hanwoori Garden in Federal Way	\$150,000
140	Highline Heritage Museum	\$100,000
141	Hope Academy – Building Repairs	\$250,000
142	King County Search and Rescue Project	\$1,000,000
143	LifeWire Project	\$300,000
144	Muslim American Youth Foundation Community Center	\$1,000,000
145	Northshore Parks and Recreation Service Area Project	\$750,000
146	Open Doors for Multicultural Families Community Center	\$100,000
147	Progressive Animal Welfare Society Project	\$1,000,000
148	Pullman Car Northwest Railway Museum Project	\$33,000
149	Rainier Valley Early Learning Center	\$5,000,000
150	Sail Sandpoint Project	\$350,000
151	Skyway Community Center	\$500,000
152	South County Ball Fields	\$150,000
153	United Indians of All Tribes Foundation Canoe House	\$1,100,000
154	White Center Food Bank	\$2,000,000
155	TOTAL	\$21,928,000

156 ER6 EXPENDITURE RESTRICTION:

157 Of the moneys restricted by Expenditure Restriction ER5 of this section for South
158 County Ball Fields, \$150,000 shall be expended or encumbered solely to support either
159 improvements to existing fixed structures, including, but not limited to, concessions
160 facilities, picnic areas, dugouts and bleachers, or construction of new fixed structures,
161 including, but not limited to, concessions facilities, picnic areas, bleachers and shade
162 structures, or both.

163 ER7 EXPENDITURE RESTRICTION:

164 Of this appropriation, \$500,000 shall be expended or encumbered solely for a
165 grant to Friends of Seattle Waterfront, dba Friends of Waterfront Seattle, to support the
166 operation of a waterfront shuttle in downtown Seattle in 2023.

167 ER8 EXPENDITURE RESTRICTION:

168 Of this appropriation, \$500,000 shall be expended or encumbered solely for a
169 grant to Friends of Seattle Waterfront, dba Friends of Waterfront Seattle, to support the
170 operation of a waterfront shuttle in downtown Seattle in 2024.

171 ER9 EXPENDITURE RESTRICTION:

172 Of this appropriation, \$50,000 shall be expended or encumbered solely for
173 preliminary planning and feasibility studies for a project by the African Business
174 Innovation Center.

175 ER10 EXPENDITURE RESTRICTION:

176 Of this appropriation, \$52,000 shall be expended or encumbered solely to contract
177 with the Low Income Housing Institute to provide supportive services to the residents of

178 Camp Roberson or its successor, a tent shelter community currently located in council
179 district three, but may have a location outside of council district three.

180 ER11 EXPENDITURE RESTRICTION:

181 Of this appropriation, \$400,000 shall be expended or encumbered solely to
182 contract with the Dispute Resolution Center for its Conflict Resolution for Everyone
183 (CoRE) basic mediation training program.

184 ER12 EXPENDITURE RESTRICTION:

185 Of this appropriation, \$80,000 shall be expended or encumbered solely to contract
186 with Maple Valley Food Bank, Enumclaw Plateau Ministries, Covington Storehouse, and
187 Issaquah Food Bank to address food insecurity.

188 ER13 EXPENDITURE RESTRICTION:

189 Of this appropriation, \$35,000 shall be expended or encumbered solely to contract
190 with Rainier Valley Corps to provide filing fee assistance for Deferred Action for
191 Childhood Arrivals recipients.

192 ER14 EXPENDITURE RESTRICTION:

193 Of this appropriation, \$100,000 shall be expended or encumbered solely to
194 contract with Friends of Mukai.

195 ER15 EXPENDITURE RESTRICTION:

196 Of this appropriation, \$30,000 shall be expended or encumbered solely to contract
197 with Maple Valley Farmers Market, Fairwood Market Night, and Enumclaw Farmers
198 Market for operational support.

199 ER16 EXPENDITURE RESTRICTION:

200 Of this appropriation, \$25,000 shall be expended or encumbered solely to contract
201 with Maple Valley Creative Arts Council for arts programs for adults, children, and
202 youths.

203 ER17 EXPENDITURE RESTRICTION:

204 Of this appropriation, \$25,000 shall be expended or encumbered solely to contract
205 with Ballard Northwest Senior Center for capital support.

206 ER 18 EXPENDITURE RESTRICTION:

207 Of this appropriation, \$18,000 shall be expended or encumbered solely to contract
208 with the Snoqualmie Valley Food Bank to support its food pantry.

209 ER19 EXPENDITURE RESTRICTION:

210 Of this appropriation, \$35,000 shall be expended or encumbered solely to contract
211 with University of Washington Women's Center for an anti-trafficking summit.

212 ER20 EXPENDITURE RESTRICTION:

213 Of this appropriation, \$147,000 shall be expended or encumbered solely to
214 contract with the Catholic Community Services of Western Washington to provide
215 congregate meals for seniors.

216 ER21 EXPENDITURE RESTRICTION:

217 Of this appropriation, \$200,000 shall be expended or encumbered solely to
218 contract with the King County Sexual Assault Resource Center to support provision of
219 services, education, and outreach.

220 ER 22 EXPENDITURE RESTRICTION:

221 Of this appropriation, \$1,000,000 shall be expended or encumbered solely to
222 contract with Acres of Diamonds for capital support related to community-based
223 transitional housing for women and children.

224 ER23 EXPENDITURE RESTRICTION:

225 Of this appropriation, \$600,000 shall be expended or encumbered solely to
226 contract with Lake City Partners to support a North King County senior women's shelter.

227 ER24 EXPENDITURE RESTRICTION:

228 Of this appropriation, \$1,000,000 shall be expended or encumbered solely to
229 support the development and implementation of programs described in the gun violence
230 prevention plan required by Proviso P2 in this subsection.

231 ER25 EXPENDITURE RESTRICTION:

232 Of this appropriation, ~~(\$200,000)~~ \$700,000 shall be expended or encumbered
233 solely to develop a labor-led dispatch and training center for hospitality, behavioral
234 health, janitorial, retail, transportation, and other tourism related trades in order to ensure
235 a high quality workforce is available to support large events, including the 2026 FIFA
236 World Cup, in a way that benefits families, community, and the region.

237 ER26 EXPENDITURE RESTRICTION:

238 Of this appropriation, \$300,000 shall be ~~((expended))~~ expended or encumbered
239 solely to provide civil legal aid support for ~~((asylum))~~ asylum seekers in King County.

240 ER27 EXPENDITURE RESTRICTION:

241 Of this appropriation, \$500,000 shall be expended or encumbered solely to
242 contract with Uplift NW to remodel or replace its facility on Western Avenue.

243 ER28 EXPENDITURE RESTRICTION:

244 Of this appropriation, \$1,000,000 shall be expended or encumbered solely to
245 contract with Mary's Place for the development of an emergency shelter and low-income
246 housing in Burien.

247 ER29 EXPENDITURE RESTRICTION:

248 Of this appropriation, \$71,000 shall be expended or encumbered solely to contract
249 with the United Way of King County for rental assistance.

250 ER30 EXPENDITURE RESTRICTION:

251 Of this appropriation, \$400,000 shall be expended or encumbered solely to
252 contract with the United Way of King County for food security services.

253 ER31 EXPENDITURE RESTRICTION:

254 Of this appropriation, \$67,000 shall be expended or encumbered solely to contract
255 with the Seatown F.C Academy.

256 ER32 EXPENDITURE RESTRICTION:

257 Of this appropriation, \$477,000 shall be expended or encumbered solely to
258 contract with the White Center Food Bank.

259 ER33 EXPENDITURE RESTRICTION:

260 Of this appropriation, \$500,000 shall be expended or encumbered solely to
261 contract with REACH for homelessness outreach.

262 ER34 EXPENDITURE RESTRICTION:

263 Of this appropriation, \$150,000 shall be expended or encumbered solely to
264 contract with the Martin Luther King Labor for a virtual hiring hall.

265 ER35 EXPENDITURE RESTRICTION:

266 Of this appropriation, \$851,000 shall be expended or encumbered solely to
267 contract with the Low-Income Housing Institute to provide housing and related operating
268 support for asylum seekers and refugees.

269 ER36 EXPENDITURE RESTRICTION:

270 Of this appropriation, \$449,000 shall be expended or encumbered solely to
271 support housing, shelter, and services for asylum seekers provided by Riverton United
272 Methodist Church.

273 ER37 EXPENDITURE RESTRICTION:

274 Of this appropriation, \$250,000 shall be expended or encumbered solely to
275 contract with the Issaquah Clothing and Food Bank.

276 ER38 EXPENDITURE RESTRICTION:

277 Of this appropriation, \$100,000 shall be expended or encumbered solely to
278 contract with SnoValley Pride.

279 ER39 EXPENDITURE RESTRICTION:

280 Of this appropriation, \$100,000 shall be expended or encumbered solely to
281 contract with Pride Across the Bridge.

282 ER40 EXPENDITURE RESTRICTION:

283 Of this appropriation, \$500,000 shall be expended or encumbered solely for a
284 grant to Friends of Seattle Waterfront, dba Friends of Waterfront Seattle, to support the
285 operation of a waterfront shuttle in downtown Seattle.

286 ER41 EXPENDITURE RESTRICTION:

287 Of this appropriation, \$350,000 shall be expended or encumbered solely to
288 contract with the King County Regional Homelessness Authority for extreme weather
289 response.

290 ER42 EXPENDITURE RESTRICTION:

291 Of this appropriation, \$250,000 shall be expended or encumbered solely to
292 support Lake City Partners' Ending Homelessness for the operation of the Oaks enhanced
293 shelter in Shoreline.

294 ER43 EXPENDITURE RESTRICTION:

295 Of this appropriation, \$25,000 shall be expended or encumbered solely to contract
296 with Leadership Eastside for educational and training programs.

297 ER44 EXPENDITURE RESTRICTION:

298 Of this appropriation, \$250,000 shall be expended or encumbered solely to
299 support the Federal Way Public Schools Apprenticeship Program.

300 ER45 EXPENDITURE RESTRICTION:

301 Of this appropriation, \$250,000 shall be expended or encumbered solely to
302 support the Auburn School District Apprenticeship Program.

303 ER46 EXPENDITURE RESTRICTION:

304 Of this appropriation, \$200,000 shall be expended or encumbered solely to
305 contract with the Atlantic Street Center.

306 ER47 EXPENDITURE RESTRICTION:

307 Of this appropriation, \$200,000 shall be expended or encumbered solely to
308 contract with the Skyway Coalition for youth activities.

309 ER48 EXPENDITURE RESTRICTION:

310 Of this appropriation, \$200,000 shall be expended or encumbered solely to
311 contract with The Breakfast Group.

312 ER49 EXPENDITURE RESTRICTION:

313 Of this appropriation, \$150,000 shall be expended or encumbered solely to
314 contract with the Africatown Community Land Trust for the Benu Community Home.

315 P1 PROVIDED THAT:

316 Of the moneys restricted by Expenditure Restriction ER4 of this section,
317 \$900,000 shall not be expended or encumbered until: (1) the executive transmits a site
318 study for a proposed new King County Search and Rescue Association headquarters and
319 a motion that should acknowledge receipt of the site study, and a motion that should
320 acknowledge receipt of the site study is passed by council; and (2) the executive transmits
321 a report as directed by Section 94, Proviso P1, of this ordinance regarding the moneys or
322 financial resources secured for the King County Search and Rescue Association's
323 proposed new headquarters site, as well as design and construction of its buildings and
324 other improvements ("the funding report") and a motion that should acknowledge receipt
325 of the funding report, and a motion that should acknowledge receipt of the funding report
326 is passed by council. The motions should reference the subject matter, the provisos'
327 ordinance number, ordinance sections and proviso numbers in both the title and body of
328 each motion.

329 The site study report shall include the following:

330 A. A description, which could include a schematic drawing, of the proposed
331 headquarters buildings and other improvements, including approximate square footage
332 and purpose of each building and other improvement. The description should also

333 identify the general geographical location of the proposed site and approximate size of
334 the site; and

335 B. An estimate of the total capital project cost, with a breakdown of cost
336 estimates to include but not be limited to the dollar amounts necessary to complete site
337 acquisition, design and engineering and construction.

338 The executive should electronically file the site study report and a motion
339 required by this proviso, no later than June 30, 2024, with the clerk of the council, who
340 shall retain an electronic copy and provide an electronic copy to all councilmembers, the
341 council chief of staff and the lead staff for the transportation, economy and environment
342 committee or its successor.

343 P2 PROVIDED FURTHER THAT:

344 Of this appropriation, \$300,000 shall not be expended or encumbered until the
345 executive transmits a gun violence prevention and response plan and a motion that should
346 acknowledge receipt of the plan and a motion acknowledging receipt of the plan is passed
347 by council. The motion should reference the subject matter, the proviso's ordinance
348 number, ordinance section, and proviso number in both the title and body of the motion.

349 The plan shall include, but not be limited to, implementation details about the
350 following strategies:

351 A. Strategy 1: Strengthen systems and relationships. The plan must include a
352 plan to create a regional board for gun violence prevention and response intended to
353 strengthen collaboration and communication between entities responding to incidences of
354 gun violence, and entities working to prevent gun violence. The plan to create the
355 regional board should include, but not be limited to:

356 1. A description of the membership which should include people impacted by
357 gun violence, and representatives from community organizations, local jurisdictions,
358 school districts, public health - Seattle & King County ("PHSKC"), the King County
359 department of community and human services ("DCHS"), the King County regional
360 office of gun violence prevention, law enforcement agencies, King County courts,
361 prosecutors, and public defenders, and other King County departments;

362 2. The scope of work, what the regional board for gun violence prevention
363 would be responsible for reviewing, approving, or providing advice to the executive and
364 council on gun violence prevention and response initiatives;

365 3. How frequently the regional board for gun violence prevention would
366 convene, a description of the staff support the regional board would be provided, and a
367 proposed budget if recommended by the executive;

368 4. The regional board for gun violence prevention is encouraged to create
369 neighborhood specific workgroups focused on prevention in areas hardest hit by gun
370 violence; and

371 5. The plan shall be transmitted with a companion ordinance to codify the
372 regional board for gun violence prevention in King County Code;

373 B. Strategy 2: Create clear protocols. The plan shall include a plan to develop
374 and implement a standardized protocol for King County departments to follow in the
375 aftermath of gun violence incidents that have a jurisdictional or programmatic nexus with
376 King County government. For the purposes of this proviso, "have a jurisdictional or
377 programmatic nexus with King County government" includes, but is not limited to
378 violence that occurs in unincorporated King County; on, or, in a King County-owned

379 operation such as a Metro transit department bus or facility; in a school that has a King
380 County school-based health center; a school or community-based organization that
381 receives programmatic support from King County sales or property taxes; or areas that
382 are served by King County's office of gun violence prevention initiatives. This protocol
383 should outline the specific actions each department will take in the aftermath of gun
384 violence incidents;

385 C. Strategy 3: Resource Database and Deployment. The plan shall include the
386 development of a comprehensive database of resources readily available to support
387 victims, families, and communities impacted by gun violence. The database should
388 include resources available directly from King County, such as mental health resources,
389 and through partnerships with community organizations. Additionally, the executive
390 should create a plan for the deployment of these resources, prioritizing immediate support
391 for impacted families;

392 D. Strategy 4: Advance Targeted Interventions. The plan shall include a
393 description of how the executive will collaborate with partners in the criminal justice
394 system, Harborview Medical Center, and community-based organizations to identify
395 individuals at high risk of being involved in gun violence, either as perpetrators or
396 victims. In collaboration with those partners, the plan shall include a description of how
397 the regional board would create tailored intervention plans to divert these individuals
398 away from participating in gun violence. The intervention strategies may include, but are
399 not limited to, conflict mediation, therapy, anger management, mental health resources,
400 addiction recovery services, space activation, accountability measures, job opportunities,
401 and after-school activities; and

402 E. Strategy 5: Data, Best Practices, and Reporting. The plan shall include a
403 performance evaluation plan for gun violence prevention and response activities overseen
404 by the King County office of gun violence prevention. The performance evaluation plan
405 shall include a description of relevant data and metrics to be collected about gun violence
406 prevention and response programs, an inventory of best practices in the field of gun
407 violence prevention and response and whether these practices have been, or are planned
408 to be implemented in King County, and a proposed process through which the King
409 County office of gun violence prevention will report to the regional board for gun
410 violence prevention and response and the King County council on the outcomes of the
411 county's gun violence prevention and response activities.

412 F. Strategy 6: Funding. The plan shall include a comprehensive review of all
413 relevant funding sources to identify opportunities to fund gun violence prevention
414 initiatives, braid funding from different fund sources, and connect gun violence
415 prevention initiatives between fund sources including, but not limited to:

- 416 1. Potential revenue generated by a councilmanic tax to support Harborview
417 Medical Center under the authority of RCW 36.62.090;
- 418 2. The crisis care centers levy authorized under Ordinance 19572;
- 419 3. The veterans, seniors, and human services levy authorized under Ordinance
420 19604;
- 421 4. The Best Starts for Kids levy authorized under Ordinance 19267;
- 422 5. The mental illness and drug dependency sales tax authorized under Ordinance
423 18333;
- 424 6. The general fund;

- 425 7. Philanthropy; and
- 426 8. State and federal grants.

427 To inform the transmitted 2025 budget, the executive shall electronically file the
428 plan, motion, and companion ordinance required by this proviso no later than September
429 20, 2024, with the clerk of the council, who shall retain an electronic copy and provide an
430 electronic copy to all councilmembers, the council chief of staff and the lead staff for the
431 budget and fiscal management committee, or its successor.

432 SECTION 9. Ordinance 19546, Section 46, as amended, is hereby amended as
433 follows:

434 GENERAL FUND TRANSFER TO DEPARTMENT OF COMMUNITY AND
435 HUMAN SERVICES - From the general fund there is hereby appropriated to:

436 General fund transfer to department of community and human
437 services \$6,835,000

438 SECTION 10. Ordinance 19546, Section 47, as amended, is hereby amended as
439 follows:

440 GENERAL FUND TRANSFER TO DEPARTMENT OF EXECUTIVE
441 SERVICES – From the general fund there is hereby appropriated to:

442 General fund transfer to department of executive services \$9,200,000

443 SECTION 11. Ordinance 19546, Section 49, as amended, is hereby amended as
444 follows:

445 GENERAL FUND TRANSFER TO DEPARTMENT OF NATURAL
446 RESOURCES AND PARKS ADMINISTRATION - From the general fund there is
447 hereby appropriated to:

448 General fund transfer to department of natural resources and parks
449 administration \$664,000

450 SECTION 12. Ordinance 19546, Section 61, as amended, is hereby amended as
451 follows:

452 DEVELOPMENTAL DISABILITIES - From the developmental disabilities fund
453 there is hereby appropriated to:

454 Developmental disabilities \$8,000,000

455 SECTION 13. Ordinance 19546, Section 65, as amended, is hereby amended as
456 follows:

457 BEHAVIORAL HEALTH AND RECOVERY DIVISION – BEHAVIORAL
458 HEALTH - From the behavioral health fund there is hereby appropriated to:

459 Behavioral health and recovery division - behavioral health \$92,279,000

460 ER1 EXPENDITURE RESTRICTION:

461 Of this appropriation, up to \$10,000,000 shall be expended or encumbered solely
462 to contract with Connections Health Solutions to use funding provided by the state
463 legislature for capital costs to create a behavioral health crisis care center in north King
464 County that will expand capacity for immediate behavioral health care for persons
465 experiencing a mental health or substance use disorder crisis, consistent with the state
466 capital budget as passed by Substitute Senate Bill 5651, which became Section 1025,
467 Chapter 296, Laws of Washington 2022. The center will include among its services a
468 crisis stabilization and walk-in clinic. If these restricted moneys exceed what Connections
469 Health Solutions requires and can utilize for a behavioral health crisis care center, the

470 executive may use the remaining moneys within King County consistent with the Section
471 1025, Chapter 296, Laws of Washington 2022.

472 ER2 EXPENDITURE RESTRICTION:

473 Of this appropriation, up to \$1,500,000 shall be expended or encumbered to
474 contract with Connections Health Solutions to support and accelerate creation and
475 operations of a behavioral health crisis care center in north King County to provide
476 immediate behavioral health care for persons experiencing a mental health or substance
477 use disorder crisis. If these restricted moneys exceed what Connections Health Solutions
478 requires and can utilize for a crisis care center, the executive may use the remaining
479 moneys for other crisis facilities within King County.

480 ER3 EXPENDITURE RESTRICTION:

481 Of this appropriation, \$200,000 of general fund shall be expended or encumbered
482 solely for a grant to Path with Art for therapeutic art programs.

483 ER4 EXPENDITURE RESTRICTION:

484 Of this appropriation, \$194,786 shall be expended or encumbered solely to
485 support an attorney position within the civil division of the prosecuting attorney's office
486 dedicated to supporting the behavioral health and recovery services division of the
487 department of community and human services, including matters related to the crisis care
488 centers levy and its implementation. Crisis care centers levy proceeds may only be used
489 to defray the costs of the dedicated attorney for matters related to the crisis care centers
490 levy and its implementation that qualify as eligible expenditures under Ordinance 19572.
491 To validate those costs, the attorney's time spent on matters related the crisis care centers
492 levy and its implementation shall be tracked in accordance with the procedures of the

493 civil division of the prosecuting attorney's office, to include, but not be limited to, the
494 task, billable time, and crisis care centers levy or implementation matter.

495 ER5 EXPENDITURE RESTRICTION:

496 Of this appropriation, \$35,000 shall be expended or encumbered solely to expand
497 the King County Conference on Substance Use Disorders.

498 SECTION 14. Ordinance 19546, Section 72, as amended, is hereby amended as
499 follows:

500 VETERANS SENIORS AND HUMAN SERVICES LEVY - From the veterans
501 seniors and human services levy fund there is hereby disappropriated from:

502 Veterans seniors and human services levy (\$808,992)

503 SECTION 15. The council directs that section 14 of this ordinance take effect
504 before section 16 of this ordinance.

505 SECTION 16. Ordinance 19546, Section 72, as amended, is hereby amended as
506 follows:

507 VETERANS SENIORS AND HUMAN SERVICES LEVY - From the veterans
508 seniors and human services levy fund there is hereby appropriated to:

509 Veterans seniors and human services levy \$808,992

510 ER1 EXPENDITURE RESTRICTION:

511 Of this appropriation, \$90,000 shall be expended from levy proceeds allocated in
512 2023 for SE 4.8 Veterans, Servicemembers and Family Community Building for the
513 Major Pete von Reichbauer (Ret.) Veterans Service Organizations Grant Program as
514 described in the Veterans, Seniors and Human Services Levy Implementation Plan,
515 adopted by Ordinance 18768, solely to contract with the following in 2023:

516	American Legion Post 227	\$10,000
517	American-Vietnamese War Memorial Alliance	\$5,000
518	City of Federal Way - Veterans Committee	\$5,000
519	Council District 6 Organizations	\$2,500
520	Covington Chamber of Commerce Veteran Spouse Scholarship Program	\$2,500
521	Filipino Vets Recognition and Education Project	\$2,500
522	F.O.B. Hope	\$2,500
523	Greater Maple Valley Veterans Memorial Foundation	\$2,500
524	Highline College Foundation	\$10,000
525	Lake Washington Institute of Technology	\$7,500
526	NABVETS – National Association of Black Veterans Seattle	\$2,500
527	Nisei Veterans Memorial Hall	\$2,500
528	O.A.R.S. – Outreach and Resource Services	\$2,500
529	Operation Homefront -- Snoqualmie Valley	\$5,000
530	Path With Art	\$5,000
531	Puget Sound Honor Flight	\$5,000
532	Skyway West Hill VFW Post 9430	\$2,500
533	VFW 5052 - Maple Valley/Black Diamond	\$2,500
534	VFW Post 1949 - Enumclaw	\$2,500
535	West Seattle Veterans Center	\$10,000
536	TOTAL	\$90,000
537	Selection of organizations by council districts shall be by future amendment of	
538	this section.	

539 ER3 EXPENDITURE RESTRICTION:

540 Of this appropriation, \$499,500 shall be expended from levy proceeds allocated in
541 2023 for HS-8 Support Local Solutions as described in the Veterans, Seniors and Human
542 Services Levy Implementation Plan, adopted by Ordinance 18768, solely to contract with
543 the following in 2023:

544	Auburn Food Bank	\$20,000
545	Aurora Commons	\$15,000
546	Bridge Care Center	\$10,500
547	Catholic Community Services	\$7,750
548	Centro Cultural Mexicano	\$18,500
549	City of Burien – Emergency Weather Shelter	\$15,500
550	City of Maple Valley	\$10,500
551	Creative Justice	\$55,500
552	Domestic Abuse Women's Network (DAWN)	\$5,500
553	Eastside Legal Assistance Program	\$6,000
554	Friends of Youth	\$6,500
555	Fusion	\$10,000
556	Immanuel Community Services	\$10,000
557	Indian American Community Services	\$18,500
558	Issaquah Community Services	\$5,000
559	Issaquah Food Bank	\$5,000
560	Jewish Family Service	\$18,500
561	King County Housing Authority – District 9	\$10,000

562	Life Enrichment Options	\$7,000
563	Low Income Housing Institute – Camp Roberson	\$26,000
564	Mary Queen of Peace – Society of St. Vincent de Paul	\$5,000
565	Mary's Place	\$55,500
566	Maple Valley Community Food Bank	\$10,000
567	Multi-Service Center	\$7,750
568	Plateau Ministries Outreach	\$10,000
569	Renton Housing Authority	\$10,000
570	Riverton Park United Methodist Church	\$90,000
571	Solid Ground	\$20,000
572	Valley Cities	\$10,000
573	TOTAL	\$499,500

574 Selection of organizations by council districts shall be by future amendment of
575 this ordinance.

576 ER4 EXPENDITURE RESTRICTION:

577 Of this appropriation, \$135,000 shall be expended from levy proceeds allocated in
578 2024 for SE 6 Major Pete von Reichbauer (Ret.) Veterans Service Organizations Grant
579 Program as described in the Veterans, Seniors, and Human Services Levy
580 Implementation Plan, adopted by Ordinance 19719, solely to contract with the following
581 in 2024:

582	American Legion – Post 79, Snoqualmie	\$5,000
583	American Legion – Post 127, Woodinville	\$5,000
584	<u>American-Vietnamese War Memorial Alliance</u>	<u>\$5,000</u>

585	((Council District 4 Organizations	\$7,500
586	Council District 6 Organizations	\$8,000
587	Council District 7 Organizations	\$15,000
588	Council District 9 Organizations	\$2,500))
589	Covington Chamber of Commerce – Veteran Spouse Scholarship Program	\$2,500
590	Filipino Veterans Recognition Education Project	\$3,750
591	Highline College Foundation	\$15,000
592	<u>Legislative Affairs CMD of US Volunteers – Joint Services Command</u>	<u>\$8,000</u>
593	Maple Valley Veterans Memorial	(\$2,500)) <u>\$5,000</u>
594	National Association of Black Veterans—NABVets Seattle Chapter	\$3,750
595	Nisei Veterans Committee	\$8,750
596	Outreach and Resource Services (OARS)	\$7,500
597	Shoreline Veterans Association	\$10,000
598	Skyway-West Hill 9430 Veterans of Foreign Wars	\$3,750
599	<u>United Indians for All Tribes</u>	<u>\$7,500</u>
600	Veteran Rites	\$2,500
601	VFW – Post 1949, Enumclaw	\$2,500
602	VFW – Post 3436 Charitable Foundation	\$5,000
603	VFW – Post 5052, Maple Valley/Black Diamond	\$2,500
604	VFW – Post 5760	\$7,000
605	West Seattle Veteran's Center	\$15,000
606	<u>William J. Woods Veterans House</u>	<u>\$10,000</u>
607	TOTAL	\$135,000

608 Selection of organizations by council districts shall be by future amendment of
609 this section.

610 ER5 EXPENDITURE RESTRICTION:

611 Of this appropriation, \$673,992 shall be expended from levy proceeds allocated in
612 2024 for SE 8 Support Local Solutions Grant Program as described in the Veterans,
613 Seniors, and Human Services Levy Implementation Plan, adopted by Ordinance 19719,
614 solely to contract with the following in 2024:

615	Adventures in Sobriety	\$2,500
616	Afghan Health Initiative	\$7,500
617	Africans on the Eastside	\$18,722
618	A Supportive Community for All	\$2,500
619	Auburn Food Bank	\$12,500
620	<u>Auburn Valley YMCA</u>	<u>\$2,500</u>
621	Aurora Commons	\$10,000
622	Ballard Food Bank	\$7,500
623	Ballard Senior Center	\$7,500
624	Bellevue LifeSpring	\$23,722
625	Bellevue Police Foundation	\$3,388
626	Black Diamond Community Center	\$5,000
627	<u>Bridging a Gap Federal Way</u>	<u>\$1,500</u>
628	Catholic Community Services	\$7,750
629	Catholic Community Services Kinship Care	\$24,888
630	Chief Seattle Club	\$2,444

631	City of Newcastle	\$5,000
632	City of Renton	\$10,000
633	<u>Community Recreation Foundation of Pacific</u>	<u>\$5,000</u>
634	Congolese Integration Network	\$20,000
635	((Council District 4 Organizations	\$17,388
636	Council District 7 Organizations	\$39,638
637	Council District 9 Organizations	\$4,000))
638	Covington Storehouse	\$5,000
639	Domestic Abuse Women's Network	\$12,500
640	Eagles Nest Community Kitchen	\$5,000
641	Eastside Friends of Seniors	\$7,500
642	Enumclaw Senior Center	\$5,000
643	Expression Arts	\$7,000
644	<u>Fairwood Community Group</u>	<u>\$4,000</u>
645	<u>Federal Way Community Caregiving Network</u>	<u>\$5,000</u>
646	<u>Federal Way Senior Center</u>	<u>\$10,000</u>
647	Feed Kiddos Program	\$2,500
648	FUSION	\$15,000
649	Haitian Christian United Church dba Haitian Community Development of the	
650	Pacific Northwest	\$4,888
651	Highline United Methodist Church	\$20,000
652	Holy Innocents Catholic Church	\$3,000
653	<u>Immanuel Community Services</u>	<u>\$10,000</u>

654	Indian American Community Services	\$18,722
655	Influence the Choice	\$5,000
656	International Migrants Alliance – WA Chapter	\$10,000
657	International Nutritional Sustainable Partners	\$5,000
658	Issaquah Food and Clothing Bank	\$10,000
659	Issaquah Schools Foundation	\$2,500
660	KidVantage	\$9,000
661	Lake City Partners	\$74,888
662	Lake Washington Schools Foundation	\$7,388
663	Lake Washington United Methodist Church	\$18,722
664	Living Well Kent	\$5,000
665	Maple Valley Community Center	\$5,000
666	Mary's Place	\$10,000
667	<u>Meals Partnership</u>	<u>\$2,388</u>
668	<u>Mission Africa</u>	<u>\$1,000</u>
669	<u>Pacific Island Community Association – WA Federal Way Branch</u>	<u>\$7,138</u>
670	Queen Anne Helpline	\$2,500
671	Rainier Foothills Wellness Foundation	\$5,000
672	<u>Seattle Compassion Services – in care of Northwest Hospitality (fiscal agent)</u>	<u>\$5,000</u>
673	Seattle Good Business Network	\$10,000
674	Seattle Sound Music Awards Family Foundation	\$50,000
675	Sexual Violence Law Center	\$10,000
676	Snovalley Pride – in care of A Supportive Community for All (fiscal agent)	\$3,000

677	Solid Ground	\$10,000
678	South Bellevue Community Center	\$5,000
679	St. Vincent de Paul – Vashon	\$2,444
680	Tahoma Behavioral Health Collective	\$5,000
681	Tahoma Schools Foundation – We the People	\$5,000
682	<u>The Korean Seniors Evergreen Club</u>	<u>\$2,500</u>
683	The Trail Youth Coffee House	\$4,500
684	Together Center	\$5,000
685	((Ukrainian)) <u>Ukrainian</u> Community Center	\$20,000
686	<u>Unleash the Brilliance</u>	<u>\$5,000</u>
687	Vashon House Hold	\$10,000
688	Vashon Interfaith Council to Prevent Homelessness	\$10,000
689	We are Comunidad	\$10,000
690	Woodinville Storehouse Food Bank	\$6,000
691	TOTAL	\$673,992

692 Selection of organizations by council districts shall be by future amendment of
693 this section.

694 P1 PROVIDED THAT:

695 Proceeds from the appropriation may only be expended or encumbered to
696 continue existing levy-supported services into 2024 and consistent with the veterans,
697 seniors, and human services levy implementation plan adopted by Ordinance 18768, until
698 the council has approved by ordinance the veterans, seniors, and human services levy
699 implementation plan required by Ordinance 19604, Section 7.

723	Associated Recreation Council – Seattle Swim	\$47,500
724	Auburn Highschool Trojan Touchdown Club	\$2,000
725	Auburn Little League	\$7,500
726	Auburn School District	\$20,000
727	Baseball Beyond Borders	\$5,000
728	Bellevue School District - Newport High School	\$5,000
729	Bellevue Thunderbirds	\$5,000
730	Bike Works	\$5,000
731	Boys and Girls Clubs of Bellevue	\$10,938
732	<u>Boys and Girls Clubs of Federal Way</u>	<u>\$4,000</u>
733	Boys and Girls Clubs of King County	\$20,000
734	Brazilian Community Services	\$15,000
735	Burton Beach Rowing Club	\$10,000
736	Buzz Select Fastpitch Baseball Club	\$5,000
737	Cascade Bicycle Club	\$15,000
738	Cascade Canoe and Kayak Race Team	\$16,000
739	Cascade Foothills Soccer Club	\$5,000
740	Cascade Premier Soccer Club	\$10,000
741	Central District Panthers Football	\$40,000
742	Central District Panthers Football D'Vonnie Pickett Fund	\$60,000
743	Champ Boxing Gym	\$30,000
744	Chinese Information and Service Center	\$28,500
745	Chinook Aquatic Club	\$5,000

746	Chinook Little League	\$5,000
747	City of Algona	\$5,000
748	City of Auburn Parks & Rec	\$20,000
749	City of Bellevue	\$10,000
750	City of Black Diamond	\$15,000
751	City of Carnation	\$22,000
752	City of Covington	\$20,000
753	City of Enumclaw	\$10,000
754	City of Kent - Cricket Feasibility	\$10,000
755	City of Maple Valley	\$10,000
756	City of Newcastle	\$10,000
757	City of Pacific	\$10,000
758	Coal Creek Family - YMCA	\$5,000
759	Cocreative Culture	\$5,000
760	Congolese Integration Network	\$10,000
761	((Council District 7 Organizations	\$4,000))
762	Creative Justice	\$40,000
763	Cultures United Soccer	\$35,000
764	Dale Turner YMCA	\$25,000
765	Eastside Football Club	\$10,000
766	Elevate with Purpose Initiative	\$15,000
767	Emerald Parents' Association – Sports Meet	\$5,000
768	Encompass Northwest – Snoqualmie	\$5,000

769	Enumclaw Jr. Fastball	\$5,000
770	Enumclaw School District - Enumclaw High School	\$5,000
771	Federal Way Boys and Girls Club	\$7,500
772	Federal Way Hawks Football	\$5,000
773	Federal Way High School Boys' Basketball Team	\$15,000
774	Federal Way Public Academy - Expanding Physical Fitness Program	\$3,500
775	Federal Way Public Academy PTA	\$2,500
776	Federal Way Public Schools Walk-a-Thon	\$18,000
777	Federal Way School District	\$5,000
778	Federal Way Soccer Association	\$20,000
779	Federal Way National Little League	\$7,500
780	Friends of Lake Sammamish State Park	\$10,000
781	Friends of Youth	\$20,000
782	Garfield High School Football	\$20,000
783	Girls on the Run Puget Sound	\$20,000
784	Glover Empower Mentoring	\$20,000
785	Grassroot Projects	\$17,000
786	Hand of Goodness	\$5,000
787	Highline College Foundation	\$5,000
788	House of Kala	\$4,000
789	Hui Wa'ao O Puget Sound	\$2,500
790	Hungarian American Association of Washington – Forгатos Folk Dance	
791	Ensemble	\$5,000

792	Indian American Community Services	\$9,900
793	Intercity Soccer League	\$16,225
794	Issaquah Cultural Circle	\$15,000
795	Issaquah School District - Issaquah High School	\$5,000
796	Issaquah School District - Liberty High School	\$5,000
797	Jubilee REACH	\$20,000
798	Kenmore Rowing Club	\$10,000
799	Kenmore Waterfront Activities Center	\$10,000
800	Kent School District	\$14,000
801	Kent School District - Kentlake High School	\$5,000
802	Kent School District - Kentridge High School	\$5,000
803	Kent School District - Kentwood High School	\$5,000
804	Kids and Paper	\$5,000
805	Kindering	\$15,162
806	King County Department of Natural Resources and Parks - Petrovitsky Park	\$5,000
807	Lake City Senior Center	\$15,000
808	Lakota Middle School Parent Teacher Association	\$2,500
809	Liberian Community of Washington State	\$5,000
810	Little Bit Therapeutic Riding Center	\$15,000
811	Maple Valley Pony Baseball and Fast Pitch	\$10,000
812	Mt. Rainier High School	\$50,000
813	Mt. Rainier Pool	\$10,000
814	MT SI MTB	\$3,500

815	Mt. Si Senior Center	\$5,000
816	National Nordic Museum	\$15,000
817	Newcastle Baseball Pony League	\$5,000
818	Nomad Boxing Club	\$5,000
819	Northeast Seattle Together	\$2,500
820	Northshore Senior Center	\$6,500
821	Outdoors For All	\$25,000
822	Pacific Northwest Basketball Officials Association	\$29,000
823	Pacific Northwest Swimming	\$10,000
824	Pride Across the Bridge	\$4,000
825	Rave Foundation	\$5,000
826	Rainier Athletes	\$20,000
827	Redmond North Little League	\$5,000
828	Red Wolves Junior Football Association	\$5,000
829	Renton School District - Hazen High School	\$5,000
830	Renton School District - Lindbergh High School	\$5,000
831	RMD Community Sports Association (dba Rock Creek Sports)	\$5,000
832	Sail Sand Point	\$30,000
833	Sammamish Friends	\$12,500
834	Seattle Public Schools - Garfield High School Basketball	\$10,000
835	SeaTown FC	\$7,000
836	Shoreline Lake Forest Park Senior Center	\$10,000
837	Skate Like a Girl	\$97,500

838	Skykomish Food Bank	\$2,500
839	Snoqualmie Valley Soccer Association	\$6,000
840	Solid Ground Scholarships	\$10,000
841	Sound Generations - East African Senior Center	\$60,000
842	South Highline National Little League	\$5,000
843	Steel Lake Little League	\$15,000
844	Stroum Jewish Community Center	\$20,000
845	Summer Search	\$10,000
846	Summit Community Center	\$10,000
847	Tahoma Highschool Bears Football	\$10,000
848	The Nature Project	\$10,000
849	The Sophia Way	\$20,000
850	Third Place Commons	\$7,500
851	Thomas Jefferson High School Raiders Parents Movement	\$15,000
852	Valor Soccer	\$5,000
853	Vashon Island Rowing Club	\$8,500
854	Vashon Seals Swim Team	\$25,000
855	VT Seva	\$5,000
856	We are Comunidad	\$15,000
857	Woodland Park Zoo Senior Walking Program	\$5,000
858	YES! Foundation of White Center	\$8,000
859	YMCA of Greater Seattle	\$10,000
860	YMCA of Greater Seattle - Redmond	\$5,000

861	YMCA of Greater Seattle - Sammamish	\$10,000
862	YMCA of Greater Seattle - Snoqualmie	\$7,500
863	TOTAL	\$1,886,225

864 Selection of organizations by council districts shall be by future amendment of
865 this section.

866 ER2 EXPENDITURE RESTRICTION:

867 Of this appropriation, \$325,000 shall be expended or encumbered solely to
868 contract with Northshore Parks and Recreation Service Area for a recreation facility site
869 feasibility study or preconstruction task.

870 SECTION 20. Ordinance 19546, Section 91, as amended, is hereby amended as
871 follows:

872 COMMUNITY SERVICES OPERATING - From the community services
873 operating fund there is hereby disappropriated from:

874	Community services operating	(\$450,000)
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875 SECTION 21. The council directs that section 20 of this ordinance take effect
876 before section 22 of this ordinance.

877 SECTION 22. Ordinance 19546, Section 91, as amended, is hereby amended as
878 follows:

879 COMMUNITY SERVICES OPERATING - From the community services
880 operating fund there is hereby appropriated to:

881	Community services operating	\$450,000
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882 ER1 EXPENDITURE RESTRICTION:

883	Of this appropriation, \$450,000 shall be expended or encumbered solely to	
884	contract with the following:	
885	Alimentando al Pueblo	\$5,000
886	American Rivers	\$1,500
887	Athletes for Kids	\$5,000
888	Auburn Chamber	\$2,000
889	Auburn Food Bank	\$3,000
890	Auburn Noon Lions	\$2,000
891	Auburn Rotary	\$2,000
892	Auburn School Foundation	\$2,000
893	Auburn Soroptimist	\$2,500
894	Auburn Valley Humane Society	\$2,500
895	Auburn Valley YMCA	\$2,500
896	Ballard NW Senior Center	\$2,500
897	Beacon Business Alliance - Columbia City Beatwalk	\$2,500
898	Bellevue Arts Museum	\$10,000
899	Bellevue School Foundation	\$2,000
900	Belltown Artwalk/Slip Gallery	\$5,000
901	Black Diamond Historical Society	\$2,000
902	Boys & Girls Clubs of King County - SE Network	\$30,000
903	Build Lake City Together	\$7,500
904	Carnation-Duvall Citizen Corps Council, Inc.	\$2,500
905	Cascadia Poetry Festival	\$2,500

906	CHARMD Behavioral Health	\$5,000
907	Chief Seattle Club	\$5,000
908	Chief Seattle Council, BSA	\$5,000
909	Civic Education WA	\$6,000
910	Communities in Schools of Federal Way	\$2,500
911	Comunidad de Vashon	\$5,000
912	((Council District 4 Organizations	\$10,000))
913	Eastside Heritage Center	\$2,000
914	Eastside for All	\$16,500
915	Eastside Pathways	\$10,000
916	El Centro De La Raza	\$2,500
917	Emerald Parents Association – Lunar New Year	\$7,500
918	Enumclaw Plateau Historical Society	\$4,000
919	Enumclaw School Foundation	\$2,000
920	Evergreen Pool	\$7,500
921	Fall City Arts	\$3,500
922	Fanz 4 Good Foundation	\$2,500
923	Federal Way Boys & Girls Club	\$2,500
924	Federal Way Chamber of Commerce	\$2,000
925	Federal Way Community Care Giving Network	\$2,500
926	Federal Way Kiwanis	\$2,000
927	Federal Way Soroptimist	\$2,500
928	Finn Hill Neighborhood Alliance	\$7,500

929	Friends of Issaquah Salmon Hatchery	\$2,500
930	Friends of Mukai	\$5,000
931	<u>Friends of Troll's Knoll – in care of Seattle Parks Foundation (fiscal sponsor)</u>	<u>\$5,000</u>
932	FUSION	\$5,000
933	Glover Empower Mentoring	\$5,000
934	Grassroot Projects	\$2,500
935	Greater Seattle Business Association (GSBA)	\$5,000
936	Highline Schools Foundation	\$7,000
937	Historical Society of Federal Way	\$2,500
938	Hunger Intervention Program	\$7,500
939	Issaquah Police Department	\$2,500
940	Issaquah School Foundation	\$2,000
941	Kent Black Action Commission	\$4,500
942	Kent School Foundation	\$2,000
943	Key to Change	\$3,500
944	Kids Quest	\$1,500
945	Korean School of Federal Way	\$2,500
946	Korean Women's Association	\$2,500
947	Lake Burien Presbyterian Church	\$1,600
948	Lake City Collective	\$5,000
949	Lee Arts Foundation	\$4,500
950	Maple Valley Historical Society	\$2,000
951	<u>Meals Partnership</u>	<u>\$5,000</u>

952	Muddy Boots Farm	\$2,500
953	Multi-Service Center	\$2,000
954	Music Works Northwest	\$10,000
955	MyAdvocateWA.org	\$2,500
956	NAMI Eastside	\$10,000
957	Nealy Mansion	\$1,000
958	Newcastle Creative Arts Council – Lunar New Year and Moon Festival	\$2,000
959	Nomad Boxing Club	\$2,500
960	North Bend Educational and Cultural Association	\$3,000
961	Northshore Rotary Club	\$2,500
962	North Urban Human Services Alliance	\$7,500
963	Pacific Islanders Community Association of Washington	\$2,500
964	Page Ahead Children's Literacy Program	\$5,000
965	Para los Ninos de Highline	\$5,000
966	Partners in Print	\$5,000
967	Path with Art	\$2,500
968	Pride Across the Bridge	\$6,000
969	Queen Anne Historical Society	\$2,500
970	Rainier Youth Choir	\$2,000
971	Renton Chamber of Commerce	\$10,000
972	Renton Historical Society	\$2,000
973	Renton School Foundation	\$2,000
974	Rotary Club of Lake Forest Park	\$2,500

975	Sammamish Independent	\$2,500
976	Seattle Art Book Fair	\$2,500
977	Seattle Children's Theatre Association	\$5,000
978	Seattle Good Business Network	\$4,000
979	Seattle Services for the Blind (SSB)	\$1,500
980	Shoreline Rotary	\$2,500
981	Skykomish Music in the Park	\$2,500
982	Skyway Urban Food Systems Pact	\$20,000
983	Snoqualmie Valley Historical Society - Museum	\$2,500
984	SnoValley Tilth	\$3,500
985	Southwest Youth and Family Services	\$5,000
986	SPARKS Summer Mentorship Program, Redmond	\$2,500
987	Stewardship Partners	\$2,500
988	Still Waters: Services for Families in Transition	\$1,000
989	Tahoma School Foundation	\$2,000
990	Vashon Artist Residency	\$1,900
991	Vashon Senior Center	\$3,000
992	Voice Of Vashon	\$2,000
993	Woodinville Arts Alliance	\$3,000
994	TOTAL	\$450,000

995 Selection of organizations by council districts shall be by future amendment of
996 this section.

997 ER2 EXPENDITURE RESTRICTION:

998 Of this appropriation, \$130,000 shall be expended or encumbered solely to
999 contract with Seattle Compassion Services for homeless housing support.

1000 ER3 EXPENDITURE RESTRICTION:

1001 Of this appropriation, \$25,000 shall be expended or encumbered solely to contract
1002 with Eastside Pride PNW for LGBTQIA+ education and advocacy, prioritizing
1003 communities with the least resources and access.

1004 ER4 EXPENDITURE RESTRICTION:

1005 Of this appropriation, \$196,000 shall be expended or encumbered solely to
1006 contract with The Alliance for Equal Justice for civil legal aid support.

1007 ER5 EXPENDITURE RESTRICTION:

1008 Of this appropriation, \$50,000 shall be expended or encumbered solely to contract
1009 with The King County Library System Youth Literacy Fund to support youth literacy.

1010 ER6 EXPENDITURE RESTRICTION:

1011 Of this appropriation, \$250,000 shall be expended or encumbered solely to
1012 contract with LIUNA - the Laborers' International Union of North America Local 242 for
1013 apprenticeship program activities in Bellevue.

1014 ER7 EXPENDITURE RESTRICTION:

1015 Of this appropriation, \$10,000 shall be expended or encumbered solely for the
1016 planning of a capital campaign by the Maple Valley Community Center.

1017 ER8 EXPENDITURE RESTRICTION:

1018 Of this appropriation, \$50,000 shall be expended or encumbered solely to contract
1019 with Leadership Eastside for educational and training programs.

1020 ER9 EXPENDITURE RESTRICTION:

1021 Of this appropriation, \$250,000 shall be expended or encumbered for Center of
1022 Success staffing operations.

1023 ER10 EXPENDITURE RESTRICTION:

1024 Of this appropriation, \$75,000 shall be expended or encumbered for the
1025 ShoreLake Arts artist housing study.

1026 ER11 EXPENDITURE RESTRICTION:

1027 Of this appropriation, \$375,000 shall be expended or encumbered for the Federal
1028 Way Public Schools Apprenticeship Program.

1029 ER12 EXPENDITURE RESTRICTION:

1030 Of this appropriation, \$375,000 shall be expended or encumbered for the Auburn
1031 School District Apprenticeship Program.

1032 ER13 EXPENDITURE RESTRICTION:

1033 Of this appropriation, \$50,000 shall be expended or encumbered for the Federal
1034 Way and Auburn Boys and Girls Club.

1035 ER14 EXPENDITURE RESTRICTION:

1036 Of this appropriation, \$25,000 shall be expended or encumbered for the Auburn
1037 Valley YMCA.

1038 ER15 EXPENDITURE RESTRICTION:

1039 Of this appropriation, \$15,000 shall be expended or encumbered solely for
1040 SightLife to provide support to families of cornea donors.

1041 ER16 EXPENDITURE RESTRICTION:

1042 Of this appropriation, \$200,000 shall be expended or encumbered solely for a
1043 grant to Path with Art for therapeutic art programs.

1044 ER17 EXPENDITURE RESTRICTION:
1045 Of this appropriation, \$90,000 shall be expended or encumbered solely for Sound
1046 Generations to administer the East African community dining program.

1047 ER18 EXPENDITURE RESTRICTION:
1048 Of this appropriation, \$250,000 shall be expended or encumbered solely to
1049 support the Rainier Valley Food Bank.

1050 ER19 EXPENDITURE RESTRICTION:
1051 Of this appropriation, \$200,000 shall be expended or encumbered solely to
1052 support the Abubakr Islamic Center of WA's youth center.

1053 SECTION 23. Ordinance 19546, Section 107, as amended, is hereby amended as
1054 follows:

1055 HOUSING AND COMMUNITY DEVELOPMENT - From the housing and
1056 community development fund there is hereby appropriated to:

1057 Housing and community development \$500,000

1058 ER1 EXPENDITURE RESTRICTION:

1059 A. Of this appropriation, \$25,000,000 of general obligation bond proceeds shall
1060 be expended solely for affordable housing capital projects, in accordance with RCW
1061 36.100.040;

1062 B. \$15,000,000 of the appropriation in subsection A. of this expenditure
1063 restriction shall be expended solely for affordable housing capital projects sited to benefit
1064 communities with high risk of displacement due to historic inequities, continuing
1065 discrimination and the lingering effects of past discrimination and government
1066 divestment. The capital projects shall support equitable, community-driven affordable

1067 housing developments in King County that mitigate displacement pressures and ensure
1068 that historically marginalized communities have access to affordable housing. These
1069 moneys shall be allocated based on Priority 5 from the King County Housing Finance
1070 Program, Capital Funding for Affordable Housing Projects, 2022, regarding equitably
1071 community driven affordable housing development;

1072 C. \$5,000,000 of the appropriation in subsection A. of this expenditure restriction
1073 shall be expended solely for affordable housing development located in the
1074 unincorporated area of Skyway-West Hill, as that area is defined by the county's Skyway-
1075 West Hill Land Use Strategy, Phase 1 of the Skyway-West Hill Subarea Plan, adopted by
1076 Ordinance 19146, or as amended, to be developed in accordance with the policies in the
1077 land use strategy, or as amended; and

1078 D. \$5,000,000 of the appropriation in subsection A. of this expenditure restriction
1079 shall be expended solely for affordable housing development serving households that
1080 include an individual or individuals with disabilities, prioritizing projects that serve
1081 Black, Indigenous and People of Color (BIPOC) and immigrant and refugee households.

1082 ER2 EXPENDITURE RESTRICTION:

1083 Of this appropriation, \$5,205,000 of short term lodging tax revenue shall be
1084 expended solely for debt service on the general obligation bond proceeds restricted in
1085 Expenditure Restriction ER1 of this section.

1086 ER3 EXPENDITURE RESTRICTION:

1087 A. Of this appropriation, \$15,000,000 of American Rescue Plan Act's
1088 Coronavirus Local Fiscal Recovery Fund moneys shall be expended or encumbered
1089 solely to respond to the COVID-19 pandemic;

1090 B. \$5,000,000 of the appropriation in subsection A. of this expenditure restriction
1091 shall be expended for behavioral health and economic recovery in communities with a
1092 high risk of displacement and who have disproportionately shouldered the impacts of
1093 COVID-19, and that have historically been impacted by inequities and discrimination,
1094 historic systemic racism or government divestment;

1095 C. \$5,000,000 of the appropriation in subsection A. of this expenditure restriction
1096 shall be expended for contract inflation to help retain and obtain human service workers
1097 who have been disproportionately impacted by the COVID-19 pandemic and who work
1098 for human service providers contracted to provide human services in King County and
1099 are supported by King County moneys; and

1100 D. \$5,000,000 of the appropriation in subsection A. of this expenditure restriction
1101 shall be expended to respond to the homelessness crisis that has been exacerbated by the
1102 COVID-19 pandemic.

1103 ER4 EXPENDITURE RESTRICTION:

1104 A. Of this appropriation, \$45,000,000 of general obligation bond proceeds shall
1105 be expended solely for the preservation, acquisition or development of affordable
1106 workforce housing, as defined in RCW 67.28.180, within one-half mile of a transit
1107 station, as defined in RCW 9.91.025.

1108 B. Up to \$20,000,000 of the appropriation in subsection A. of this expenditure
1109 restriction shall be expended solely to complete funding for sites located on surplus
1110 Sound Transit or Metro transit department property that can start construction by
1111 December 31, 2026. The sites include, but are not limited to:

1112 1. City of Burien/Metro joint redevelopment project up to \$7,000,000; and

1113 2. Northgate Project (BRIDGE Housing/Community Roots Housing) up to
1114 \$11,000,000.

1115 C. Up to \$7,500,000 of the appropriation in subsection A. of this expenditure
1116 restriction shall be expended solely for Access to Our Community to provide housing in
1117 south King County that serves immigrants and refugees previously at risk of
1118 displacement.

1119 D. Up to \$15,000,000 of the appropriation in subsection A. of this expenditure
1120 restriction shall be expended solely at transit areas with previous county appropriations,
1121 such as:

- 1122 1. North King County park & rides;
- 1123 2. Kent/Des Moines light rail; and
- 1124 3. Eastside light rail or I-405 bus rapid transit.

1125 E. Remaining moneys of the appropriation in subsection A. of this expenditure
1126 restriction shall be expended solely to be awarded through a competitive process based
1127 on the speed and amount of housing that will be developed. The process shall encourage
1128 proposals driven by or in partnership with community-based organizations that create
1129 access to affordable housing in areas facing displacement pressures, such as those
1130 identified in the Skyway-West Hill and North Highline Anti-displacement Strategies
1131 Report.

1132 F. If any identified project or location is found by the executive to be infeasible,
1133 unduly delayed or achievable with less county moneys or if another project can create
1134 affordable housing faster, moneys may be reallocated with advance notice to the council.
1135 If the executive makes a determination to reallocate moneys, the executive shall transmit

1136 a notification letter to the council detailing the scope of and rationale for the
1137 determination, including the purpose and proposed amount of proceeds for reallocation,
1138 and a description that unless the council passes a motion rejecting the contemplated
1139 change within thirty days of the executive's transmittal, the executive may proceed with
1140 the change as set forth in the notification letter. The notification letter shall be
1141 electronically filed with the clerk of the council, who shall retain an electronic copy and
1142 provide an electronic copy to all councilmembers, the council chief of staff and the lead
1143 staff for the budget and fiscal management committee, or its successor.

1144 ER5 EXPENDITURE RESTRICTION:

1145 Of this appropriation, \$50,000 shall be expended or encumbered solely to support
1146 the city of Maple Valley for services for vulnerable populations, including those
1147 experiencing homelessness and food insecurity.

1148 ER6 EXPENDITURE RESTRICTION:

1149 Of this appropriation, \$125,000 shall be expended or encumbered solely to
1150 support Reclaim. Reclaim was formerly known as Snoqualmie Valley Shelter Services.

1151 ER7 EXPENDITURE RESTRICTION:

1152 Of this appropriation, \$250,000 shall be expended or encumbered solely to
1153 support Lake City Partners' North King County Enhanced Shelter at The Oaks.

1154 ER8 EXPENDITURE RESTRICTION:

1155 Of this appropriation, \$1,000,000 of short-term lodging tax revenue shall be
1156 expended solely to support the Equitable Development Initiative established by the
1157 executive as requested by Motion 16062.

1158 ER9 EXPENDITURE RESTRICTION:

1159 Of this appropriation, \$500,000 of American Rescue Plan Act Coronavirus Local
1160 Fiscal Recovery Fund moneys shall be expended or encumbered solely for eviction
1161 prevention programs, currently managed by the department of community and human
1162 services, for tenants who have been disproportionately impacted by the COVID-19
1163 pandemic.

1164 ER10 EXPENDITURE RESTRICTION:

1165 Of this appropriation, \$500,000 shall be expended or encumbered solely to
1166 support a tiny house village.

1167 P1 PROVIDED THAT:

1168 Moneys restricted by Expenditure Restriction ER8 of this section shall not be
1169 expended or encumbered until the executive transmits phase 2 of the equitable
1170 development initiative plan, requested by Motion 16062, and a motion that should accept
1171 the plan and reference the subject matter, the proviso's ordinance, ordinance section, and
1172 proviso number in both the title and body of the motion, and a motion accepting the plan
1173 is passed by the council.

1174 The equitable development phase two plan, as requested by Motion 16062,
1175 should:

1176 A. Include objectives and strategies for reducing economic and racial
1177 disparities, by preventing residential, economic, and cultural displacement, and creating
1178 and preserving community stability;

1179 B. Incorporate data of current and predicted future displacement risk and related
1180 metrics that should be used to determine programs and policies;

1181 C. Include metrics for monitoring and evaluating equitable outcomes;

1182 D. Describe potential partnerships with community-based organizations, regional
1183 partners, and other jurisdictions to establish the initiative program funding and policies
1184 countywide;

1185 E. Identify potential funding options for the initiative;

1186 F. Propose strategies to coordinate across county agencies and programs to
1187 advance initiative objectives;

1188 G. Identify a process for community outreach and collaboration with community-
1189 based organizations and other jurisdictions, with a particular focus on communities
1190 experiencing or at risk of displacement;

1191 H. Describe how the process will use the "community directs action" level of
1192 engagement as outlined in the office of equity and social justice's community engagement
1193 guide;

1194 I. Propose next steps, including a timeline, that would be needed to implement
1195 the initiative, including legislation; and

1196 J. Include a recommendation the duties and responsibilities of a permanent
1197 advisory board to implement the initiative. The permanent advisory board should be
1198 comprised of four representatives selected by the executive and one representative
1199 selected by each councilmember, and appointments should emphasize Black, indigenous,
1200 and people of color and those most impacted by displacement pressures.

1201 The executive should electronically file the plan and motion required by this
1202 proviso, with the clerk of the council, who shall retain an electronic copy to all
1203 councilmembers, the chief of staff, and the lead staff for the transportation, economy and
1204 environment committee or its successor.

	<p><i>United Way food security \$400,000</i></p> <p><i>Issaquah Food & Clothing Bank \$250,000</i></p> <p><i>REACH Homelessness Outreach \$500,000</i></p> <p><i>Waterfront Shuttle \$500,000</i></p> <p><i>Lake City Partners Shelter \$250,000</i></p> <p><i>White Center Food Bank \$477,000</i></p> <p><i>The Breakfast Group \$200,000</i></p> <p><i>ACLT Benu Community \$150,000</i></p> <p><i>Leadership Eastside \$25,000</i></p> <p><i>FW Schools Pre-Apprenticeship \$250,000</i></p> <p><i>Auburn Schools Pre-Apprenticeship \$250,000</i></p> <p><i>Virtual Hiring Hall \$150,000</i></p> <p><i>Labor-led Dispatch Center \$500,000</i></p> <p><i>Atlantic Street Center \$200,000</i></p> <p><i>Pride Across the Bridge \$100,000</i></p> <p><i>SnoValley Pride \$100,000</i></p> <p><i>Seatown FC Startup \$67,000</i></p> <p><i>Skyway Coalition Youth Activities \$200,000</i></p> <p><i>KCRHA Extreme Weather Response \$350,000</i></p> <p><i>Would remove funding for AiPace, which would instead be bond financed in the 2025 Annual Budget.</i></p>
<i>HCD and GF Transfer to DCHS</i>	<i>Would allocate \$500,000 in CLFR underspend towards tiny house villages.</i>
<i>BHRD and GF Transfer to DCHS</i>	<i>Would allocate \$35,000 in CLFR underspend to expand the King County Conference on Substance Use Disorders.</i>
<i>KCSO</i>	<i>Would remove the motion requirement from Proviso P1, restricting \$700k until Council passes a motion acknowledging receipt of a report on a crisis response program plan, thereby releasing the moneys upon transmittal. This plan was transmitted through Proposed Motion 2024-0284 on September 8, 2024.</i>
<i>GF Transfer to KCIT</i>	<i>Would remove the \$1.9 million GF Transfer to KCIT for the fiber optic path to reflect that this project would instead be bond financed in the 2025 Annual Budget.</i>
<i>Facilities Management Division</i>	<i>Would reduce the Executive's proposed allocation of CLFR underspend for the transport of four portable emergency tents by \$100,000, for a new total of \$400,000.</i>
<i>CSO/VSHSL/YASF</i>	<i>Would allocate Councilmanic Grants.</i>

1224



King County

Dow Constantine
 King County Executive
 401 Fifth Avenue, Suite 800
 Seattle, WA 98104-1818
206-263-9600 Fax 206-296-0194
 TTY Relay: 711
www.kingcounty.gov

October 11, 2024

The Honorable Dave Upthegrove
 Chair, King County Council
 Room 1200
 C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits the proposed fourth omnibus budget supplemental Ordinance of the 2023-2024 biennium. The proposed legislation includes changes to operating and capital improvement program (CIP) budgets. Details are provided in the narrative table included in this package.

The proposed budget supplemental totals approximately \$122.5 million in operating and capital investments, as well as expenditure adjustments reflecting higher costs and technical changes. The proposed increase of County General Fund expenditures is approximately \$21.8 million, of which \$21.2 million is revenue backed. The total expenditure increase proposed for funds other than the County's General Fund is approximately \$100.7 million. The total proposed capital budget appropriation is \$1.9 million.

The proposed Ordinance includes expenditures in the following areas:

- \$92.2 million technical adjustment related to Medicaid payment reconciliation work in the Department of Community and Human Services (DCHS). This adjustment was expected and will be funded through previously set-aside reserves.
- \$21.3 million in Coronavirus Local Fiscal Recovery (CFLR) funded proposals, including \$5.8 million in new investments and a series of technical revenue transfers for projects that will need to use the revenue replacement funding option developed by the U.S. Treasury. This omnibus will represent the last opportunity to approve new CFLR funded proposals since all funds have to be obligated by the end of 2024.

Highlights of new investments include:

- \$3 million to support community programs and projects, including \$1.5 million for AiPace to develop a senior center and clinic focusing on low-income Asian and Pacific Islander elders; \$1 million for Mary's Place to

The Honorable Dave Upthgrove

October 11, 2024

Page 2

develop an emergency shelter and low-income housing in Burien; and \$500,000 for Uplift Northwest's capital campaign to remodel or replace its facility on Western Avenue.

- \$2.8 million to acquire equipment and implement technology to improve the County's emergency response capabilities.
- \$8 million in state funding for the Early Support for Infants and Toddlers and Adult Services programs in DCHS.

I certify that funds are available.

Thank you for your consideration of this proposed legislation. If your staff have any questions, please contact Dwight Dively, Director, Office of Performance, Strategy and Budget, at 206-263-9687.

Sincerely,



for

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers

ATTN: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Dwight Dively, Director, Office of Performance, Strategy and Budget

2024 4th OMNIBUS CROSSWALK FOR OPERATING AND CAPITAL

Appropriation Name	Title	Narrative	Decision Package Type	Appropriation		Revenues		Dec FTEs
				2023 - 2024	2023 - 2024	2023 - 2024	2023 - 2024	
OPERATING BUDGETS								
OFFICE OF EMERGENCY MANAGEMENT (EN_A40100)	S4.01	Prime Mover and Mobile Command Trailer	Improve King County's mobile emergency response capabilities through the purchase of a prime mover for relocating mobile assets during response situations and a mobile emergency operations center for on-site incident management.	DS	\$ 375,000	\$ 375,000		0.0
JOBS AND HOUSING PROGRAM (EN_A65500)	S4.01	City of Kent Program Reimbursement	Provide \$250,000 in reimbursement to Jobs & Housing for incurred costs for contracted services provided to the City of Kent under an existing Interlocal Agreement.	TA	\$ 250,000	\$ 250,000		0.0
EXTERNAL SUPPORT (EN_A65700)	S4.01	AiPace	Provide one-time assistance to AiPace to develop a senior center and clinic specialized for low-income Asian and Pacific Islander elders and welcome to all. This decision package will be supported by CLFR-backed funding.	DS	\$ 1,500,000	\$ 1,500,000		0.0
EXTERNAL SUPPORT (EN_A65700)	S4.02	Mary's Place	Provide one-time assistance to Mary's Place for the development of an emergency shelter and low-income housing in Burien. This decision package will be supported by CLFR-backed funding.	DS	\$ 1,000,000	\$ 1,000,000		0.0
EXTERNAL SUPPORT (EN_A65700)	S4.03	Uplift NW	Provide one-time assistance for Uplift NW for a capital campaign to remodel or replace its facility on Western Avenue. This decision package will be supported by CLFR-backed funding.	DS	\$ 500,000	\$ 500,000		0.0
GF TRANSFER TO DCHS (EN_A69400)	S4.01	Asylee Seeker RFP	Transfer General Fund enabled by CLFR revenue replacement for the Asylee Seeker RFP. Using this mechanism, approved by the U.S. Treasury, allows the County to continue to support previously approved COVID response programs and projects that have run into eligibility, timing, or compliance concerns. Using CLFR enabled General Fund reduces the administrative burden on agencies and partners.	TA	\$ 2,000,000	\$ 2,000,000		0.0
GF TRANSFER TO DCHS (EN_A69400)	S4.02	Homelessness response contract(s)	Transfer General Fund enabled by CLFR revenue replacement for ineligible costs associated with homelessness response contract(s). Using this mechanism, approved by the U.S. Treasury, allows the County to continue to support previously approved COVID response programs and projects that have run into eligibility, timing, or compliance concerns. Using CLFR enabled General Fund reduces the administrative burden on agencies and partners.	TA	\$ 1,300,000	\$ 1,300,000		0.0
GF TRANSFER TO DCHS (EN_A69400)	S4.03	Federal Way Red Lion	Transfer General Fund enabled by CLFR revenue replacement for the Federal Way Red Lion. Using this mechanism, approved by the U.S. Treasury, allows the County to continue to support previously approved or currently proposed COVID response programs and projects that have run into eligibility, timing, or compliance concerns. Using CLFR enabled General Fund reduces the administrative burden on agencies and partners.	TA	\$ 3,000,000	\$ 3,000,000		0.0
GF TRANSFER TO DES (EN_A69500)	S4.01	Renton Red Lion Operations, Maintenance, and Security Costs	Transfer General Fund enabled by CLFR revenue replacement for the operations, maintenance, and security at the Renton Red Lion. Using this mechanism, approved by the U.S. Treasury, allows the County to continue to support previously approved COVID response programs and projects that have run into eligibility, timing, or compliance concerns. Using CLFR enabled General Fund reduces the administrative burden on agencies and partners.	TA	\$ 4,700,000	\$ 4,700,000		0.0
GF TRANSFER TO DES (EN_A69500)	S4.02	Deintensification and I&Q Costs	Transfer General Fund enabled by CLFR revenue replacement for deintensification and isolation and quarantine costs incurred by the Department of Executive Services. Using this mechanism, approved by the U.S. Treasury, allows the County to continue to support previously approved COVID response programs and projects that have run into eligibility, timing, or compliance concerns. Using CLFR enabled General Fund reduces the administrative burden on agencies and partners.	TA	\$ 4,500,000	\$ 4,500,000		0.0
GF TRANSFER TO DNRP	S4.01	Local Infrastructure Project Area Transfer	Increase appropriation authority to allow the General Fund to make planned payments to the City of Seattle for the Transfer of Development Rights Program. Due to a delayed payment at the end of 2022 that occurred in early 2023, the 2023-2024 biennium will include payments for 2023, 2024, and the second half of 2022. The last payment mentioned was not accounted for in the original 2023-2024 adopted appropriation.	TA	\$ 664,000			0.0
DEVELOPMENTAL DISABILITIES (EN_A92000)	S4.01	State Funds Increase	Increase expenditure and revenue in the Early Support for Infants and Toddlers and Adult Services programs to match program growth and ensure sufficient budget authority.	TA	\$ 8,000,000	\$ 8,000,000		0.0
BEHAVIORAL HEALTH (EN_A92400)	S4.01	Medicaid Reconciliation Payments	Provide appropriation for DCHS to repay previously-received Medicaid revenues to the state Health Care Authority (HCA) in response to Medicaid payment reconciliation work. The HCA is reviewing Medicaid revenues and expenditures statewide and requiring payback of received Medicaid revenues that were not used on Medicaid services in the years received. DCHS has adequate fund balance to make these reconciliation payments.	TA	\$ 92,243,947	\$ -		0
FACILITIES MANAGEMENT DIVISION (EN_A60100)	S4.01	Relocation of temporary COVID safety infrastructure	Funds the transport of four portable emergency tents purchased by COVID-19 funding to King County.	DS	\$ 500,000	\$ 500,000		0.0

2024 4th OMNIBUS CROSSWALK FOR OPERATING AND CAPITAL

Appropriation Name	Title	Narrative	Decision Package Type	Appropriation	Revenues	Dec FTEs
				2023 - 2024	2023 - 2024	
OPERATING BUDGETS						
GF TRANSFER TO KCIT (EN_A69800)	S4.01	KCIT RCECC Diverse Fiber Path	TA	\$ 1,944,800	\$ 1,944,800	
Subtotal for Operating				\$ 122,477,747	\$ 29,569,800	0.0

2023 - 2024 4th Omnibus Financial Plan
Behavioral Health / 1120

Category	2021-2022 Actual	2023-2024 Adopted Budget	2023-2024 Revised Budget	2023-2024 Biennial-to-Date Actuals	2023-2024 Estimated	2025-2026 Projected	2027-2028 Projected
Beginning Fund Balance	(30,952,629)	113,978,516	113,978,516	113,978,516	113,978,516	57,588,486	72,495,138
Revenues							
Medicaid	492,469,958	452,464,404	487,464,404	402,245,415	483,866,616	514,158,246	548,605,766
Medicaid Leakage	70,732,413	74,000,000	79,180,000	68,141,711	92,470,289	99,039,732	105,675,185
Non-Medicaid (MCO)	8,991,391	5,893,900	5,893,900				
Medicaid Admin						17,310,889	18,470,682
Non-Medicaid State (BHASO)	88,748,526	103,238,156	103,238,156	107,960,052	126,997,652	150,207,595	160,271,188
Federal	22,167,622	21,414,784	21,414,784	19,527,149	24,502,334	27,668,331	29,342,593
COVID	22,452,196	24,735,582	26,370,549	12,722,353	20,291,331	5,500,000	-
Other State	12,754,609	16,544,834	16,544,834	8,850,615	8,911,463	6,349,465	6,774,865
Intergovernmental/Local	12,699,123	8,140,376	8,140,376	4,957,965	7,794,257	9,702,789	10,352,855
Property Taxes	7,467,262	7,754,428	7,741,676	5,921,775	7,786,568	8,048,506	8,438,599
General Fund	6,815,217	-	200,000	200,000	200,000	137,824	-
MIDD Transfer	15,000,000	15,500,000	15,500,000	11,625,000	15,500,000	16,218,033	17,310,651
HTH Transfer	8,712,160	12,524,798	12,524,798	11,098,530	12,755,721	13,321,540	14,521,514
Other Interfund Transfers	13,163,929	13,551,327	14,535,237	6,938,463	13,195,475	14,941,658	16,936,721
Other	1,625,568	258,200	258,200	2,117,492	4,907,360	1,177,603	1,565,457
Total Revenues	783,799,974	756,020,789	799,006,914	662,306,520	819,179,066	883,782,211	938,266,075
Expenditures							
Salaries/Wages and Benefits	41,348,238	54,705,583	54,705,583	43,295,989	50,115,734	68,014,389	72,062,437
Supplies	223,953	370,784	370,784	185,873	201,240	203,910	217,571
Other Operating Charges	450,343,952	554,649,821	593,867,497	556,131,359	571,880,442	631,627,213	673,944,906
COVID Expenditures	24,503,985	24,735,582	26,370,549	12,722,353	20,291,331	5,500,000	-
MCO-Medicaid Leakage Expense	70,732,413	74,000,000	79,180,000		92,470,289	99,039,732	105,675,185
Contributions Other	35,760	-	-	32,640	42,041	-	-
Intragovernmental Services	12,962,424	15,841,176	15,841,176	11,505,775	12,894,928	25,836,494	29,286,274
Intragovernmental Contributions	35,752,247	25,908,253	25,908,253	25,191,727	32,463,288	38,653,822	43,815,017
Gain Share Repayments					92,243,947	-	-
Total Expenditures	635,902,972	750,211,199	796,243,842	649,065,715	872,603,239	868,875,559	925,001,389
Estimated Underexpenditures							
Other Fund Transactions							
* Adjustment from Budgetary to GAAP							
* Adj Beg. Balance (recognized gain / loss)	(2,965,857)	-	-	2,965,857	2,965,857	-	-
Total Other Fund Transactions	(2,965,857)	-	-	2,965,857	2,965,857	-	-
Ending Fund Balance	113,978,516	119,788,106	116,741,588	124,253,463	57,588,486	72,495,138	85,759,824
Reserves							
Operating Reserve: Non-Medicaid	5,370,943	5,370,943	5,370,943	5,370,943	5,370,943		
Medicaid Contract Termination Reserve	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Medical Loss Ratio Reserve	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000		
Medicaid 60-Day Reserve	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000		
Assigned-Rainy Day Reserve	5,059,805	6,003,174	4,359,048	4,359,048	3,960,672	4,158,706	4,366,641
Total Reserves	57,430,748	58,374,117	56,729,991	56,729,991	56,331,615	14,158,706	14,366,641
Reserve Shortfall	-	-	-	-	-	-	-
Ending Undesignated Fund Balance	56,547,768	61,413,989	60,011,597	67,523,472	1,256,870	58,336,432	71,393,183

Financial Plan Notes

All financial plans have the following assumptions, unless otherwise noted in below rows.

2023-2024 Adopted Budget and Revised Budget ties to PBCS.

Outyear revenue and expenditure inflation assumptions are consistent with figures provided by PSB's BFPA guidance.

Revenue Notes:

Out year projections for Property Tax and Health through Housing transfers reflect August 2024 OEFA forecast.

Outyear projections for MIDD Transfers assume inflationary increases consistent with the MIDD financial plan.

COVID revenues should be fully spent by the end of 2025.

General Fund revenue in 2025 is related to the Community Prevention and Wellness Initiative proposal.

Expenditure Notes:

COVID expenditures should be complete by the end of 2025.

Gain Share Repayment reserves reflect likely transfers of fund balance back to the Health Care Authority (HCA) to reflect the difference between revenues and expenditures over the last few years.

Reserve Notes:

Non-Medicaid Operating Reserve reflects one-time funding provided by the state to hold in reserve for Non-Medicaid expenditures. This reserve will be spent and no longer be in effect in 2025 and beyond.

Medicaid Contract Termination Reserve will pay any incurred but not yet paid costs for Medicaid contracts if a contract were to end, as services rendered during the contract period may not be invoiced immediately.

Medical Loss Ratio Reserve, Medicaid 60-day Reserve, and Rainy Day Reserve will shift to the MCOs to manage this risk after Medicaid Gain Share Repayments are made, as DCHS will no longer hold the fund balance associated with these risks.

Last Updated 10/9/2024 by Emmy Heatherington using data from PBCS and BFPA assumptions.



King County

Budget & Fiscal Management Committee

December 2, 2024

Agenda Item No. 9 Briefing No. 2024-B0130

Briefing on the Proposed Automated
Fingerprint Identification System (AFIS)
Renewal Levy

**Materials for this item will be available
after the meeting.**



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

STAFF REPORT

Agenda Item:	10, 11	Name:	Mary Bourguignon
Proposed No.:	2024-0383 2024-0384	Date:	December 2, 2024

SUBJECT

Proposed Ordinance 2024-0383 would authorize execution of an amended and restated 75-year residential ground lease for affordable housing at the Northgate Park and Pool lot.

Proposed Ordinance 2024-0384 would authorize execution of an amended and restated 75-year commercial ground lease for a childcare center, retail space, and Metro operator comfort station at the Northgate Park and Pool lot.

SUMMARY

In 2021, the Council authorized¹ the Executive to enter into a development agreement and 75-year ground lease with an entity comprised of Bridge Housing Corporation and Community Roots Housing to develop a portion of the Northgate Park and Pool lot. Under the agreement, the developer would construct 232 units of subsidized, affordable housing; a childcare center; retail space; and a Metro operator comfort station.

When the ground lease closed in December 2023, the developer had not secured the funding needed to complete the childcare center. As a result, the developer and King County agreed to bifurcate the leases for the residential and commercial portions of the development so that the developer could pursue separate financing for the commercial portion of the development while not affecting the affordable housing portion.

Proposed Ordinances 2024-0383 and 2024-0384 would accomplish that bifurcation: Proposed Ordinance 2024-0383 would amend and restate the ground lease for the residential portion of the project; and Proposed Ordinance 2024-0384 would amend and restate the ground lease for the commercial portion of the project.

Today’s meeting will provide a briefing on the proposed legislation while legal review is underway.

¹ Ordinance 19363

BACKGROUND

In 1999, to encourage transit-oriented development (TOD)² in King County, the Council amended the King County Code's provisions related to leasing County-owned real property, to add TOD to a list of uses for which the County could lease property for up to 50 years, with leases of up to 75 years to be allowed for affordable housing developed by a public housing authority or nonprofit organization.³

During the 2010s, in preparation for the extension of Link light rail to Northgate,⁴ Metro planned a restructure of bus service in the area⁵ and reevaluated the continued need for County-owned property near the light rail station, including Metro's Northgate Park and Pool lot.

In 2018, King County's Facilities Management Division (FMD) declared a 48,060 square foot portion at the north end of the Northgate Park and Pool lot property to be surplus⁶ and issued a Request for Qualifications and Concepts (RFQ/C) seeking proposals to develop the surplus portion for affordable housing. The RFQ/C required proposals to include a minimum of 200 units of subsidized affordable housing for a minimum of 50 years to serve households earning up to 60%⁷ area median income (AMI).

Following the RFQ/C process, the Executive proposed and the Council authorized⁸ a development agreement with an entity comprised of Bridge Housing Corporation and Community Roots Housing to construct and operate 232 units of subsidized, affordable housing serving households with incomes of 60% or less of area median income (AMI), including at least 52 two- or three-bedroom units and 24 units designated for system-connected⁹ households with incomes of 50% or less AMI,¹⁰ plus an additional three units of housing for on-site resident managers, for a total of 235 housing units.

The project is also to include a childcare center, retail space, and a comfort station for Metro employees.

² TOD is generally defined by the Federal Transit Administration as property development for residential, commercial, office, or entertainment uses centered around or located within a half-mile of a transit station that is served by reliable public transit with a mix of other transportation options.

³ Ordinance 13599 ([link](#)), KCC 4.56.180.A.3

⁴ Link light rail service to Northgate Station began October 2, 2021 ([link](#))

⁵ Ordinance 19280

⁶ The Northgate Park and Pool is located at 10104 Third Ave NE, Seattle, WA. The portion declared surplus and leased through the 2021 ground lease (Ordinance 19363) reduced commuter parking at the lot by 186 stalls. Commuter parking is available in the vicinity ([link](#)).

⁷ Currently, 60% of area median income is approximately \$63,000 for a single person and \$90,000 for a four-person household. The King County Housing Authority's current income limits for 30% and 80% of area median income are posted at its web site ([link](#)).

⁸ Ordinance 19363

⁹ System connected housing is designed to meet the needs of individuals leaving system-based institutions, including criminal justice system diversion programs.

¹⁰ The Ground Lease sets a "Minimum Affordable Housing Unit Requirement" of 200 units at 60% AMI or less with at least 20 units for system-connected households at 50% AMI or less.

The 2021 development agreement included, as an attachment, the form of a ground lease, through which King County, under the provisions in the King County Code,¹¹ would lease the property to the developer at \$1 per year for 75 years, to be paid in a single \$75 payment.

In addition to approving the development agreement and ground lease, the County has allocated \$27.6 million to the affordable housing project from King County's TOD bond fund,¹² which was established to support affordable housing near high-capacity transit.

When the ground lease closed in December 2023, the developer had not secured the necessary funding to complete the interior of the childcare center. As a result, the developer and King County agreed to bifurcate the residential and commercial leases so that the developer could pursue separate financing for the commercial portion of the development while not affecting the affordable housing portion.

ANALYSIS

Proposed Ordinances 2024-0383 and 2024-0384 would bifurcate the 75-year ground lease approved in 2021¹³ for the transit-oriented development at the north end of the Northgate Park and Pool lot:

- Proposed Ordinance 2024-0383 would amend and restate the ground lease for the residential portion of the project, which would include a total of 235 dwelling units (232 units affordable to households at or below 60% AMI) and associated improvements.

The lease would be between King County as landlord and Northgate Affordable Housing LLLP (an entity comprised of Community Roots Housing and Bridge Housing Corporation) as tenant.

- Proposed Ordinance 2024-0384 would amend and restate the ground lease for the commercial portion of the project, which includes:
 - Approximately 7,664 square feet of early learning facility space (also called the childcare unit)
 - Approximately 1,506 square feet of commercial retail space (the retail unit)
 - Approximately 264 square feet for a comfort station for Metro employees.

The lease would be between King County as landlord and Northgate Retail LLC (an entity comprised of Community Roots Housing) as tenant.

The restated and amended leases are each included as Attachment A to the respective ordinances. Each lease states in its preamble that, other than bifurcation, the parties intend no material changes to the terms and conditions set forth in the original ground lease that was approved in 2021.

Legal analysis is ongoing.

¹¹ KCC 4.56.180.A.3

¹² Transit-Oriented Development (TOD) Annual Report, August 2023 ([link](#))

¹³ Ordinance 19363

The fiscal notes transmitted with the legislation indicate that the only expenses have been staff costs to coordinate the bifurcation and restatement of the leases: a combined total of \$14,200.¹⁴

The fiscal notes state that the proposed lease bifurcation makes no change to the net present value that was performed in 2021 when the original ground lease was proposed, has no fiscal impact to the County, and does not change the financial terms of the original ground lease.

ATTACHMENTS

1. Proposed Ordinance 2024-0383 (and Attachment A)
2. Transmittal Letter for Proposed Ordinance 2024-0383
3. Fiscal Note for Proposed Ordinance 2024-0383
4. Property Summary for Proposed Ordinance 2024-0383
5. Proposed Ordinance 2024-0384 (and Attachment A)
6. Transmittal Letter for Proposed Ordinance 2024-0384
7. Fiscal Note for Proposed Ordinance 2024-0384
8. Property Summary for Proposed Ordinance 2024-0384

INVITED

- Mark Ellerbrook, Director, Capital Division, Metro Transit Department
- Sarah Lovell, Transit Oriented Development Program Manager, Metro Transit Department

¹⁴ Note that each fiscal note lists expenses of \$14,200. Executive staff confirm that the entire process for both leases involved a grand total of \$14,200, meaning that the combined total is \$14,200 and not \$28,400.



KING COUNTY
Signature Report

ATTACHMENT 1
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0383.1

Sponsors Zahilay

1 AN ORDINANCE authorizing the King County executive
2 to execute an amended and restated residential ground lease
3 with an entity comprised of Bridge Housing Corporation
4 and Community Roots Housing for the affordable housing
5 elements of the existing mixed-use affordable housing
6 project on county-owned land located at the Northgate Park
7 and Pool lot, in council district one.

8 **STATEMENT OF FACTS:**

- 9 1. Consistent with K.C.C. 4.56.070.C.1., in 2018 King County issued a
10 request for qualifications and concepts, number 1207-18-VLN ("the
11 RFQ/C"), through which King County sought proposals for the
12 development of its Northgate Park and Pool lot. Among other things, the
13 RFQ/C required proposals to include a minimum of two hundred units of
14 subsidized affordable housing for a minimum of fifty years to serve
15 households earning up to sixty percent of Area Median Income ("AMI"),
16 with a mix of unit sizes and configurations, and with a minimum of ten
17 percent of the units to be "system connected," serving very-low to
18 extremely-low income households below fifty percent of AMI.
- 19 2. The RFQ/C resulted in three proposals and King County selected a
20 developer team and commenced negotiations with the selected team.

21 3. After extensive negotiations the Metro transit department determined
22 that the county should award a ground lease of a portion of the county-
23 owned land located at the Northgate Park and Pool lot to Bridge Housing
24 Corporation and the entity now known as Community Roots Housing
25 (collectively, "Bridge/CRH") for an affordable housing project to include
26 two hundred thirty-two units of affordable housing for seventy-five years
27 with at least twenty-four units designated for system-connected
28 households with incomes of fifty percent or less of AMI, as well as a child
29 care facility, a comfort station for transit operators, and a commercial
30 space.

31 4. The Metro transit department successfully negotiated a ground lease
32 with Bridge/CRH for a portion of the county-owned land located at the
33 Northgate Park and Pool lot and the metropolitan King County council
34 approved Ordinance 19363 authorizing the executive to execute the
35 ground lease.

36 5. At the time the ground lease closed in December 2023, Bridge/CRH
37 had not secured all necessary funding to complete the interior buildout of
38 the child care facility.

39 6. To satisfy lenders, Bridge/CRH provided a guarantee to cover the
40 remaining funding gap and identified funding to complete the interior
41 buildout of the child care facility in anticipation that the ground lease
42 would be restructured to separate the commercial element from the
43 affordable housing element of the overall project.

44 7. To allow construction financing to proceed and to allow project
45 construction to begin on time as planned, Bridge/CRH and the Metro
46 transit department agreed to work together in good faith to amend and
47 restate the existing lease into two separate leases.

48 8. Metro transit department subsequently negotiated with Bridge/CRH to
49 amend the existing ground lease and restate those lease terms in a
50 residential ground lease for the affordable housing elements of the existing
51 Bridge/CRH project and a commercial ground lease for the child care
52 facility and commercial space elements of that same project.

53 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

54 SECTION 1. The executive is authorized to execute an amended and restated
55 lease for the affordable housing elements of the existing Bridge Housing Corporation and
56 the entity now known as Community Roots Housing (collectively, "Bridge/CRH")
57 transit-oriented development project on county-owned land located at the Northgate Park
58 and Pool lot to Bridge/CRH, substantially in the form of Attachment A to this ordinance,
59 and to take all actions necessary to implement the terms of the lease.

60 SECTION 2. If any provision of this ordinance or its application to any person or

61 circumstance is held invalid, the remainder of the ordinance or the application of the
62 provision to other persons or circumstances is not affected.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Amended and Restated Ground Lease for Affordable Housing Between King County as Landlord and Northgate Affordable Houseing LLLP as Tenant

AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING

BETWEEN

KING COUNTY

as

“Landlord”

AND

NORTHGATE AFFORDABLE HOUSING LLLP

as

“Tenant”

AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING

This AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING (“**Lease**”) dated as of the ____ day of _____, 202__ (the “**Effective Date**”) is by and between KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle (“**Landlord**”) and NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership (“**Tenant**”).

P R E A M B L E:

A. Landlord owns that certain real property situated in the City of Seattle, King County, State of Washington and legally described on **Exhibit A** (the “**Property**”). The Property together with adjacent parcels and public rights of way are depicted graphically on the Site Plan attached hereto as **Exhibit A-1**.

B. In 2018, Landlord issued that certain Request for Qualifications and Concepts (“**RFQ/C**”) No. 1207-18-VLN. Through the RFQ/C, Landlord sought proposals for the development of its Northgate Park & Pool lot, of which the Property is a part. Among other things, the RFQ/C required proposals to include a minimum of 200 units of subsidized affordable housing for a minimum of 50 years to serve households earning up to 60 percent of Area Median Income (“**AMI**”), with a mix of unit sizes and configurations, and with a minimum of 10% of the units to be “system connected,” as defined in the RFQ/C, serving very-low to extremely-low income households below 50% AMI. Landlord received three responses to the RFQ/C, including a response (“**RFQ/C Response**”) dated October 29, 2018, copies of which are on file with the Parties. The RFQ/C Response proposed to construct 232 affordable housing units as well as a 10,000 square-foot child care center for use by residents and possibly others. The RFQ/C Response and the other two responses were evaluated by a five-member evaluation committee as part of the RFQ/C’s competitive selection process. Based upon the commitments described in the RFQ/C Response, on November 19, 2018, Landlord selected the team that submitted the RFQ/C Response to negotiate a definitive agreement. After more than a year of negotiations, and as allowed under the terms of the RFQ/C, Landlord subsequently elected to terminate discussions regarding the market-rate element of the proposed development, and to focus instead on the affordable housing project element. Landlord and Tenant’s predecessors in interest thereafter negotiated the affordable housing project contemplated in this Lease.

C. Pursuant to the RFQ process, Landlord and BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“**BRIDGE**”) and COMMUNITY ROOTS HOUSING, a Washington public corporation (“**CRH**”) (BRIDGE and CRH together constitute the “**Affordable Housing Developer**”) then entered into that certain (i) Entry, Due Diligence and Pre-Development Agreement made as of February 7, 2020 and extended from time to time (the “**Due Diligence Agreement**”), a copy of which is attached hereto as **Exhibit E**; and (ii) that certain Development Agreement made as of December 31, 2021 (the “**Development Agreement**”) a copy of which is attached hereto as **Exhibit F**. The Development Agreement and the Due Diligence Agreement are collectively referred to as the “**Existing Project Agreements**.”

D. Each of Landlord and Tenant are individually referred to as a “**Party**” and collectively as “**Parties**” from time to time.

E. The Parties executed a Ground Lease (the “**Original Ground Lease**”) on December 21, 2023 (the “**Commencement Date**”), for the premises described on Exhibit B thereto (the “**Original Premises**”), a memorandum of which Original Ground Lease was recorded on the Commencement Date in the real property records of King County, Washington as instrument number 20231221000732. To assuage lender concerns, the Parties agreed to bifurcate the Original Ground Lease into two separate amended and restated leases governing affordable housing and commercial space. This Lease contains the terms and conditions solely regarding the affordable housing development comprising the Housing Unit (as defined below). Other than bifurcation, the Parties intend no material changes to the terms and conditions set forth in the Original Ground Lease.

F. Tenant understands and acknowledges that Landlord reserves the right and intends to develop the remainder of its Northgate Park & Pool lot, and, while that future development will be an entirely separate development, Tenant acknowledges its obligation to cooperate and act in good faith in its development and operation of the Project adjacent to and in anticipation of such future development.

G. Tenant understands and acknowledges that the Property and the Project adjoin an existing regional transit center as well as a significant light rail station and related transit facilities that serve the greater Northgate area and beyond. Tenant understands and acknowledges that the safe, efficient operation and maintenance of these transit facilities is a regional priority and that these transit uses will continue into the future. Tenant further understands and acknowledges that Landlord’s exercise of its discretion under this Lease will be informed by Landlord’s transit-related priorities and with the intention of protecting and preserving the existing and future use of Landlord’s transit facilities as well as the neighboring light rail station and related facilities. Tenant acknowledges its obligation to cooperate and to act in good faith in its development and operation of the Project adjacent to and in coordination with existing and future uses of these transit facilities, all as more specifically set forth in this Lease.

H. The contingencies to “Closing” set forth in the Development Agreement (including without limitation completion of the Boundary Line Adjustment described therein which created the separate legal lot to be leased to Tenant as contemplated herein) having been satisfied, Landlord shall lease to Tenant and Tenant shall lease from Landlord a portion of the Property comprising the Housing Unit (as defined below) as legally described on **Exhibit B** (the “**Premises**”) located in the City of Seattle, King County, State of Washington, having a street address of 10104 – 3rd Avenue NE, Seattle, WA, for a period of seventy five (75) years pursuant to the terms of this Lease.

I. Promptly following the Commencement Date, and in strict accordance with all issued permits and approvals and the Design Documents approved by Landlord pursuant to the

Development Agreement, Tenant commenced the construction and development at the Original Premises of a mixed-use building that will contain a 235-unit (including two manager's units) subsidized, affordable housing project serving households with incomes of 60% or less of the area median income including a mix of at least 52 two or three-bedroom units and at least 24 units designated for system-connected households with incomes of 50% or less of the area median income (collectively, the "**Affordable Housing Units**") and certain accessory spaces, including approximately 9,750 square feet of nonresidential commercial space.

J. Tenant has submitted its leasehold interest in the Original Premises under the Original Ground Lease to a condominium regime under the Washington Uniform Common Interest Ownership Act, and subjected the Original Premises to a Condominium Declaration for Northgate, a Condominium (the "**Condominium Declaration**"), recorded on [_____] in the real property records of King County, Washington as instrument number [_____] , creating Northgate, a Condominium (the "**Condominium**"), which Condominium is comprised of four (4) condominium units: (a) Unit 1, a residential unit to contain a total of 235 dwelling units and associated improvements (the "**Housing Unit**"), (b) Unit 2, a unit to contain approximately 7,664 square feet of early learning facility space (the "**Child Care Unit**"), (c) Unit 3, a unit to contain approximately 1,506 square feet of commercial retail space (the "**Retail Unit**"), and (d) Unit 4, a unit to contain approximately 264 square feet of comfort station space (the "**Comfort Station Unit**" and together with the Child Care Unit and the Retail Unit, the "**Non-Residential Units**"). Tenant and Landlord desire to amend and restate the Original Ground Lease to reflect that the Premises leased by Tenant from Landlord under this Lease shall refer only to the Housing Unit. The Housing Unit to be constructed by Tenant hereunder is sometimes referred to hereafter as the "**Improvements**," and the Improvements, together with any subsequent Alterations (as defined below) and all fixtures and personal property used in connection therewith are hereafter collectively referred to as the "**Project**." Notwithstanding anything to the contrary elsewhere in this Lease, in no event shall the Project contain fewer than 200 Affordable Housing Units serving households with incomes of 60% or less of the area median income, of which units at least 20 shall be units for system-connected households with incomes of not more than 50 percent of the area median income (the "**Minimum Affordable Housing Unit Requirement**").

K. Concurrently with the execution of this Lease, Landlord and Northgate Retail LLC, a Washington limited liability company (the "**Retail Owner**") will enter into an Amended and Restated Ground Lease for Commercial Space pursuant to which Landlord will lease the Child Care Unit, the Retail Unit and the Comfort Station Unit to Retail Owner (the "**Non-Residential Ground Lease**"). As of the Effective Date of this Lease and the Non-Residential Ground Lease, the Non-Residential Units shall be solely governed by the Non-Residential Ground Lease and the Housing Unit shall be solely governed by this Lease.

L. Landlord is authorized and empowered to lease the Premises to Tenant pursuant to RCW Sections 35.58.240 and RCW 36.34.135 and King County Code Sections 2.16.038, 4.56.060 and 4.56.150.

M. In RFQ/C No. 1207-18-VLN, Landlord indicated its intent to provide land to an affordable housing developer at little or no cost. In pursuit of that objective, Landlord and Tenant have negotiated a transaction in which Tenant will pay nominal rent so long as Tenant abides by the terms and conditions of this Lease and the Existing Project Agreements, including but not limited to Tenant's covenant to construct and operate the Project for the entire Term of this Lease to provide the Minimum Affordable Housing Unit Requirement consistent with all terms, conditions and requirements of this Lease and the Existing Project Agreements.

N. Tenant is the successor, transferee and/or assignee of the Affordable Housing Developer under the Existing Project Agreements with respect to the Housing Unit.

O. The provisions of this Preamble are incorporated into the Lease.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements of Landlord and Tenant set forth in this Lease, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE 1 **THE LEASE**

Section 1.1 Leased Premises; Access and Glazing Easements.

1.1.1 Subject to the terms and conditions hereof, Landlord hereby leases to Tenant the Premises.

1.1.2 The Parties acknowledge that Landlord has separately granted non-exclusive easements for access, utility, and glazing setback purposes to Tenant on (i) a portion of the Property to the west of the Premises, all as set forth in two (2) separate easement instruments (the "**West Access Easement**" and the "**Glazing Easement**"), which West Access Easement was recorded in the real property records of King County, Washington as instrument number 20231221000733, and which Glazing Easement was recorded in the real property records of King County, Washington as instrument number 20231221000734, and (ii) a portion of the Property to the south of the Premises, as set forth in a separate easement instrument (the "**South Access Easement**"), which South Access Easement was recorded in the real property records of King County, Washington as instrument number 20231221000735. The Parties anticipate that any such West Access Easement, South Access Easement and Glazing Easement will remain in effect throughout the Term of this Lease and that the West Access Easement and South Access Easement will, among other things, provide access to the Property via the route described thereon as set forth in such Access Easement. However, any such South Access Easement, West Access Easement and Glazing Easement are not a part of this Lease and are not subject to or governed by this Lease, and any changes, modifications, or amendments to such South Access Easement, West Access Easement or Glazing Easement shall be subject to and be governed by such South Access Easement, West Access Easement or Glazing Easement, as applicable.

Section 1.2 Term. The term of the Original Ground Lease commenced on the Commencement Date, and unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“**Term**”) expiring on the last day of the calendar month in which the seventy-fifth (75th) anniversary of the Commencement Date occurs (the “**Expiration Date**”). Landlord delivered exclusive possession of the Original Premises to Tenant on the Commencement Date of the Original Ground Lease and shall deliver exclusive possession of the Premises to Tenant on the Effective Date of this Lease.

Section 1.3 Use.

1.3.1 Uses Limited. Tenant shall use the Premises solely for the development, construction and operation of the Project. No other uses, activities or operations, shall be conducted by the Tenant on or from the Premises without first obtaining prior written consent of Landlord, including but not limited to the Tenant developing, constructing and/or operating the Premises at the Minimum Affordable Housing Unit Requirement. Tenant shall obtain and maintain, at its sole cost and expense, any and all licenses and permits necessary for Tenant’s contemplated use of the Premises. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other tenants or occupants of the Property or of any adjacent parcels owned by Landlord, or unreasonably interfere with such other tenants’ or occupants’ use of their respective spaces. Tenant agrees not to do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Property, or injure or unreasonably annoy them, or use or allow the Premises to be used for any unlawful or unreasonably objectionable purpose. Tenant shall neither commit nor suffer any waste to the Premises.

1.3.2 Tenant to Comply with Development Agreement. In using the Premises, Tenant will comply with the Development Agreement and all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. Tenant specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from Landlord, and further agrees that Landlord does not waive the requirements of this section by giving notice of demand for compliance in any instance. Notwithstanding the foregoing, to the extent of any conflict between this Lease and the Existing Project Agreements (including without limitation, notice and cure rights and other protections in this Lease in favor of the Limited Partner and the Leasehold Mortgagees, and preapproved transfers under this Lease), the provisions of this Lease shall prevail. Landlord and Tenant acknowledge and agree that the design and project development work as set forth on the Development and Milestone Schedule attached as Attachment 6 to the Development Agreement has been completed prior to the execution of this Ground Lease, and the parties intend that Tenant will use commercially reasonable efforts to achieve the remaining permitting and construction milestones set forth on **Exhibit J** to this Lease, which Exhibit J shall supersede the applicable corresponding deadlines for applicable milestones set forth in the Existing Project Agreements. If circumstances require revisions to the schedule set forth on **Exhibit J**, Tenant shall promptly notify Landlord in

writing, which notice shall include a reasonably detailed explanation for the revision. Landlord and Tenant acknowledge and agree that the terms and conditions of the Development Agreement related to the design and project development work as set forth in the Development Agreement, including related provisions set forth in Sections 1 through 3 and Sections 5 through 7 of the Development Agreement, have been satisfied as of the Effective Date with respect to the Non-Residential Units, and that Tenant has no further obligations under the Development Agreement or under this Lease with respect to the development and operation of the Non-Residential Units.

Section 1.4 Rent.

1.4.1 GENERAL. In consideration of the restrictions and limitations set forth herein and in the Existing Project Agreements including without limitation Tenant's obligation to construct and operate the Project for the entire Term of this Lease to provide the Minimum Affordable Housing Unit Requirement consistent with all terms, conditions and requirements of this Lease and the Existing Project Agreements, annual rent shall be One and 00/100 Dollars (\$1.00) per year which shall be prepaid for the entire Term on or before the Commencement Date.

1.4.2 RENT PAYMENT ADDRESS. All payments (Rent or otherwise) due from Tenant hereunder shall be payable to King County and are to be received at the following address:

Facilities Management Division
Real Estate Services Section
500 4th Avenue, Suite 830
Seattle, WA 98104

Section 1.5 Tenant Taking Premises "As-Is-Where-Is."

1.5.1 Tenant has made a thorough, independent examination of the Premises and all matters relevant to Tenant's decision to enter into this Lease and develop the Project. Tenant expressly acknowledges and agrees that, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS LEASE, LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO THE PREMISES, THE PROPERTY OR ANY PORTION THEREOF, OR WITH RESPECT TO THE SUITABILITY OF ANY OF THE FOREGOING FOR THE CONDUCT OF TENANT'S BUSINESS. Tenant acknowledges that, as of the Commencement Date, Tenant will have carefully inspected the Premises, including by performing its own due diligence reviews and investigations as attributable to the Affordable Housing Developer in the Existing Project Agreements, and by executing this Lease. Therefore, except as set forth elsewhere in this Lease (including without

limitation in Section 8.1 below), Tenant accepts the Premises on an “AS IS” and “WHERE IS” basis, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of Landlord, or any person on behalf of Landlord, regarding the Premises, Property, or matters affecting the Premises or Property or Tenant’s proposed Project, including, without limitation:

(i) Physical Condition. The physical condition of the Premises and any adjacent portions of the Property, including the quality, nature, adequacy, and physical condition of (1) any systems, facilities, access, adjacent uses, and/or landscaping; (2) the air, soils, geology, and groundwater, including but not limited to the presence of peat or other organic matter; (3) the suitability of the Premises for construction of any improvements or any activities or uses that Tenant may elect to conduct on the Premises, or (4) the compaction, stability or composition, erosion or other condition of the soil or any fill or embankment on the Premises for building or any other purpose;

(ii) Existing Improvements and Installations. The quality, nature, adequacy, and physical condition of all existing at- and below-grade improvements and installations at the Premises, including but not limited to engineering characteristics, appurtenances, access, landscaping, paving, drainage, and parking facilities;

(iii) Title. Title to the Premises and/or the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, or other title condition affecting the Premises, whether or not of record, including without limitation the existence of any easements, rights of ways or other rights across, to or in other properties that might burden or benefit the Premises;

(iv) Compliance/Zoning. The development potential and/or availability of any necessary permits or approvals (or conditions thereon) for development of the Premises and/or the zoning, comprehensive plan, land use, or other legal status of the Premises, or compliance with any public or private restrictions on the use of the Premises, as the same are in effect as of the date of mutual execution hereof or the Commencement Date, or may be thereafter modified, amended, adopted, published, promulgated or supplemented, or the compliance of the Premises with any applicable laws;

(v) Hazardous Materials. The presence or removal of Hazardous Materials (as defined in Article 14 below) in, under or about, or emanating from or migrating to, the Premises, the Property, or on any other property;

(vi) Economic Feasibility. Economic conditions or projections, market data, or other aspects of the economic feasibility of the Project and/or any business Tenant intends to conduct on the Premises;

(vii) Utilities. The availability, existence, quality, nature, adequacy and physical condition of utilities serving the Premises;

(viii) Suitability. The use, habitability, merchantability, fitness, suitability, value or adequacy of the Premises for any particular purpose (including, without limitation, the Project);

(ix) Boundaries. The boundaries of the Premises, the location of any improvements on the Premises, and/or the existence of any encroachments onto or from any adjacent lands, including the Property;

(x) Access. Vehicular and/or pedestrian access to the Premises, including from or through any particular route; and

(xi) Other Matters. Any other matter not referenced above that pertains to the Premises.

1.5.2 Tenant's Due Diligence. Tenant acknowledges: (1) Tenant is a sophisticated real estate developer with sufficient experience and expertise in the development and operation of affordable housing projects, and will hire or have the opportunity to hire consultants with sufficient experience and expertise, to evaluate the Premises and the risks associated with acquiring a leasehold interest in the Premises; (2) Tenant will have received sufficient information and had adequate time to make such an evaluation; (3) Tenant enters into this Lease with the intention of relying upon its own investigation or that of third parties with respect to the physical, environmental, archeological, economic and legal condition of the Premises; and (4) in connection with its investigations and inspections of the Premises, including by performing its due diligence reviews and investigations pursuant to Existing Project Agreements Tenant will have the opportunity to obtain the advice of advisors and consultants, including but not limited to environmental consultants, engineers and geologists, soils and seismic experts, and archeologists to conduct such environmental, land use, permitting, geological, soil, hydrology, seismic, archeological, physical, structural, mechanical and other inspections of the Premises as Tenant deems to be necessary, and Tenant will review thoroughly the reports of such advisors and consultants, as well as all materials and other information given or made available to Tenant by Landlord or governmental authorities. Tenant further acknowledges that it has not and will not receive from or on behalf of Landlord any accounting, tax, legal, architectural, engineering, archeological, property management or other advice with respect to this transaction and is relying solely upon the advice of third party accounting, tax, legal, architectural, engineering, archeological, property management and other advisors. Tenant will satisfy itself as to such suitability and other pertinent matters by Tenant's own inquiries and tests into all matters relevant in determining whether to enter into this Lease.

1.5.3 Release of Landlord and Landlord Parties. Tenant, on behalf of itself, its directors, officers, representatives, employees and agents (the "**Tenant Parties**"), hereby waives, releases, acquits and forever discharges Landlord and all of its affiliated organizations, and its employees, representatives, agents, consultants, contractors and subcontractors (the "**Landlord Parties**"), of and from any and all claims, actions, causes of actions, demands,

rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant or any Tenant Parties now have or which may arise in the future on account of or in any way related to or in connection with any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Premises, provided however, that such release shall not apply or extend to (1) the express representation, warranties, covenants and obligations of Landlord under this Lease, (2) the affirmative obligations of Landlord under this Lease, or (3) matters arising from the negligent acts and omissions of Landlord or any Landlord Party. Tenant’s release of Landlord under this Section 1.5.3 is in addition to any release provisions set forth in the Existing Project Agreements.

Tenant Initials: _____

ARTICLE 2
OWNERSHIP
PERMITS AND LICENSES

Section 2.1 Ownership of the Project. Landlord acknowledges and agrees that the Project, including the Improvements and all subsequent Alterations thereto and replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Premises, shall be owned solely by Tenant. During the Term, Tenant shall be entitled to any and all tax attributes of ownership of the Project, including, without limitation, the right to claim depreciation or cost recovery deductions, the right to claim any tax credits authorized by the Internal Revenue Code, and the right to amortize all capital costs and to claim any and all other federal or state tax benefits attributable to the Project.

Section 2.2 Permits and Licenses. All building permits and other permits, licenses, permissions, consents, and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project (including the MUP and all permits included in the definition of “Design Documents” in the Development Agreement) and any subsequent improvements, repairs, replacements, or renewals to the Project shall be acquired as required by applicable laws, ordinances, or regulations by and at the sole cost and expense of Tenant in its own right or as successor, assignee or transferee of the Affordable Housing Developer.

Section 2.3 Project Design and Development. Tenant’s initial design, development, and permitting of the Project shall comply with the Existing Project Agreements. Any changes proposed by Tenant to the approved Documents, Development Schedule, Conceptual Site Plan Detail, Schematic Design Documents, Design Development Documents, Construction Documents, and MUP (as such terms are defined in the Development Agreement) shall be subject to Landlord’s prior approval pursuant to the applicable review standards as to each such item set forth in the Development Agreement, which shall control. All design and pre-development expenses for the Project shall be borne solely by Tenant.

Section 2.4 Construction of the Project. Upon issuance of the MUP and all other shoring, grading, demolition, and building permits required for construction of the Project, and upon Tenant having received financing commitments from Project funders satisfactory to Affordable Housing Developer in its sole discretion, Tenant shall substantially commence construction of the Project and shall diligently prosecute such work to completion, provided that Tenant must obtain a temporary or permanent certificate of occupancy for the Project on or before the applicable deadline set forth in **Exhibit J** to this Lease (which supersedes the applicable deadlines set forth in the Existing Project Agreements); and Tenant's failure to do so shall constitute a material default under this Lease, provided that notwithstanding any other provisions herein, a Leasehold Mortgagee or Tenant's Limited Partner and their successors and assigns shall have not less than one year from the scheduled completion date to complete construction of the Project. All work on the Premises during the Term shall be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and representatives of such agencies having jurisdiction. Tenant shall contract with an experienced, qualified general contractor for construction of the Project. Tenant or the Contractor shall obtain and maintain in force at all times during which construction is in progress at the Premises builder's risk insurance and such other insurance as may be required under Article 5. From and after the commencement of any construction and through the completion date thereof, Tenant shall provide or cause to be provided monthly progress reports to Landlord, including without limitation a current construction schedule, revised expected completion date, a summary of all change orders approved by Tenant subsequent to the preceding monthly progress report, and notice of any laborer's or materialmen's liens filed or threatened against the Premises or the Project. Within three (3) months following the final completion date of the Project (including all "punch-list" items), Tenant shall deliver to Landlord copies of: (i) all final permits (including without limitation the MUP, shoring/grading permits, and building permit); and (ii) a copy of as-built drawings (which may consist of the final approved Construction Documents annotated with field notes identifying all changes made thereto in the course of construction) in electronic and hard-copy format as required by the Landlord.

Section 2.5 Construction Bonds. Prior to commencing construction of any Improvements or subsequent Alterations, Tenant shall furnish to Landlord a General Contractor's performance and payment surety bond in the amount of the total estimated construction costs for the Improvements or Alterations, as applicable. The Performance and Payment surety bond shall be acceptable to Landlord in its commercially reasonable discretion and shall identify Landlord as a dual obligee.

ARTICLE 3 **LIENS**

Section 3.1 Easements and Covenants against Fee Title and Leasehold Interests.

3.1.1 Landlord expressly acknowledges that Tenant's development of the Project may require the recording of utility easements and other customary easements necessary and incidental to the development, construction and operation of the Project, provided that all of the

foregoing shall be subject to the reasonable prior approval of Landlord and shall not subject Landlord, any Landlord Parties, the Landlord's estate and interest in this Lease and the Premises, the Landlord's estate and interest in the remainder of the Property, or the Landlord's estate or interest in any other property in the vicinity of the Premises to any material adverse impacts or costs.

3.1.2 Landlord further acknowledges that Tenant is obtaining a portion of its financing for development of the Project through an allocation of low income housing tax credits, the issuance of tax exempt bonds and other private and public funding sources (the "**Funding Sources**") and that such Funding Sources may require that commercially reasonable covenants and regulatory agreements restricting the use of the Project for low income housing (the "**Covenants**") be recorded against Tenant's leasehold interest in the Premises. Tenant covenants and agrees that except for the Regulatory Agreement (Extended Use Agreement) and any covenant required for federal tax purposes to qualify the Project for tax-exempt bond financing (collectively the "**Regulatory Agreements**"), no Covenants or any other documentation or agreements relating to or required by Tenant's Funding Sources shall bind or encumber the Landlord's fee interest in the Premises or the Property. Landlord shall execute the Regulatory Agreements in recordable form for recordation against Landlord's fee interest in the Premises at Closing, subject to the terms and conditions set forth in Section 3.1.3.

3.1.3 Tenant's right to subject Landlord's fee estate in the Premises or Property to any Regulatory Agreement and Landlord's obligation to execute any such Regulatory Agreement are further subject to and conditioned on each such Regulatory Agreement containing language to the effect that:

- (i) Landlord shall be obligated to execute any Regulatory Agreement only to the extent required to meet the requirements of Section 42 or Section 142(d) of the Internal Revenue Code such that such Regulatory Agreement shall be an enforceable covenant against the Premises and Property;
- (ii) Landlord shall execute such Regulatory Agreement only in its capacity as the ground lessor of the Premises and Property, and not as the "Owner" of the Project;
- (iii) The Regulatory Agreement shall expressly provide that Landlord shall have no liability under the Regulatory Agreement, and nothing therein shall obligate Landlord to make any payment to or to indemnify the housing credit agency or other grantee under such Regulatory Agreement (any such entity, the "**Agency**") or any other third party, or to pay any amounts due before, during or following a default by Tenant thereunder, or be subject to any other rights remedies of Agency or any other third party pursuant to Section 8.2 thereunder, unless and until (A) this Lease has been terminated, and (B) Landlord has succeeded to the Tenant's interest in the Project and is liable as a Successor Indemnitor under the Regulatory Agreement;
- (iv) In the event Landlord is deemed a successor to Tenant under the Regulatory Agreement, Landlord's cure period in which to correct any Noncompliance thereunder shall not commence until the earlier of (A) the date on which Landlord

obtains control of the Project, or (B) the effective date of termination of this Lease; and

- (v) For all purposes under the Regulatory Agreement, a termination of this Lease due to an uncured default by Tenant thereunder shall be deemed a “foreclosure” for purposes of rendering Landlord as a “successor” to Tenant under such Regulatory Agreement.

3.1.4 In the event of any conflict between the Development Agreement and this Lease, the Lease shall control.

Section 3.2 Mechanics’ Liens. It is understood and agreed that Landlord’s interest in the Premises and the Property is public property that is not subject to any lien and therefore this Lease is executed and delivered upon the express condition that Tenant will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of Landlord in the Premises or the Property, and Landlord hereby denies to Tenant any right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of Landlord in the Premises to any lien, claim, or demand whatsoever. Tenant agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against Landlord’s fee simple interest in the Premises for work or materials furnished to Tenant in connection with any construction, improvements, maintenance, or repair thereof made by Tenant or its agents upon the Premises. Tenant shall cause any such claim or lien to be fully discharged within thirty (30) days after the date of filing thereof; provided, however, that in the event Tenant, in good faith, disputes the validity or amount of any such claim of lien, and if Tenant shall give to Landlord such security as Landlord may reasonably require to ensure payment thereof and prevent any sale, foreclosure, or forfeiture of the Premises or any portion thereof by reason of such nonpayment, including without limitation recording a bond which complies with the requirements of RCW 60.04.161, Tenant shall not be deemed to be in breach of this Section 3.2, so long as Tenant is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute, if litigation or arbitration results therefrom, Tenant shall discharge said lien within thirty (30) days. In the event Tenant shall fail to so remove, discharge, bond around any such lien, Landlord may take such action as it shall reasonably determine to remove such lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such lien and attorneys’ fees and costs, shall be paid by Tenant to Landlord together with interest thereon at the Default Rate from the date advanced until paid. Tenant’s obligations pursuant to this Section 3.2 shall survive the expiration or earlier termination of this Lease.

ARTICLE 4 **TAXES; UTILITIES**

Section 4.1 Taxes.

4.1.1 Tenant shall pay before they become delinquent all real property taxes assessed or levied against the Project, including the Project and all other improvements located on the Premises from time to time. Tenant shall also pay all personal property taxes assessed or levied against the equipment, machinery, fixtures, furniture, and furnishings thereon and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility. Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any taxes or assessments or other dispositions levied against or imposed upon the Premises and Project. Tenant shall defend and indemnify Landlord from any and all taxes incurred during the term of this Lease.

4.1.2 Landlord or any other party occupying any portion of the Property other than the Premises, the Project, and Tenant's leasehold estate created under this Lease, shall pay before they become delinquent all real property taxes assessed or levied against such and any improvements, equipment, machinery, fixtures, furniture, and furnishings relating and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility assessed against any portion of the Property other than the Premises, Project, and Tenant's leasehold estate created under this Lease, and shall defend and indemnify Tenant from any and all such taxes incurred.

4.1.3 Tenant shall be responsible to pay any statutory leasehold excise tax imposed in connection with this Lease pursuant to Chapter 82.29A RCW as now enacted or hereafter amended; PROVIDED, however, that Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any leasehold excise tax levied against or imposed upon the Premises and Project; PROVIDED further, that, if the Washington State Department of Revenue or other applicable Washington State authority shall conclusively determine that leasehold excise tax is or may become payable in connection herewith, then upon receiving notice of such determination Tenant shall remit to Landlord in addition to the Rent the estimated calculation of such leasehold excise tax on a monthly basis on the first (1st) day of each subsequent month, and shall include in its first monthly payment thereof any leasehold excise taxes allocable to any prior period falling within the Term. Without limiting the provisions of Section 4.1.2, Tenant shall defend and indemnify Landlord from any and all leasehold excise taxes incurred during the Term of this Lease.

Section 4.2 Utilities. Tenant shall arrange for and pay before they become delinquent all connection fees and usage charges for utility services furnished to the Premises and Project, including, but not limited to, electricity, gas, water, sewer, telephone and trash collection. Landlord shall have no responsibility for the payment of any utility costs, fees, or charges. Tenant shall defend and indemnify Landlord from any and all such costs, fees, or charges incurred during the Term of this Lease.

ARTICLE 5 **INSURANCE**

Section 5.1 Tenant's Insurance. During the Term, Tenant shall keep and maintain in force (or shall cause the condominium association to be formed to govern the condominium to keep and maintain in force), at no cost or expense to Landlord, the following minimum insurance types and limits:

5.1.1 Property Insurance. "All risk" or "Special Form" property insurance covering all risks of physical loss or damage to the Project, with liability limits of not less than one hundred percent (100%) of the "full replacement value" thereof. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm and, if required by other Project lenders and/or the Limited Partner, earthquake and flood (provided the limits of flood coverage may be a reasonable amount that is less than full replacement value). Business interruption coverage shall be provided for at least twelve (12) months' worth of estimated operating expenses and Rent following a loss from a covered peril. Landlord shall be named as loss payee on Tenant's property insurance as its interests may appear.

5.1.2 Commercial General Liability Insurance. Commercial general liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Project or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage combined single limit liability of not less than Five Million Dollars (\$5,000,000) for each occurrence. Coverage under any such policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner's and contractor's protective, products and completed operations. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.3 Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 "any auto" (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. The policy shall provide a \$5,000,000 combined single limit per accident. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.4 Worker's Compensation. Coverage shall be at least as broad as Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or "other States" State Law.

5.1.5 Employer's Liability or "Stop Gap". Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.

5.1.6 Additional Insured Endorsements. Landlord and its officers, officials, employees and agents are to be covered as additional insureds for full coverage and policy limits

on Tenant's liability policies (except Worker's Compensation coverage) as respects liability arising out of activities performed by or on behalf of Tenant in connection with this Lease.

5.1.7 Construction Insurance. Prior to commencement of any construction and until construction is complete and accepted by Tenant, Tenant shall cause its construction general contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to said construction; the cost of such insurance shall be paid by Tenant and/or any of Tenant's contractors. Prior to commencement of construction, Tenant shall furnish Landlord with certificate(s) of the required insurance policies and endorsement(s) complying with the requirements of this Article 5 for the coverages required by this Section 5.1.7. Alternatively, Tenant may obtain liability insurance coverage during construction of the Project through an Owner Controlled Insurance Program ("OCIP") policy.

(i) General Liability. \$10,000,000 combined single limit per occurrence, and for those policies with aggregate limits, a \$10,000,000 aggregate limit. Coverage shall be at least as broad as Insurance Services Office form number CG 00 01 or its substantive equivalent, including coverage for Products and Completed Operations. Coverage shall not exclude explosion collapse and underground damage (XCU). Limit may be achieved through the use of umbrella/excess liability policy(ies)

(ii) Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 "any auto" (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. Policy shall provide \$5,000,000 combined single limit per accident. If the work involves the transport of pollutants (as defined by the standard auto policy exclusion of pollution) the auto policy shall be endorsed to include endorsement CA 9948 (or its equivalent) and MCS 90. Limit may be achieved through the use of umbrella/excess liability policy(ies)

(iii) Builder's Risk. Tenant shall procure and maintain, or cause its general contractor to procure and maintain, during the life of the construction contract, or until acceptance of the work by Tenant, whichever is later, "All Risk" or "Special Form" Builders Risk or Installation Floater Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft, off-site storage and property in transit. The coverage shall insure for direct physical loss to property of the entire construction project, for 100% of the replacement value thereof and, if required by other Project lenders and/or the Limited Partner, include earthquake and flood. The policy shall be endorsed to cover the interests, as they may appear, of Tenant (first named insured), Landlord (loss payee), and the general contractor (additional insured). In the event of a loss to any or all of the work and/or materials therein and/or to be provided at any time prior to the final close-out of the contract and acceptance of the work by Tenant, Tenant shall require the contractor to promptly reconstruct, repair, replace or restore all work and/or materials so destroyed. Nothing herein provided for shall in any way excuse Tenant or its surety from the obligation of furnishing all the required

materials and completing the work in full compliance with the terms of the construction contract.

(iv) Workers' Compensation. Coverage shall be at least as broad as Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or "other States" State Law.

(v) Employer's Liability or "Stop Gap". Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.

(vi) Professional Liability Errors and Omissions. In the event that services delivered pursuant to such construction either directly or indirectly involve or require professional services, Professional Liability Errors and Omissions coverage shall be provide at a limit of \$1,000,000 per claim and in the aggregate.

(vii) Contractor's Pollution Liability. \$1,000,000 per claim/aggregate. Tenant and/or its contractor shall provide contractor's pollution liability coverage to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean up costs and the loss of use of tangible property that has not been physically injured or destroyed. If asbestos, lead or PCBs are a potential exposure, such insurance shall not exclude pollution arising out of such substances.

Section 5.2 General Requirements. All policies described in Section 5.1 shall include Landlord and any Leasehold Mortgagees, as additional insureds for full coverage and policy limits under the general, automobile, and pollution liability policies and as loss payees under the property policies (including builder's risk), as their respective interests may appear. All policies described in Section 5.1 shall be issued by insurance companies permitted to issue policies in the State of Washington and having a Best's rating of at least "A/VIII", shall be written on an "occurrence" form (claims-made policies are not acceptable except for pollution and professional liability policies), and shall contain or be endorsed to provide: (a) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Landlord, and any insurance and/or self-insurance maintained by Landlord or its officers, officials, employees or agents shall not contribute with Tenant's insurance or benefit Tenant in any way; (b) reserved; (c) a provision that no act or omission of the Tenant shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all rights of subrogation against the Landlord and its authorized parties in connection with any loss or damage thereby insured against; (e) an acknowledgement that Tenant's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability; and (f) terms providing that any loss covered by such insurance shall be adjusted with the Landlord and each Leasehold Mortgagee (unless such Leasehold Mortgagee elects not to participate), but shall, to

the extent required by the loan documents of any Leasehold Mortgage, be payable to the holder of any Leasehold Mortgage, who shall agree to receive and disburse all proceeds of such insurance in accordance with the loan documents of the most senior Leasehold Mortgage, subject to the duty of the Tenant to repair or restore the Project if and as required herein, and only to the extent such repair or restoration is commercially feasible and can be completed within the maturity date of such loan. Coverage shall not be suspended, voided, canceled, or reduced in scope or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after thirty (30) days prior written notice has been given to the Landlord and applicable Leasehold Mortgagee(s), which notice may be provided by Tenant. If at any time, any of the foregoing policies shall not be in compliance with the requirements herein, Tenant shall, upon written notice from Landlord, obtain a new policy as promptly as practicable, and shall submit the same to Landlord, with the appropriate certificates and endorsements for approval. Any deductibles or self-insured retentions must be declared to Landlord, and Tenant's deductible and or self-insured retentions shall not limit or apply to Tenant's liability to Landlord and shall be the sole responsibility of Tenant. By requiring such minimum insurance hereunder, Landlord shall not be deemed or construed to have assessed the risks that may be applicable to Tenant under this Lease, and Tenant shall assess its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Section 5.3 Evidence of Insurance. Certificates of insurance and required endorsements for all insurance required to be maintained by Tenant under this Article 5 shall be furnished by Tenant to Landlord prior to the Commencement Date and at least ten (10) days prior to expiration of any such policies. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by Landlord and are to be received and approved by Landlord prior to the commencement of activities associated with the Lease. Tenant shall also provide copies of required policies to Landlord within ten (10) days after the latter's request.

Section 5.4 Waiver of Subrogation. To the extent any loss is required to be covered by property and/or builder's risk insurance required in this Article 5 or elsewhere in this Lease, or is actually covered by property insurance carried by a party, Landlord and Tenant hereby release each other from any and all liability or responsibility (to the other or anyone claiming through or under the other by way of subrogation or otherwise) for any loss or damage to real or personal property on the Premises caused by fire or any other insured peril, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible, provided that the foregoing waivers shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

Section 5.5 Periodic Adjustment of Tenant's Insurance Requirements. Due to the length of the Term of this Lease, the Parties agree that this Article 5 may, at the discretion of Landlord, be reviewed and adjusted within ninety (90) days of the end of each five (5) year anniversary of the Commencement Date hereof. Any adjustments made by Landlord with regard to limits, scope and types of insurance, shall be in accordance with such insurance customary for similar

multifamily housing projects in the Seattle – King County geographical area and shall be effective on the first day of each successive five (5) year period. Adjustment, if any, in insurance premium(s) shall be the responsibility of Tenant. Any failure by Landlord to exercise its right to review and adjust at any of the aforementioned adjustment periods shall not constitute a waiver of future review and adjustment timings. Nothing contained within this Section 5.5 shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(ies). Nothing contained within this Section 5.5 shall affect and/or alter the application of any other provision contained within this Lease. Notwithstanding the foregoing, in no event shall Tenant be required to carry flood insurance covering the Premises if such coverage is not commercially available. Notwithstanding the foregoing or anything herein to the contrary, Tenant shall be deemed to be in compliance with any increases to coverage requirements or limits effected under this Section 5.5 so long as Tenant procures and maintains insurance meeting the requirements of the most senior Leasehold Mortgagee.

Section 5.6 Tenant's Failure to Carry Insurance. If Tenant at any time during the Term fails to procure or maintain insurance required hereunder or to pay the premiums therefor, and such failure continues for five (5) business days after written notice from Landlord, Landlord shall have the right to procure the same and to pay any and all premiums thereon, and any amounts paid by Landlord in connection with the acquisition of insurance shall be immediately due and payable as additional rent, and Tenant shall pay to Landlord upon demand the full amount so paid and expended by Landlord, including interest at the Default Rate defined below until paid.

ARTICLE 6 **MAINTENANCE AND ALTERATIONS**

Section 6.1 Maintenance of Leased Premises. In addition to the provisions of Section 6.3 below, during the Term, at Tenant's sole cost and expense, Tenant shall keep and maintain the Premises, the Project and all appurtenances thereunto belonging, in good and safe order, condition and repair. Tenant shall be responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Premises and the Project. At Tenant's own expense, Tenant shall keep and maintain the Premises and the Project in compliance with the Existing Project Agreements and all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction. Additionally, Tenant shall protect against and refrain from creating or allowing the creation of a recognized hazardous environmental condition. During the Term, Tenant, at Tenant's sole cost and expense, shall take all actions necessary to eliminate, remove, remediate or otherwise clean up any recognized hazardous environmental condition, provided however, that to the extent that such hazardous environmental condition is the responsibility of the Landlord under Section 4.3.4 of the Development Agreement, the Landlord shall take all actions necessary to eliminate, remove, remediate or otherwise clean up such hazardous environmental condition. Save and except as provided in Section 4.3.4 of the Development Agreement, Landlord shall have no obligation to Tenant to make any changes or

improvements, or to incur any expenses whatsoever for the maintenance, monitoring, repair or remediation of the Premises or the Project.

Section 6.2 Alterations to Leased Premises. Subject to the permitted uses of the Premises set forth in Section 1.3, following initial construction of the Project as contemplated in Article 2 above, Tenant shall make no additions, alterations or changes in or to the Project (1) with respect to the Project footprint, or (2) that materially and adversely impact Landlord's use of any adjacent property by the Landlord or Landlord's use of the reserved access rights described in Section 6.3.2 of this Lease ("**Alterations**") unless such Alterations: (A) are consistent with the Minimum Affordable Housing Unit Requirement, and (B) are approved by Landlord in its reasonable discretion. Any disputes with respect to such changes shall be subject to the Dispute Process described in the Development Agreement to resolve disagreements in connection therewith, as more particularly described in the Development Agreement. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's sole cost and expense, payment and performance bonds in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of any proposed Alterations, including all costs for materials, labor, and supplies. Within three (3) months following final completion date of any Alterations (including all "punch-list" items), Tenant shall deliver to Landlord copies of: (i) all final permits (including without limitation any building permit); and (ii) a copy of as-built drawings for the Alterations (which may consist of the final drawings for the Alterations annotated with field notes identifying all changes made thereto in the course of construction) in electronic and hard-copy format as required by the Landlord.

Section 6.3 Landlord's Rights.

6.3.1 Landlord's Reserved Access Rights. Landlord reserves for itself, its transit customers, and the public the right to enter, use, and cross all outdoor public spaces within the Premises. Landlord further reserves the right, in an emergency, to drive and park Transit supervisor, security/first responder, or maintenance vehicles, but not coaches or buses, on those outdoor portions of the Premises that are designed and constructed for vehicle use.

ARTICLE 7 **PERMITTED MORTGAGES**

Section 7.1 Leasehold Mortgage Provisions. Tenant intends that the development of the Project be financed with various public and private debt and/or grants, which funding may be secured by leasehold mortgages ("**Leasehold Mortgages**"), and notwithstanding anything in this Lease or the Existing Project Agreements to the contrary, Tenant may mortgage its interest in this Lease and the leasehold interest created herein without Landlord's consent, provided that any such Leasehold Mortgage shall remain subject and subordinate to the terms and provisions of this Lease. "**Leasehold Mortgagee**" shall include any lender who is a holder of a Leasehold Mortgage, and in connection with the senior loan on the Project, includes both the "Funding Lender" (initially, Bank of America, N.A., and its successors and assigns, including without limitation CPC Mortgage Company LLC, the Federal Home Loan Mortgage Corporation and their respective successors and assigns) and the "Fiscal Agent" (initially, U.S. Bank Trust

Company, National Association) as defined in such loan documents. Subject to Landlord's approval of Transfers to the extent required below, any Leasehold Mortgagee or transferee or designee of any Leasehold Mortgagee that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or nonjudicial foreclosure sale, deed or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part obligations secured by any Leasehold Mortgage, and the successors and assigns of any such Leasehold Mortgagee, is referred to as a "**Transferee**".

Section 7.2 Leasehold Mortgages; Landlord's Consent to Transfers. Landlord acknowledges that Tenant's financing for the Project will require Tenant to provide security interests in Tenant's leasehold interest in the Premises, and its ownership interest in the Project. Notwithstanding anything herein to the contrary, foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate hereunder or any part thereof and Tenant's interest in the Project and other rights hereunder, or any part thereof, to any Leasehold Mortgagee or other person through, or in lieu of, foreclosure, trustee's sale or other proceedings in the nature thereof, and any subsequent sale, transfer and/or conveyance of Tenant's leasehold estate hereunder or any part thereof by such transferee, shall be expressly permitted and shall not require the consent of Landlord or constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, sale or conveyance Landlord shall recognize Leasehold Mortgagee or other direct or indirect Transferee in connection therewith as the Tenant hereunder to the extent of the interest so transferred. Modifications or amendment of any Leasehold Mortgage or any document or agreement entered into connection therewith shall not require the consent of the Landlord.

Section 7.3 Notice to Leasehold Mortgagee. During any period in which a Leasehold Mortgage is in place, Landlord shall give each Leasehold Mortgagee at the address set forth in this Lease or at the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof, a duplicate copy of all notices (other than rent or periodic billing notices) as such notice is given to or served upon Tenant, provided that such notice shall be duly given when sent to the Leasehold Mortgagee at the notice address set forth herein (or the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof), by US Mail, registered, return receipt requested or by a recognized overnight commercial delivery service; and provided, further, that the failure of Landlord to send a copy of any notice of default to Leasehold Mortgagee shall not subject Landlord to any liability hereunder, subject to the subsequent sentence. Notwithstanding the foregoing, in no event may Landlord exercise any remedy following a default hereunder unless and until it has provided written notice of the same to Leasehold Mortgagees in accordance with this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon written notice delivered to Landlord. Landlord may additionally provide a copy of such notice to a Leasehold Mortgagee by email as a courtesy but Landlord is under no obligation to do so.

Section 7.4 Right of Leasehold Mortgagee to Cure. Leasehold Mortgagee, at its option at any time within ninety (90) days, or such longer period as may be applicable as provided below, following the expiration of the right of Tenant to cure any default under the Lease or the Existing Project Agreements, may pay any amount or do any act or thing required of Tenant by the terms of the Lease or the Existing Project Agreements. Payments made and acts performed by such Leasehold Mortgagee within such ninety (90) day period, or such longer period as may be applicable as provided below, shall be effective to prevent a termination of the rights of Tenant hereunder and cure such default(s), if such payments and acts conform to the terms of the notice from Landlord described in Section 7.3 or if, together with any performance by Tenant or any other person with any cure rights, they are sufficient, except as to timing, to exercise the Tenant's right to cure that so expired; provided that in order to prevent termination of the Lease, a Leasehold Mortgagee shall not be required to cure (1) default on obligations of Tenant to satisfy or otherwise discharge any lien, charge, or encumbrance against Tenant's interest in the Lease caused by a wrongful act of Tenant; (2) any default to the extent resulting from the acts or omissions of the Landlord; or (3) defaults which are of a nature personal to the Tenant and therefore not capable of being cured by a Leasehold Mortgagee or are otherwise not reasonably susceptible of cure by a Leasehold Mortgagee (collectively, "**Excluded Defaults**"). Accordingly, in such event Leasehold Mortgagee shall not be required to cure such Excluded Defaults to avoid termination of the Lease or the Existing Project Agreements. If the default by Tenant is of such nature that it cannot practicably be cured without possession of the Premises and the Project, then the ninety-day period set forth above shall be extended during such time in which the Leasehold Mortgagee shall then be proceeding with reasonable diligence to foreclose on the Tenant's interest or otherwise obtain possession of the Premises and Project for itself or a receiver.

7.4.1 Notwithstanding anything herein or the Existing Project Agreements to the contrary, prior to the expiration of the cure rights of Leasehold Mortgagees, the Landlord shall not exercise any of its remedies under this Lease or the Existing Project Agreements, including without limitation effecting or causing any purported termination of the Lease or the Existing Project Agreements, nor take any action to deny Tenant or any subtenant possession, occupancy, or quiet enjoyment of the Premises or any part thereof.

7.4.2 Without limiting the rights of Leasehold Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of the Lease to pay all of the Rent due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of, and/or cure a default under, the Lease and the Existing Project Agreements. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Premises for purposes of accomplishing any of the foregoing, and at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this

Lease. Any of the foregoing done by any Leasehold Mortgagee shall be as effective to prevent a termination of and/or cure any such default under the Lease and the Existing Project Agreements, as if the same would have been if done by Tenant.

Section 7.5 Right to New Lease. If the Lease terminates for any reason including the rejection of the Lease in a bankruptcy proceeding, then Landlord shall give written notice of such fact to each Leasehold Mortgagee, and if one or more Leasehold Mortgagees gives written notice to Landlord within sixty (60) days following delivery of such notice of termination by Landlord, Landlord agrees in such case to enter into a new ground lease for the Premises (a “**New Lease**”) with the most senior Leasehold Mortgagee or its designee, for the remainder of the term of the Lease (including any option terms) effective as of the date of such termination, at the rent and additional rent and upon the other terms, conditions, covenants and agreements contained in this Lease and the Existing Project Agreements and with equal priority thereto, on the conditions set forth in this Article 7. Notwithstanding anything to the contrary contained herein, no termination of the Lease shall become effective until, and the lien of each Leasehold Mortgage on the Project shall remain effective until, either a New Lease has been made pursuant to this Article 7 or no Leasehold Mortgagee has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 60-day period as set forth above.

7.5.1 The tenant under the New Lease shall have the same right, title and interest in and to the Premises and Project and all obligations as Tenant had under the terminated Lease (other than with respect to Excluded Defaults) and the Existing Project Agreements and the Landlord and the new tenant shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest or obligations.

7.5.2 If the Landlord shall, without termination of the Lease, evict the Tenant, or if the Tenant shall abandon the Premises without Landlord thereafter terminating this Lease as permitted elsewhere herein, then any reletting thereof shall be subject to the liens and rights of Leasehold Mortgagees, and in any event Landlord shall not relet the Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days advance written notice to all Leasehold Mortgagees of the intended reletting and the terms thereof, and if any Leasehold Mortgagee shall, within sixty (60) days of receipt of such notice, give notice to the Landlord of such Leasehold Mortgagee’s intent to pursue proceedings to foreclose on the Premises or otherwise cause the transfer thereof, then so long as the Leasehold Mortgagee shall diligently pursue such proceedings the Landlord shall not proceed with such reletting without the prior written consent of such Leasehold Mortgagee.

7.5.3 Nothing herein contained shall require any Leasehold Mortgagee to accept a New Lease.

Section 7.6 Limitation on Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be liable to Landlord as the “Tenant” under this Lease unless it expressly assumes such liability in writing. Unless any Leasehold Mortgagee or other Transferee acquires Tenant’s leasehold interest created hereunder and becomes the Tenant under the Lease or under any New Lease obtained pursuant to this Article, the Leasehold Mortgagee or other Transferee shall not be liable for the obligations of the Tenant under the Lease arising on and after the transfer of the Tenant’s interest in this Lease to the new “Tenant.” Any liability of any Leasehold Mortgagee or other Transferee shall be limited to its interests in the leasehold and the Premises, including the rents, profits, and proceeds therefrom, and shall be enforceable solely against those interests. Further, upon the transfer or assignment of all of its right, title and interest in this Lease, any Leasehold Mortgagee or other Transferee shall be automatically released from all liability to Landlord hereunder.

Section 7.7 Estoppel Certificates. Landlord and Tenant agree that at any time and from time to time upon not less than forty-five (45) days’ prior written notice by the other Party, or upon request from any Leasehold Mortgagee or a permitted assignee or from Limited Partner, Landlord or Tenant will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee or Limited Partner a Ground Lease Estoppel in the form attached hereto as **Exhibit C** or other statement in writing certifying (1) that the Lease is unmodified and in full force and effect if such be the case or, if not, the extent to which the Lease has been modified; (2) the date through which the Rent has been paid; and (3) that, to the knowledge of the certifier (if such be the case); (3) there is no default, set-off, defense or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of the Lease or such statement; and (4) and any other information concerning performance, construction, tenancy, possession or other matters of reasonable interest to prospective lenders, partners, subtenants or purchasers as may be reasonably requested by the requesting party. The Parties intend that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant, or any Leasehold Mortgagee, as the case may be, in the Lease, or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgage; provided that no such statement shall be deemed to modify or amend this Lease or to affect the rights or remedies of the party providing such statement. All reasonable costs and expenses incurred by Landlord in connection with its review and negotiation of any such estoppel certificate, or any other documentation relating to any Leasehold Mortgage and requested to be executed by Landlord by Tenant or any Lender or Transferee, including without limitation costs and fees of Landlord’s counsel, shall be borne solely by Tenant, and Tenant shall reimburse Landlord either within thirty (30) days of Landlord’s demand therefor or on or before Landlord’s execution of the estoppel certificate or any other documentation relating to any Leasehold Mortgage.

Section 7.8 Actions not Effective Without Leasehold Mortgagee or Limited Partner Consent. No cancellation, surrender, or modification or amendment of the Lease or the Existing Project Agreements, and no waiver of any of Tenant’s rights thereunder, shall be made without the prior written consent of all Leasehold Mortgagees and the Limited Partner. No subordination of the Tenant’s interest in the leasehold or the Premises, or the rents or income therefrom, to any encumbrance or assignment granted by Landlord, and no joinder by Tenant

in any such encumbrance or assignment, shall be binding as to a Leasehold Mortgagee without the express prior written consent of that Leasehold Mortgagee. No consent or waiver of any Leasehold Mortgagee shall be effective for purposes of the Lease unless it is made in writing. Landlord shall not encumber the fee estate with a deed of trust, mortgage, or similar lien or encumbrance, without the prior written consent of all Leasehold Mortgagees and the Limited Partner.

Section 7.9 Registration of Leasehold Mortgagees. Tenant shall promptly provide written notice to Landlord of the name and address of each Leasehold Mortgagee under this Lease.

Section 7.10 Subordination of Liens to Leasehold Mortgages. Landlord hereby subordinates its statutory landlord's lien rights to the perfected lien of the Leasehold Mortgage (including UCC-1 Financing Statements). Any Leasehold Mortgagee may enter the Premises for the purpose of exercising the rights and remedies provided under its Leasehold Mortgage including, without limitation, removing equipment, trade fixtures and other personal property from the Premises; provided that at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this Lease, and Leasehold Mortgagee shall repair any damage resulting from such removal.

Section 7.11 Tenant's Limited Partner shall have the notice and cure rights provided in Section 11.2.7 below.

Section 7.12 During the existence of any Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and the Landlord's reversionary interest or fee interest in the Premises, then such estates will remain separate and there will be no merger without the prior written consent of each Leasehold Mortgagee.

Section 7.13. Following any foreclosure or deed in lieu of foreclosure by the senior Leasehold Mortgagee, to the extent necessary for feasibility of the Project, Tenant may increase rents in accordance with applicable law, provided in all cases the Project continues to comply with the Minimum Affordable Housing Unit Requirement.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES

Section 8.1 Representations of Landlord, Landlord represents to Tenant as follows, which representations are true and correct as of the date of this Lease to the actual knowledge of the Landlord:

8.1.1 The execution and delivery of this Lease have been or will be duly authorized by all necessary agency or other action; and

8.1.2 Landlord has received no written notice of any pending eminent domain proceeding or threatened governmental taking relating to all or any part of the Premises.

8.1.3 There are no mortgages, deeds of trust or other similar encumbrances encumbering Landlord's fee estate.

Section 8.2 Representations, Warranties and Covenants of Tenant. As an inducement to Landlord to enter into and to proceed under this Lease, Tenant warrants and represents to Landlord as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Commencement Date:

8.2.1 Tenant has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease; and

8.2.2 The entry by Tenant into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Tenant is a party or by which it is bound.

8.2.3 Tenant has sufficient financial resources (which may include but are not limited to loans, grants, and/or tax credit financing) to carry out the Project on the Premises consistent with this Lease and the Existing Project Agreements.

Section 8.3 Landlord's Remedy of Specific Performance. In addition to all other remedies under this Lease, the Existing Project Agreements, or at law or equity, Landlord reserves the remedy of specific performance to require Tenant to perform consistent with its representations and warranties under Section 8.2.

ARTICLE 9 **EMINENT DOMAIN**

Section 9.1 Total Condemnation. If the whole of the Premises and the Project, (or such portion of the Premises as renders it infeasible, in Tenant's sole discretion but with the prior written consent of the most senior Leasehold Mortgagee, for Tenant to continue to operate and maintain the Project), shall be taken, appropriated, or condemned under power of eminent domain during the Term (including any transfer made under threat of any such taking, appropriation, or condemnation), then any award of "just compensation" shall be allocated and distributed to Landlord and Tenant taking into account (1) Landlord's fee estate and Landlord's interest in this Lease and its reversionary rights to the Project and the Premises; (2) the restricted nature of Tenant's leasehold interest under this Lease and the Existing Project Agreements; and (3) Tenant's own investment in the completed Improvements apart from financing reflected in any Leasehold Mortgages. In the event of a total taking, this Lease shall terminate when Tenant can no longer use the Premises in the manner herein intended, or when possession thereof shall

be required by the appropriating or condemning authority, whichever shall first occur; but such termination of this Lease shall not preclude nor restrict Tenant's right to a reasonable allocation of just compensation as provided above. In the event that this Lease is terminated pursuant to this Section 9.1, the condemnation proceeds received as the result of such appropriation or taking shall be distributed as follows: (1) First, if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages; (2) to Landlord, to the extent of its interest in the Premises and this Lease, or any of them as set forth above in this Section 9.1; and (3) to Tenant to the extent of its interests in this Lease and its investment in the Premises. If there are any proceeds remaining after the distributions specified in the preceding sentence then those remaining proceeds shall be distributed to Landlord.

Section 9.2 Partial Condemnation. In the event that a part of the Premises shall be taken or condemned under circumstances in which Tenant desires to continue the Lease, this Lease shall continue in full force and effect and shall terminate only as to that part of the Premises so taken. In that event Tenant shall, at its own cost and expense, make all repairs to the Project on the Premises affected by such taking or condemnation to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase) in accordance with the loan documents of the most Senior Leasehold Mortgage; provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable condemnation award which is paid over to Tenant for such repair and/or restoration. Any award of "just compensation" shall be allocated and distributed as follows: first, if any Leasehold Mortgages are in place, to such Leasehold Mortgagees to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages, and then to Landlord and Tenant as provided under Section 9.1. There shall be no adjustment to Rent.

Section 9.3 Temporary Taking. If there shall be a temporary taking with respect to all or any part of the Premises or of Tenant's interest in this Lease, then the Term shall not be reduced and Tenant shall continue to pay in full all Rent (if any) and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Tenant shall not be required to perform such obligations that Tenant is prevented from performing by reason of such temporary taking. Any condemnation proceeds or other compensation attributable to such temporary taking shall be paid to Tenant subject to the rights of the Leasehold Mortgagees.

Section 9.4 Miscellaneous. It is understood and agreed that Tenant shall not be party to any negotiation or proceedings at law wherein Landlord claims compensation other than that which is defined statutorily as constituting "just compensation." The Leasehold Mortgagees shall be provided notice of any condemnation proceedings and/or negotiations affecting the Premises in accordance with the notice provisions of this Lease, and shall have the right, but not the obligation, to participate in any such condemnation proceedings and negotiations.

ARTICLE 10
DAMAGE OR DESTRUCTION

Section 10.1 Damage or Destruction to Leased Premises. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Premises, the Project or any portion thereof (hereinafter sometimes referred to as a “**Casualty**”). Subject to Section 10.2 below, if during the Term the Project shall be damaged or destroyed by Casualty, Tenant shall, subject to the terms of the Leasehold Mortgages, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty, which insurance proceeds shall be payable to the most senior Leasehold Mortgagee and applied, in accordance with the loan documents of the most senior Leasehold Mortgage, to repay the indebtedness owed to such Leasehold Mortgagee or to fully repair or restore the Project or to replace damaged portions thereof with new improvements of a like quality and usefulness to those that were damaged in accordance with the requirements of the most senior Leasehold Mortgagee, provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable insurance proceeds which are paid over to Tenant for such repair and/or restoration.

Section 10.2 Right to Terminate.

10.2.1 If Tenant determines, subject to the rights of the Leasehold Mortgagees, by notice to Landlord given within one hundred eighty (180) days after the date of such Casualty, that it is not economically practical to restore the Project and/or the Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Tenant may, with the prior written consent of all Leasehold Mortgagees, terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Tenant terminates this Lease pursuant to this Section 10.2, Tenant shall be responsible for and shall bear all costs to remove all remaining improvements and debris from the Premises, including without limitation removal of all foundations, footings, pads, and other underground, at-grade, and above-ground improvements and to promptly surrender possession of the Premises to Landlord in “pad-ready” condition with no excavations or other holes in the ground surface.

10.2.2 Prior to surrendering the Premises to Landlord, duly authorized representatives of Tenant and Landlord will together inspect the Premises to evaluate the state of the Premises. After such inspection, both representatives together will establish in writing any further work to be done by Tenant, the time schedule to perform such work and the inspection date of such work, in order to make the Premises “pad ready” upon surrender to Landlord. If Landlord is satisfied with the condition of the Premises, Landlord shall so notify Tenant in writing.

10.2.3 Tenant acknowledges and agrees that if any remaining work is not completed by Tenant to Landlord’s satisfaction within the agreed-upon timeframe, then any such work may be performed by Landlord or at Landlord’s expense in order to repair and restore the Premises to the required “pad-ready” condition. All expenses incurred by Landlord for such restoration

work shall be reimbursed by Tenant within thirty (30) days of Tenant's receipt of Landlord's detailed invoices, it being understood that these expenses shall be limited to the cost of labor at either the Landlord's or its contractor's "fully loaded" union labor rates, plus the cost of necessary materials (if any).

Section 10.3 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to this Article 10, then insurance proceeds received as the result of such Casualty shall be distributed as follows: (1) if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees; and (2) to Landlord or Tenant, as applicable, to reimburse for the cost of completion of demolition of the Project improvements and surrender of the Premises to Landlord in "pad ready" condition under Section 10.2, and (3) to Landlord, up to the total cost of all restoration work (if any) paid for by Landlord under Section 10.2.3, and (4) then, and only then, to Tenant.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Default By Tenant. Each of the following is a material default and breach of this Lease by Tenant:

11.1.1 Failure to make any required Rent or any other payment as and when due, if the failure continues for a period of ten (10) business days after written notice from Landlord.

11.1.2 Failure to substantially commence construction of the Project by the deadline set forth in Exhibit J (which supersedes the applicable deadlines set forth in the Existing Project Agreements).

11.1.3 Failure to substantially complete construction of the Project by the deadline set forth in Exhibit J (which supersedes the applicable deadlines set forth in the Existing Project Agreements).

11.1.4 Failure to obtain or maintain any insurance required to be maintained by Tenant hereunder, and such failure continues for a period of five (5) business days after written notice from Landlord.

11.1.5 Failure to operate no less than the Minimum Affordable Housing Unit Requirement at the Project in accordance with the Covenants, if the failure continues for a period of sixty (60) days or more after written notice from Landlord or such other cure periods as may be provided in the Covenants.

11.1.6 Failure to perform any other obligation of Tenant hereunder not described in clauses 11.1.1 through 11.1.5 above, inclusive, if the failure continues for a period of thirty (30) days after written notice from Landlord (provided that, if the default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within such thirty-day period and thereafter diligently pursues its completion).

For the avoidance of doubt, no action or omission by the Retail Owner (or other tenant or owner under the Non-Residential Ground Lease) or default under the Non-Residential Ground Lease or otherwise with respect to the Non-Residential Units will affect or otherwise result in a default or breach under this Lease. Further, Tenant shall have no obligation or liability to Landlord with respect to the Non-Residential Units under this Lease or the Existing Project Agreements.

Section 11.2 Remedies Upon Default By Tenant. If any material default or breach by Tenant occurs, Landlord may, subject in all respects to the provisions of this Lease with respect to Landlord's rights to cure defaults by Tenant, and with respect to the rights of any Leasehold Mortgagees or limited partner (the "**Limited Partner**"), do any or all of the following:

11.2.1 Upon thirty (30) days' written notice to Tenant, terminate Tenant's right to possession of the Premises, and this Lease shall terminate. Landlord may re-enter and take possession of and remove, at Tenant's costs and expense, all persons or property, and Tenant shall immediately surrender possession of the Premises to Landlord.

11.2.2 Maintain Tenant's right to possession, and this Lease shall continue in force whether or not Tenant has abandoned the Premises. Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due.

11.2.3 Pursue any other remedy available to Landlord under the law or equity. The remedies of Section 11.2.1 and 11.2.2 are not exclusive.

11.2.4 Any amount due from Tenant to Landlord under this Lease not paid when due shall (1) be subject to a "**Late Charge**" equal to the greater of (A) five percent (5%) of the overdue payment, or (B) \$500; and shall (2) accrue interest from date due until paid at the rate of twelve percent (12%) per annum (the "**Default Rate**"). The Parties agree that the foregoing Late Charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss caused by Tenant's non- or late-payment of any Rent or other amount due and owing under this Lease. Landlord's acceptance of any Late Charge shall not constitute a waiver of Tenant's default with respect to any such late- or non-payment, or prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law. Waiver of the late charge or interest with respect to any delinquent payment will not be deemed to constitute a waiver of the late charge or interest with respect to any subsequent delinquent payment. Any payments of any kind returned for insufficient funds will be subject to an additional charge of \$50.00 payable by Tenant to Landlord. In addition, if payments are received by check or draft from Tenant, and two (2) or more of such checks or drafts are dishonored by the bank or other financial institution they were drawn upon in any twelve (12) month period, Landlord may thereafter require all Rent and other payments due hereunder from Tenant to Landlord to be made by bank cashier's or bank certified check or other similar means of payment, and Landlord shall not be required to accept any checks or drafts of Tenant that do not comply with such requirements.

11.2.5 Upon any termination of this Lease due to any uncured default by Tenant hereunder that is not cured prior to the expiration of any applicable notice and cure period, Tenant shall, within ten (10) days thereafter, deliver to Landlord at no cost to Landlord all of the Affordable Housing Developer Materials (as such term is defined in the Development Agreement) then in Tenant's possession or control.

11.2.6 If Tenant defaults in the performance of any obligation under this Lease and such default remains uncured for a period longer than specified above (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), then Landlord may request and Tenant shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to Landlord, a surety bond, or a letter of credit. Tenant's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and Landlord may in its discretion terminate this Lease.

11.2.7 Notwithstanding anything to the contrary contained herein, Landlord shall not exercise any of its remedies hereunder or under the Existing Project Agreements without having given written notice of the Event of Default to the Tenant's Limited Partner reflected in the limited partnership agreement created by Affordable Housing Developer for this Project (the "**LP Agreement**") simultaneously with the giving of notice to Tenant. The Limited Partner shall have the same cure period after the giving of a notice as provided to Tenant, plus an additional period of one hundred eighty (180) days if reasonably required by Limited Partner to effect a cure (including without limitation, up to sixty (60) additional days if necessary to remove the general partner of Tenant and/or admit an additional general partner pursuant to the LP Agreement and as permitted by Section 16.2.2 below, if such removal and/or admission is reasonably necessary in order to effect cure). If the Limited Partner elects to cure the Event of Default (and nothing hereunder binds the Limited Partner to do so), Landlord agrees to accept such performance as though the same had been done or performed by Tenant, prior to exercise by Landlord of any remedies hereunder. Landlord acknowledges that, if the Limited Partner removes the general partner of Tenant as contemplated herein, the Limited Partner will not be required to cure prior defaults of that general partner that are not capable of being cured by Limited Partner, such as the bankruptcy of such general partner.

Section 11.3 Default by Landlord. Landlord shall be in default under this Lease if it fails to perform any material provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Landlord. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty-day period and thereafter diligently pursues its completion.

Section 11.4 Remedies Upon Default by Landlord; Limitation of Landlord's Liability. Tenant's sole remedies for any claimed default by Landlord hereunder shall be an action for actual damages, the recovery of which are limited as set forth in this Section 11.4, or injunctive relief, and in no event shall Tenant have the right to: (i) abate or set-off Rent; (ii) engage in self-help remedies; or (iii) terminate this Lease; provided that, if Landlord's default (a) consists of its failure to initially deliver exclusive possession of the Premises to Tenant as required by Section 1.2 above, or (b) constitutes an actual or constructive eviction of Tenant from the entire Premises, Tenant may nevertheless elect to terminate this Lease upon ninety (90) days written notice to Landlord, provided that Tenant's notice of termination shall be void *ab initio* if Landlord cures the alleged default giving rise to Tenant's termination remedy within such 90-day period. If Tenant exercises its right to terminate this Lease as aforesaid, then all provisions of this Lease that apply in connection with the expiration or termination of this Lease shall apply. Landlord shall not be liable for incidental or consequential damages or lost profits, and any monetary judgment obtained by Tenant hereunder shall be satisfied solely from Landlord's estate and interest in the Premises, including the Rental and other income therefrom and the insurance, condemnation, and sales proceeds thereof, and not from any other property or assets of Landlord, and shall be subject to all other limitations of liability set forth elsewhere in this Lease. Neither Landlord, nor any agent, officer, director, or employee of Landlord shall be personally liable for any portion of such a judgment.

ARTICLE 12

QUIET ENJOYMENT AND POSSESSION; LANDLORD'S RIGHT OF ENTRY

Section 12.1 Quiet Enjoyment. So long as Tenant is not in default under this Lease after expiration of any applicable notice and cure period, Landlord covenants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Premises during the Term, subject to the provisions of this Lease, the Existing Project Agreements, and all applicable laws, ordinances and regulations.

Section 12.2 Landlord's Right of Entry. Landlord reserves the right to enter the Premises to inspect the same and to perform any maintenance, repairs, or improvement which it is permitted or entitled by this Lease or applicable law to make, at any and all reasonable times throughout the term of this Lease, provided that Landlord shall give Tenant not less than forty-eight (48) hours' prior notice (except in an emergency, in which case Landlord shall give such advance notice as is practicable under the circumstances), shall not interfere unduly with Tenant's operations and shall use reasonable efforts to cooperate with any security measures Tenant may then have in effect. The right of entry and inspection reserved to Landlord hereunder shall impose no obligation on Landlord to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Landlord for failure to make such inspections.

ARTICLE 13
VACATION OF LEASED PREMISES

Tenant covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Tenant will peaceably and quietly yield and surrender possession of the Premises and Project to Landlord. Unless otherwise stipulated, all improvements or alterations, including the initial Improvements and all subsequent Alterations, erected or made on the Premises (not including personal property, equipment and removable fixtures, which shall remain the property of Tenant and which shall be removed by Tenant at its sole cost prior to the expiration or earlier termination of this Lease) shall, upon expiration or earlier termination of this Lease, belong to Landlord without compensation to Tenant and shall be delivered to Landlord clean and in reasonably good operating order and condition, reasonable wear and tear excepted. For the avoidance of doubt, all appliances shall remain on and be surrendered with the Premises except to the extent they are owned by individual residential unit tenants, in which case Tenant shall cause such residential tenant-owned appliances to be removed at no cost to Landlord. If Tenant holds over after the expiration or earlier termination of this Lease, Tenant shall become a tenant from month-to-month at a rental rate equal to then-fair market rental value of the Premises and Project, as reasonably determined by Landlord, and otherwise subject to the terms, covenants, and conditions of this Lease, except those clearly inapplicable to the month-to-month tenancy. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration of this Lease, Tenant shall indemnify and hold Landlord harmless from all loss or liability including, without limitation, any claim made by any succeeding tenant or occupant founded on or resulting from such failure to surrender, together with Default Interest, reasonable attorney's fees, costs, and expenses. Within thirty (30) days after the Expiration Date or earlier termination of this Lease, Tenant shall deliver to Landlord copies of all Affordable Housing Developer Materials (as defined in the Development Agreement) then in Tenant's possession, without warranty or recourse.

ARTICLE 14
HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE

Section 14.1 Definitions. "**Hazardous Materials**" as used herein shall mean:

14.1.1 Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease-producing substances; or

14.1.2 Any dangerous waste or hazardous waste as defined in:

(i) Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70A.300A); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

(iii) Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or

14.1.3 Any hazardous substance as defined in:

(i) Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

14.1.4 Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

For purposes of this Article 14, “Tenant” shall mean Tenant and its sublessees (including residential tenants), assignees, contractors, agents, employees, representatives, affiliates and/or their respective invitees.

Section 14.2 Environmental Compliance.

14.2.1 In the conduct of its business at the Premises, and in its use and occupancy of the Premises and adjacent public areas that are available for use by Tenant and others (the “**Public Areas**”), Tenant shall, at Tenant’s own expense, comply with all federal, state and local laws, ordinances, regulations, permits, decrees or other governmental requirements now or hereafter in effect related to Hazardous Materials and other environmental laws, including, but not limited to, laws and regulations pertaining to stormwater discharges as set by the U.S. Environmental Protection Agency and the Washington Department of Ecology, as well as such rules concerning environmental matters as may be promulgated by Landlord (“**Environmental Laws**”). Tenant warrants that its business and all activities to be conducted or performed in, on, or about the Premises and the Public Areas shall comply with all of the Environmental Laws. Tenant agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations as may be necessary at any time during the term of this Lease to comply with the Environmental Laws.

14.2.2 Tenant shall not without first obtaining Landlord’s prior written approval use, generate, handle, store, treat, transport, or sell any Hazardous Materials in, on, or about the Premises or the Public Areas. In the event, and only in the event, that Landlord approves any of the foregoing, Tenant agrees that such activity shall occur safely and in compliance with the Environmental Laws. Without limiting the foregoing sentences, Landlord agrees that Tenant

may use, handle, store, transport, and dispose of reasonable amounts and types of ordinary cleaning supplies and similar items routinely used in the normal construction, operation, maintenance, repair, and occupancy of a residential building, to the extent consistent with all applicable Environmental Laws.

14.2.3 Tenant shall not cause or permit to occur any violation of the Environmental Laws on, under, or about the Premises and the Public Areas, or arising from Tenant's use or occupancy of the Premises and the Public Areas. Tenant shall not undertake, or allow others to undertake by Tenant's permission, acquiescence, or failure to act, or negligent activities that result in a release or threatened release of Hazardous Materials. If Tenant's act, omission or breach of obligation under this Lease results in a release of Hazardous Materials into the environment on, about, or migrating from the Premises or the Property that exceeds regulatory cleanup levels, then Tenant shall, at Tenant's sole expense, promptly take all actions necessary to mitigate such release and to fully and completely remove (and to dispose of such in accordance with applicable law) all of such Hazardous Materials.

14.2.4 Tenant shall, in a timely manner and at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental or regulatory authorities ("the **Authorities**" or "**Authority**") with jurisdiction under Environmental Laws. If Tenant fails to fulfill any duty imposed under this Article within the time specified by applicable law, or if no time is specified within a reasonable time, Landlord may take action; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of the Environmental Laws to the Premises and/or the Public Areas and Tenant's use thereof, and for compliance with the Environmental Laws, and Tenant shall execute all documents promptly upon Landlord's request. No such action by Landlord and no attempt made by Landlord to mitigate damages shall constitute a waiver of any of Tenant's obligations under this Article. Tenant shall immediately notify Landlord if Tenant becomes aware of any of the following: (a) a release or threatened release of Hazardous Materials on the Premises; (b) any actual or alleged violation of any of the Environmental Laws, including any inspection reports or any other notice received from any Authority that Tenant may be in violation of any Environmental Law; and (c) any notification from any Authority that investigation, remediation or removal of Hazardous Materials is or may be required at the Premises.

14.2.5 Should any Authority demand that a remedial investigation and/or cleanup or remediation plan be prepared and that a cleanup or remediation be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease and arises from Tenant's use or occupancy of the Premises, or which arises at any time from Tenant's use or occupancy of the Premises and/or the Public Areas, then Tenant shall, in a timely manner and at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such investigation and/or cleanup or remediation plans. Any such plans are subject to Landlord's prior written approval, such approval not to be unreasonably withheld. Although Landlord reserves the right

to review and approve such plans, Landlord assumes no responsibility for such plans or their compliance with Environmental Laws.

14.2.6 If Landlord determines in its sole discretion that an emergency exists (i) because of the deposit, spill, discharge or other release of Hazardous Materials at or from the Premises or (ii) which arises from Tenant's use or occupancy of the Premises and/or the Public Areas, Landlord will take such action as Landlord, in its sole discretion, considers reasonable to contact Tenant and advise it of the emergency situation. If Tenant is unreachable, or is unwilling to take immediate action, Landlord may, but is not required to, take immediate action to address the emergency situation, and Tenant will reimburse Landlord for all of its costs and expenses related thereto, provided, with respect to clause (i) above, that the deposit, spill, discharge or other release of Hazardous Materials arises from Tenant's use or occupancy of the Premises. The fact that Landlord takes immediate action shall not relieve Tenant of any of its responsibilities under this Lease and the Environmental Laws including, without limitation, Tenant's responsibility for complying with reporting requirements.

Section 14.3 Indemnification and Release.

14.3.1 Except as otherwise provided in this Section 14.3, Tenant shall be fully and completely liable to Landlord for, and shall indemnify, hold harmless and release Landlord from and against, any and all claims, liabilities, lawsuits, damages, demands, suits, losses, judgments, and costs, including but not limited to removal, remedial action, or other costs recoverable under CERCLA or MTCA; any and all other requirements, charges, interest, fees, oversight costs, or penalties (civil or criminal or both) imposed by any Authority; and all other expenses including but not limited to claims for bodily injury or death, property damage, diminution in value or loss of use, including attorney's fees and other costs of defense ("Claims") caused by or arising from (1) the use, disposal, transportation, generation, past, present or future release or threatened release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Tenant in, on, around, about, or emanating from the Premises, including but not limited any remediation activities conducted by Tenant or from Tenant's activities on the Premises or the Property, or from Tenant's activities on any adjoining property occurring during the term of the this Lease or at any time if caused by Tenant, including exacerbation or disturbance of existing Hazardous Materials that were released in, on or about the Premises prior to the Commencement Date of this Lease; or (2) Tenant's failure to comply with any obligation in this Article; or (3) any actions by Landlord under this Article. Without limiting the generality of the foregoing, the Parties acknowledge that Claims, as defined herein, are not limited to third party Claims, but include Claims made or incurred by the Parties. Tenant's duties under this Section 14.3 include the duty to pay or reimburse Landlord's direct and indirect costs to monitor or oversee Tenant's cleanup or other corrective work, including but not limited to engineering and other consulting services, sampling and studies, confirmatory testing, compliance monitoring, and administrative costs and expenses incurred in procuring and managing the same. Tenant's indemnity regarding Hazardous Materials and environmental compliance under this Section 14.3 is in addition to, and separate from, Tenant's indemnity obligations under Article 17 of this Lease.

14.3.2 Landlord agrees to indemnify, defend and hold Tenant harmless from and against all fines, penalties, administrative and judicial proceedings and orders, and all other direct costs and expenses incurred by Landlord or Tenant solely with respect to clean up or remediate any hazardous materials or substances that may be found to exist on the Property from past events or releases prior to the Effective Date of the Development Agreement (collectively, "Cleanup Costs"), save and except to the extent that such Cleanup Costs result from Tenant's exacerbation of such pre-existing condition, nature and/or extent of such hazardous materials or releases of hazardous substances. Landlord's limited indemnity under this Section 14.3.2 does not and shall not be construed to alter, reduce, or expand Tenant's separate indemnity obligations under this Lease, the Due Diligence Agreement, or the Development Agreement all of which are ratified and reaffirmed.

Section 14.4 Reporting Requirements. Tenant shall comply with the Environmental Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to Landlord a full copy of any such submission, filing or report as submitted within 15 days of such submission.

Section 14.5 Right to Check on the Tenant's Environmental Compliance. Landlord expressly reserves the right to conduct, and Tenant shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the Premises as Landlord, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems, provided that the inspection of individual residential units shall be subject to the rights of tenants under applicable landlord/tenant laws and ordinances.

Section 14.6 Remedies. Upon any default by Tenant under this Article, and the expiration of any applicable notice and cure period provided in this Lease (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), Landlord shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to Landlord:

14.6.1 At Landlord's option, to terminate this Lease, effective immediately; and/or

14.6.2 At Landlord's option, to perform such action as is required to bring the Premises and any other areas of the Property affected by Tenant's default into compliance with the Environmental Laws and to recover from Tenant all of Landlord's costs and expenses in connection therewith; and/or

14.6.3 To recover from Tenant any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs, expenses and charges, civil and criminal penalties and fees, adverse impacts on marketing the Premises or any other areas of the Property, loss of business and sales by Landlord and other tenants of the Property, diminution of value of the Premises and/or other areas of the Property, the loss of or restriction

of useful space in the Premises and/or other areas of the Property, and any and all damages and claims asserted by third parties, and Landlord's reasonable attorneys' fees, costs and expenses.

Section 14.7 Remediation on Termination of Lease. Upon the expiration or termination of this Lease, Tenant shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Premises caused by Tenant as required by applicable laws (“**Termination Cleanup**”). The process for such Termination Cleanup is subject to Landlord's prior written approval. Although Landlord reserves the right to review and approve the Termination Cleanup process, Landlord assumes no responsibility for it or its compliance with the Environmental Laws. If Tenant fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, within the time specified by law or within a reasonable time if no time is specified, Landlord may elect to perform such Termination Cleanup after providing Tenant with written notice of Landlord's intent to commence Termination Cleanup, and after providing Tenant a reasonable opportunity, which shall not be less than ninety (90) days after such notice (unless Landlord is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), to commence or resume the Termination Cleanup process. If Landlord performs such Termination Cleanup after said notice and Tenant's failure to perform same, Tenant shall pay all of Landlord's costs and expenses.

Section 14.8 Survival. Tenant's obligations and liabilities under this Article shall survive the expiration or termination of this Lease.

ARTICLE 15

TENANT'S COOPERATION WITH EXISTING AND FUTURE USES AND DEVELOPMENT OF TRANSIT CENTER AND PARK & POOL LOT

Section 15.1 Tenant acknowledges that Landlord intends to redevelop certain parcels adjoining the Premises for transit-oriented development and potentially other purposes consistent with existing and future transit uses of those parcels and the neighboring light rail station and related facilities. A conceptual illustration of the potential redevelopment sites is attached hereto as **Exhibit H**.

Section 15.2 In Tenant's development, construction, and operation of the Project on the Premises, Tenant shall cooperate and act in good faith in anticipation of the future redevelopment of the parcels illustrated in **Exhibit H**.

Section 15.3 Tenant shall not perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to interfere with existing or future transit uses (1) upon the parcels illustrated in **Exhibit H** or (2) upon the public streets or other rights of way adjacent to the Property. For purposes of this Section 15.3, “**transit uses**” include, but are not limited to, the turning movements, layover, and free passage of transit coaches and service and security vehicles; and

pedestrian, bicycle, and other nonmotorized access to, from, and across the parcels illustrated in **Exhibit H**.

Section 15.4 Tenant shall reasonably cooperate with the operation, maintenance, use, redevelopment, and construction of transit and other facilities or improvements upon the parcels illustrated in **Exhibit H**. Tenant shall reasonably cooperate and participate in Landlord's public outreach and other planning efforts related to such use, redevelopment, and construction. Provided, that this Section 15.4 imposes no duty on Tenant to affirmatively perform or undertake any transit or transit-related function.

Section 15.5 Tenant's failure to comply with this Article 15 shall constitute a breach of the Lease, provided that in no event shall Tenant be required to perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to have an adverse effect on the Premises and/or Project.

ARTICLE 16 **TRANSFERS**

Section 16.1 **General Terms**. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 above (Leasehold Mortgages), except for Exempt Transfers under Section 16.2.2 below, and except in accordance with Section 16.4, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Premises (any of the foregoing, a "**Transfer**") without Landlord's prior written consent in each instance, which consent may be withheld in Landlord's sole and absolute discretion except as otherwise provided in this Article, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease and no cure provision shall apply.

Section 16.2 **Assignments**.

16.2.1 Except as otherwise expressly permitted by this Lease, Tenant shall not assign or transfer this Lease or any interest therein, nor grant an option for such an assignment or transfer for the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of Landlord, which consent shall not be

unreasonably withheld, conditioned or delayed. It shall not be deemed unreasonable for Landlord to withhold, condition or delay its consent for a transfer or assignment of this Lease, in whole or in part, that would entail a use other than the permitted uses of the Premises set forth in Section 1.3 of this Lease.

16.2.2 Notwithstanding the provisions of Section 16.2.1 or anything to the contrary in the Existing Project Agreements, the following shall be considered “**Exempt Transfers**” which shall not require the consent of the Landlord: (i) a transfer of ownership interests of the initial Limited Partner, (ii) to the extent permitted by the initial LP Agreement, a transfer of the Limited Partner’s interests in Tenant to an affiliate of the initial Limited Partner or to the General Partner or an affiliate of the General Partner; (iii) to the extent contained in or permitted by the initial LP Agreement, the grant and/or exercise of an option or right of first refusal to the General Partner, any affiliate of the General Partner or its members to acquire the Tenant’s interest in this Lease or the Premises or the Limited Partner’s interests in the Tenant, and (iv) to the extent provided by the initial LP Agreement, any removal of the general partner of the Tenant by the Limited Partner; provided that: (1) within ninety (90) days thereafter a successor general partner is substituted that is, or the sole member and manager (if any) of which is either, at the option of the Limited Partner: (a) a Seattle-based nonprofit or public entity approved in writing by Landlord, or a subsidiary or Affiliate of which a Seattle-based nonprofit or public entity approved in writing by Landlord is the sole member and manager, or (b) any other nonprofit or public entity approved in writing by Landlord, or limited liability company of which a nonprofit or public entity approved in writing by Landlord are the sole members; and (2) if the successor general partner is not a Seattle-based nonprofit or public entity approved in writing by Landlord then, within six (6) months of such entity becoming the successor general partner, the Limited Partner shall have replaced such successor general partner, with a general partner, that is, or the sole members of which are, Seattle-based nonprofits or public entities approved in writing by Landlord. Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, or its affiliates, is hereby approved as a permitted temporary replacement general partner of Tenant during any period Limited Partner is diligently seeking a permanent replacement general partner satisfying the criteria of the foregoing sentence. If Landlord consents to any assignment or transfer or if an assignment or transfer is made pursuant to this Section 16.2.2 that does not require Landlord’s consent, this Section 16.2 shall nevertheless continue in full force and effect and no further assignment or transfer shall be made except in compliance with this Section 16.2.

16.2.3 If Tenant desires to assign or transfer, or grant an option for assignment or transfer, for the whole or part of the Premises, or any portion of this Lease or any interest herein, and such assignment or transfer is not an Exempt Transfer under Section 16.2.2 above, then Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment or transfer, or grant of an option therefor, to a third party. The notification shall include but not be limited to a financial statement of the third party, including but not limited to a full disclosure of the monetary payment or any other consideration involved, and an affidavit from the third party stating it has examined this Lease, and, understanding this Lease, agrees to assume and be bound by all of

the Tenant's obligations and covenants under this Lease, the same as if it were the original Tenant hereunder, and the proposed date of assignment, transfer or grant of an option therefor. Tenant shall also provide any financial, corporate or other information regarding the proposed assignment or the assignee/transferee, demonstrating the assignee's ability to perform the Tenant's obligations under the Lease, including information evidencing the managerial, operational and financial wherewithal of the assignee or transferee, as reasonably requested by Landlord (all of the aforementioned documents are collectively referred to as the "**Transfer Documents**").

16.2.4 Any assignment or transfer made in violations of this Section 16.2 shall be null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease.

Section 16.3 Subletting.

16.3.1 Unless the sublease sought to be entered into is (i) a Permitted Rental Agreement as defined under Section 16.4, or (ii) to an entity that controls, is controlled by or is under common control with Tenant (collectively, an "**Exempt Sublease**"), Tenant shall not sublet the whole or any part of the Premises, nor grant an option for sublease for the whole or any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall consent to a proposed sublease or grant of an option for sublease if such use is consistent with the permitted uses of the Premises set forth in Section 1.3 in this Lease. If Landlord shall give its consent to any sublease, this Section 16.3 shall nevertheless continue in full force and effect and no further sublease shall be made without Landlord's consent. No sublease authorized under this Section 16.3 shall relieve or release the Tenant from any obligation or responsibility required of the Tenant under this Lease. Landlord agrees to enter into non-disturbance and attornment agreements with commercial subtenants, if any, upon commercially reasonable terms if requested to do so.

16.3.2 Except with respect to an Exempt Sublease, if Tenant desires to sublease, or grant an option for sublease, for the whole or part of the Premises, or any portion of this Lease or any interest therein, Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of sublease, or grant of an option therefor, to a third party. The notification shall include to a full disclosure of the monetary payment or any other consideration involved, the proposed date of the sublease, and a copy of the sublease agreement between the Tenant and new tenant. Tenant shall also provide any financial, corporate or other information regarding the proposed sublease or the subtenant reasonably requested by Landlord.

16.3.3 Any sublease made in violations of this Section 16.3 shall be null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease.

Section 16.4 Permitted Rental Agreements. Notwithstanding anything to the contrary elsewhere in this Lease, Tenant shall have the unrestricted right at any time and from time to

time to enter into, or as applicable, cause its affiliated subtenant to enter into apartment rental agreements with residential apartment tenants at the Project (each, a “**Permitted Rental Agreement**”), all without the necessity of obtaining Landlord’s prior consent thereto or approval thereof. All Permitted Rental Agreements shall be subject and subordinate to this Lease and in no event shall the term of any Permitted Rental Agreement extend beyond the expiration date of the Term of this Lease. Upon any earlier expiration or termination of this Lease, all then-effective Permitted Rental Agreements shall, at Landlord’s election, likewise terminate.

ARTICLE 17

RELEASE AND INDEMNIFICATION

Section 17.1 Releases. This Lease is made upon the express condition that except as specifically set forth herein, Landlord is to be free from and Tenant assumes the risk of all liability and claims for damage, loss, cost or expense by reason of any injury, loss or theft of any property in or from the Premises or the improvements or by reason of any injury to any person or persons, including Tenant, or any property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes whatsoever, in, upon or in any manner connected with the Premises or the improvements or with the sidewalks, approaches, and entrances adjacent to the Premises, during the term of this Lease or any extension or renewal thereof or any occupancy hereunder. Without limiting the generality of the foregoing, Landlord and the Landlord Parties shall not be liable for any loss or damage to persons or property resulting from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any cause, whether the said damage or injury results from conditions arising upon the Premises, the adjacent property or from other sources or places regardless of whether the same is inaccessible to Tenant, except to the extent caused by the negligent acts and omissions of Landlord or any Landlord Party.

Section 17.2 Indemnification. Notwithstanding any other provision of this Lease, the Tenant hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Landlord) the Landlord and the other Landlord Parties from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys’ fees and expenses), arising directly or indirectly, in whole or in part, out of the use of and operations at the Premises, including but not limited to: (1) any claims for personal injury or property damage made by Landlord, any Landlord Party, or any third party; and (2) any act or omission by Tenant or any Tenant Parties in connection with the Premises. Notwithstanding the foregoing, the foregoing indemnification obligations by Tenant shall not extend or apply to the negligent acts and omissions of Landlord or any Landlord Party. In addition, if any contractor or subcontractor that performed any construction work for the Tenant or the Tenant’s

affiliates on the Project asserts any claim against the Landlord on account of any damage alleged to have been caused by the Tenant or the Tenant's affiliates, their members, partners, officers, commissioners, directors, affiliates (other than Landlord), agents or employees, or their construction contractors, then the Tenant shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Landlord shall be allowed, the Tenant shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith. Tenant hereby waives for itself and its employees any immunity to which it or they may be entitled under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify Landlord and the Landlord Parties, which waiver has been mutually negotiated by the Parties. In the event it is determined that RCW 4.24.115 applies to this Lease, Tenant agrees to defend, hold harmless, and indemnify Landlord to the maximum extent permitted thereunder. These indemnities shall survive the termination of this Lease.

Section 17.3 Miscellaneous. Tenant's indemnity obligations under this Article 17 are in addition to, and separate from, Tenant's indemnity obligations under Article 14 of this Lease regarding Hazardous Materials and environmental compliance. Tenant's indemnity obligations under this Article 17 do not include Hazardous Materials and environmental compliance.

ARTICLE 18

MISCELLANEOUS PROVISIONS

Section 18.1 Entire Agreement. This Lease (and the Exhibits hereto), together with the Existing Project Agreements, contain the entire agreement and understanding between Landlord and Tenant concerning the subject matter of this Lease, and supersede all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by Landlord or Tenant concerning the Property, Premises, or Project or the other matters which are the subject of this Lease. The Parties acknowledge that each Party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting Party shall not be employed nor applied in the interpretation of this Lease.

Section 18.2 Governing Law; Choice of Venue; Attorneys' Fees. The interpretation, construction and enforcement of this Lease, and all matters relating hereto, shall be governed by the laws of the State of Washington without giving effect to its conflicts of law rules or choice of law provisions. Subject to matters governed by the Dispute Process pursuant to Article 19 below, any judicial proceeding brought by either of the Parties against the other Party or any dispute arising out of this Lease, the Premises, or the Project, or any matter relating thereto, shall be brought in the Superior Court of the State of Washington (in King County), or in the United States District Court for the Western District of Washington. In that regard, each Party hereby waives any defense of inconvenient forum and any bond or other security that might otherwise be required of the other Party with respect to such choice of judicial forum. If any legal action or other proceeding is commenced to enforce or interpret any provision of, or otherwise relating to, this Lease, the substantially losing Party shall pay the substantially prevailing Party's actual expenses incurred in the investigation of any claim leading to the

proceeding, preparation for and participation in the proceeding, any appeal or other post judgment motion, and any action to enforce or collect the judgment including contempt, garnishment, levy, discovery and bankruptcy. For purposes of this Section 18.2 “expenses” include, without limitation, court or other proceeding costs and experts’ and attorneys’ fees and their expenses. The phrase “substantially prevailing Party” shall mean the Party who is determined in the proceeding to have primarily prevailed or who prevails by dismissal, default or otherwise.

Section 18.3 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.

Section 18.4 Severability. The provisions of this Lease are intended to be severable and enforced to the maximum extent permitted by law. If for any reason any provision of this Lease shall be held invalid, illegal or unenforceable in whole or in part, then that provision shall be ineffective only to the extent of the invalidity, illegality or unenforceability, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions of the Lease. The unaffected portion and provisions of the Lease will be enforced to the maximum extent permitted by law.

Section 18.5 Further Assurances. From and after the date of this Lease, Landlord and Tenant, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease, provided that the same may be done at no material cost to the Party receiving such request; and provided further, that where this Lease provides for specific forms of or limitations on such further instruments, the Parties shall abide by the same.

Section 18.6 References; Construction. Unless otherwise indicated, (1) all section and exhibit references are to the sections and exhibits of this Lease, and (2) all references to days are to calendar days. The Exhibits hereto are incorporated herein by this reference; provided that in the event of any conflict or inconsistency between this Lease and any of the Existing Project Agreements, the terms and provisions of this Lease shall control. Whenever under the terms of this Lease the time for performance of a covenant or condition falls upon a Saturday, Sunday or State of Washington holiday, such time for performance shall be extended to the next business day. The headings used in this Lease are provided for convenience only and this Lease shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

Section 18.7 Intentionally Omitted.

Section 18.8 Intentionally Omitted.

Section 18.9 Intentionally Omitted.

Section 18.10 Rights Cumulative; Amendments and Waivers. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity. No addition to or modification of this Lease shall be effective unless set forth in writing and signed by the Party against whom the addition or modification is sought to be enforced and accompanied by the prior written consent of the Leasehold Mortgagees. The Party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by the other Party unless made in writing and signed by the waiving Party. No delay or failure to require performance of any provision of this Lease shall constitute a waiver of that provision. Any waiver granted shall apply solely to the specific instance expressly stated.

Section 18.11 Notices. All notices, demands, approvals, and other communications provided for in this Lease shall be in writing and shall be effective (1) upon receipt when personally delivered to the recipient at the recipient's address set forth below; (2) when received by United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth below, or when such receipt is rejected; (3) one (1) business day after deposit with a recognized overnight courier or delivery service; or (4) when electronically transmitted (including email or facsimile) to the email address or facsimile number set forth below. A Party disputing delivery or receipt of email notice shall have the burden of proving that the email notice was not delivered or received or both. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or federal or state legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. A Party may change its address or other contact information by giving notice as specified in this Section 18.11.

If to Landlord: King County Metro Transit Department
Attn: Director of Capital Division, Metro Transit Department
201 South Jackson Street
KSC-TR-0415
Seattle, WA 98104-3856

With a copy to: Facilities Management Division
Real Estate Services Section
201 South Jackson Street
KSC-FMD-0XXX
Seattle, WA 98104-3856

With a copy to: King County Prosecuting Attorney Office
Attn: Chief Civil Deputy Prosecuting Attorney
W400 King County Courthouse
516 Third Avenue
Seattle, WA 98104

If to Tenant: Northgate Affordable Housing LLLP
c/o BRIDGE Housing Corporation
350 California Street, 16th Floor
San Francisco, CA 94104
Attention: Rebecca Hlebasko, General Counsel

With a copy to: Community Roots Housing
1620 – 12th Ave., Suite 205
Seattle, WA 98122
Attn: Thea Munchel, Vice President, Real Estate Development

With a copy to: Kantor Taylor PC
1200 5th Avenue, Suite 1910
Seattle, WA 98101
Attn: Mark Kantor

If to Lender(s): Bank of America, N.A.
4500 Amon Carter Blvd., 2nd Floor
Fort Worth, TX 76155
TX2-979-02-2
Attn: Construction Servicing (Real Estate) Loan Administration
Manager

Copy to: Buchalter, a Professional Corporation
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017
Attn: Michael Williamson, Esq.
Re: Northgate Apartments (B0965-0747)

If to Limited Partner: Bank of America, N.A.
100 Federal Street, 4th Floor
MA5-100-04-11
Boston, MA 02110
Attn: Asset Management

Copy to: Buchalter, a Professional Corporation
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017

Attn: Michael Williamson, Esq.
Re: Northgate Apartments (B0965-0748)

Section 18.12 Counterparts. This Lease may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Lease to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

Section 18.13 Time of Essence. Time is of the essence in the performance of the Parties' respective obligations under this Lease, and no notice of a Party's intent to require strict compliance with the deadlines set forth in this Lease is required.

Section 18.14 No Third-Party Beneficiaries. Except for Leasehold Mortgagees and the Limited Partner with respect to rights, powers and interests granted to them hereunder, nothing in this Lease, express or implied, is intended to confer any rights or remedies under or by reason of this Lease on any person other than the Parties to it, nor is anything in this Lease intended to relieve or discharge any obligation of any third person to any Party hereto or give any third person any right of subrogation or action over or against any Party to this Lease.

Section 18.15 Commissions; Indemnity. Neither Landlord nor Tenant is represented by a broker in this transaction. Each Party represents to the other party that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the negotiation or execution of this Lease. Each Party hereby indemnifies and agrees to protect, defend and hold harmless the other Party from and against all liability, cost, damage or expense (including, without limitation, attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying Party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying Party. This Section 18.15 is intended to be solely for the benefit of the Parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a Party to this Lease.

Section 18.16 Memorandum of Lease. This Lease shall not be recorded, but the Parties hereto shall execute an Amended and Restated Memorandum of Lease in the form attached hereto as **Exhibit D** and Tenant shall cause the same to be recorded at its expense in the real property records of King County, Washington. Tenant agrees to execute, within ten (10) days after written demand from Landlord, an appropriate release and/or cancellation instrument, in proper form for recordation, acknowledging the expiration or earlier termination of the Lease.

Section 18.17 Relationship of Parties. Nothing contained in this Lease shall be construed to create, nor shall either Party represent the existence of, a partnership, a joint venture, an association, a corporation, a trust or other entity, nor to constitute either Party the agent of the other.

Section 18.18 Intentionally Omitted.

Section 18.19 Non-publicity. Except for those matters that must be disclosed to perform the commitments of Tenant under this Lease, and except as otherwise provided by applicable law, Tenant agrees that no press releases concerning the transactions provided for in this Lease shall be made by Tenant without the prior written consent of Landlord. The provisions of this Section 18.19 shall survive any termination of this Lease. Notwithstanding the foregoing, Landlord and Tenant acknowledge that the existence of this Lease and certain of its terms will become public. Further, the provisions of this Section 18.19 shall not be applicable to Tenant with respect to information that becomes public through parties other than Tenant, including information that may become public through information requests directed at Landlord and information that may become public as part of Landlord's internal approval processes. Finally, Landlord acknowledges that Tenant may disclose the terms of this Lease for the purposes of financing the Project.

Section 18.20 Force Majeure. The Parties hereby acknowledge and agree that the times set forth in this Lease shall not be subject to delay, except to the extent a Force Majeure Event has occurred, and then only as provided in this Section. For purposes of this Lease, a "**Force Majeure Event**" shall mean any delay due to war, insurrection, riots, civil disturbances, floods, fires, casualties, earthquakes, tsunamis, acts of God, acts of the public enemy, epidemics, quarantine restrictions of more than three (3) consecutive calendar months in duration, any actions by any Governmental Authorities beyond a Party's reasonable control (other than issuance or an appeal of any permits, approval, or other entitlements); provided, however, any financial inability, or an economic downturn as the result of any of the foregoing or any other cause, shall not be deemed a Force Majeure Event. A Force Majeure Event shall not toll or extend the Expiration Date.

Section 18.21 Waiver of Jury Trial. LANDLORD AND TENANT IRREVOCABLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT UNDER THIS LEASE, THE ENFORCEMENT OF THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF INJURY OR DAMAGE ARISING BETWEEN LANDLORD AND TENANT, OR ANY ACTIONS OF LANDLORD IN CONNECTION WITH OR RELATING TO THE ENFORCEMENT OF THIS LEASE.

Section 18.22 Acceptance of Service of Process. In the event that Landlord or a Landlord Party commences any legal action against Tenant, service of process on Tenant shall be made by

personal service upon Tenant, or in such manner as may be provided by law, and shall be valid whether made within or without the State of Washington.

Section 18.23 Nondiscrimination. Tenant, on behalf of itself and its successors and assigns, as a part of the consideration hereof, does hereby covenant and agree to comply with all civil rights and anti-discrimination requirements of federal, state and local laws applicable to the Premises, including, without limitation, Chapter 49.60 RCW. Tenant 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 Chapter 12.16, as now codified and as hereafter amended. Tenant 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, King County Charter Section 840, 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 this Lease and may result in ineligibility for further agreements between the Parties.

ARTICLE 19

DISPUTE RESOLUTION AND RELATED MATTERS

Section 19.1 Certain Matters Not Subject to Dispute Resolution. The following matters are not subject to dispute resolution under Section 19.2 of this Lease: (1) Any dispute or matter involving any action by Landlord that seeks repossession of the Premises as part of Landlord's remedy, whether by unlawful detainer, or ejection, or otherwise; (2) any action by Landlord seeking an injunction or temporary restraining order; (3) any action for the collection of Rent; (4) any matter related to Landlord's assertion that the Tenant is in uncured default under this Lease; or (5) any matter arising out of or related to eminent domain proceedings against the Premises or the Project by any governmental entity.

Section 19.2 Certain Disputes Subject to Dispute Resolution. Disputes that are not excluded from dispute resolution under Section 19.1 shall be subject to dispute resolution under this Section 19.2.

19.2.1 Landlord and Tenant agree to communicate regularly to discuss matters arising under this Lease and to prevent disputes from arising. Except as otherwise provided, the Parties agree further to use their best efforts to resolve any disputes arising under this Lease using good-faith negotiations through the following Dispute Process:

Step One. Landlord and Tenant or their designees shall confer and attempt to resolve the dispute within ten (10) business days of written notification by either Party.

Step Two. In the event Landlord and Tenant or their designees are unable to resolve the dispute within ten (10) business days as provided in Step One, either Party may refer the dispute to Landlord's and Tenant's authorized representatives or their respective designees. They shall confer and attempt to resolve the dispute within five (5) business days of receiving the referral.

Step Three. In the event Landlord's and Tenant's authorized representatives or their respective designees are unable to resolve the dispute within five (5) business days as provided in Step Two, either Party may refer the dispute to Landlord's Metro General Manager and such representative as designated for this purpose by Tenant. They shall confer and attempt to resolve the dispute within five (5) business days after receiving the referral.

Before initiating a step described above, each Party shall notify the other with the name and contact information of person designated to act on behalf of the respective Party.

19.2.2 If the Parties are unable to resolve the dispute using the process set forth in Steps One through Three above, the Parties may, by agreement, choose to submit the matter to a non-binding mediator. The Parties shall share equally in the cost of the mediator.

19.2.3 As to matters that are subject to dispute resolution under this Section 19.2 neither Party shall have the right to seek relief in a court of law until and unless Steps One through Three above are exhausted. At all times during the course of such dispute resolution efforts, the Parties agree to continue to perform their respective responsibilities under this Lease with due diligence.

19.2.4 The Parties agree that as between them, applicable statutes of limitation or statutes of repose shall be tolled while the Parties implement the dispute resolution process set forth in this Section 19.2.

19.2.5 For the avoidance of doubt, the dispute resolution procedures and requirements set forth in this Article 19 shall not apply to the Leasehold Mortgagees.

ARTICLE 20 EXHIBITS

Section 20.1 List of Exhibits. The following Exhibits are attached to this Lease and are incorporated herein by reference:

- A. Legal Description of the Property
- A-1. Site Plan
- B. Legal Description of the Premises
- C. Form of Ground Lessor Estoppel
- D. Form of Amended and Restated Memorandum of Ground Lease
- E. Copy of Due Diligence Agreement

- F. Copy of Development Agreement
- G-1 Intentionally Omitted
- G-2 Intentionally Omitted
- G-3 Intentionally Omitted
- H. Conceptual Illustration of Potential Future Uses and Development on Parcels
Adjacent to the Premises
- I. Intentionally Omitted
- J. Updated Development & Milestone Schedule

[Signatures on Following Page]

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

LANDLORD:

KING COUNTY, a home rule charter and Washington political subdivision:

By: _____

Name: _____

Title: _____

Approved as to form for King County:

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

TENANT:

NORTHGATE AFFORDABLE HOUSING LLLP,
a Washington limited liability limited partnership

By: Northgate Affordable LLC,
a Washington limited liability company

Its: General Partner

By: BRIDGE Housing Corporation,
a California nonprofit public benefit corporation

Its: Manager

By: _____
Name:
Title:

By: Community Roots Housing,
a Washington public corporation

Its: Manager

By: _____
Name: Christopher Persons
Title: Chief Executive Officer

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

A&R Ground Lease - Housing

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington,
residing at _____
My appointment expires _____

Exhibit A

Legal Description of the Property

PARCEL Y OF BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

A&R Ground Lease - Housing

Exhibit A-1

Site Plan

[attached]

A&R Ground Lease - Housing

Exhibit B

Legal Description of the Premises

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

PARCEL A:

UNIT 1, [NORTHGATE], A CONDOMINIUM, ACCORDING TO DECLARATION THEREOF RECORDED [____], UNDER KING COUNTY RECORDING NO. [____], AND AMENDMENT(S) THERETO; SAID UNIT IS LOCATED ON SURVEY MAP AND PLANS FILED IN VOLUME [__] OF CONDOMINIUMS, AT PAGES [__] THROUGH [__], IN KING COUNTY, WASHINGTON.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AS CREATED BY BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL C:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND UTILITIES AS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR PRIVATE ACCESS AND UTILITIES RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000733, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL D:

A NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO BUILD AREAS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000734, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL E:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO BUILD AREA CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000735, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL F:

A NON-EXCLUSIVE EASEMENT FOR CRANE BOOM, ACCESS, STAGING AND CONSTRUCTION OF IMPROVEMENTS AS CREATED BY CONSTRUCTION EASEMENT

A&R Ground Lease - Housing

AGREEMENT RECORDED DECEMBER 21, 2023 UNDER RECORDING NO.
20231221000736, RECORDS OF KING COUNTY, WASHINGTON.

A&R Ground Lease - Housing

Exhibit C

Form of Ground Lessor Estoppel

[attached]

A&R Ground Lease - Housing

Exhibit D

Form of Amended and Restated Memorandum of Ground Lease

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

Facilities Management Division
Real Estate Services Section
500 4th Avenue Suite 830
KSC-FMD-0830
Seattle, WA 98104

AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE

Grantor: KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle, as "Landlord"

Grantee: NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, as "Tenant"

Legal Description: [Unit 1, Volume _____ of Condominiums, Pages _____]

Assessor's Tax Parcel ID#: 322604-9325 _____

Reference No.: 20231221000732

THIS AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE (this “**A&R Memorandum**”) is made as of this _____ day of _____, 202___, by and between KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle (“**Landlord**”), and NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership (“**Tenant**”).

RECITALS

1. Landlord and Tenant are parties to that certain Ground Lease dated as of December 21, 2023 (the “**Original Lease**”), wherein Landlord leased to Tenant certain real property legally described on

A&R Ground Lease - Housing

Exhibit "A" attached hereto and incorporated herein by reference (the "**Original Premises**"), a memorandum of which Original Lease was recorded in the real property records of King County, Washington as instrument number 20231221000732;

2. Landlord and Tenant have entered into that certain Amended and Restated Ground Lease for Affordable Housing dated on or about the date hereof (the "**A&R Lease**"). Pursuant to the A&R Lease, the parties replaced the legal description of the premises attached to the A&R Lease as Exhibit B in its entirety and replaced the legal description with **Exhibit "B"** attached hereto and incorporated herein by reference (the "**Amended Premises**"), such that the "Premises" under the A&R Lease shall be the Amended Premises; and

3. Landlord and Tenant have prepared and executed this A&R Memorandum for the purpose of recordation to provide notice of the amendment to the Original Premises as set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the A&R Lease and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Incorporation of Recitals; Capitalized Terms. The foregoing Recitals shall be incorporated as though fully set forth herein. Any capitalized terms not defined in this A&R Memorandum shall have the meanings ascribed thereto in the A&R Lease.
2. The Lease. Landlord has leased to Tenant, and Tenant has leased from Landlord, pursuant to the terms and conditions of the A&R Lease, the Amended Premises.
3. Lease Term. The Term of the A&R Lease is a period of seventy-five (75) years, commencing on the Commencement Date defined in the Lease and expiring on December 21, 2098, unless sooner terminated in accordance with the A&R Lease.
4. Assignments, Subleases, and Other Transfers Restricted. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into the A&R Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 of the A&R Lease (Leasehold Mortgages), and except in connection with Permitted Rental Agreements described in Article 16 of the A&R Lease, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, mortgage, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in the A&R Lease or the Amended Premises (any of the foregoing, a "Transfer") without Landlord's prior written consent in each instance, which consent may be withheld in Landlord's sole and absolute discretion except as otherwise provided in Article 16 of the A&R Lease, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and

A&R Ground Lease - Housing

void and without any effect whatsoever, and may be deemed by Landlord as a default under the A&R Lease and no cure provision shall apply.

5. Additional Provisions. The A&R Lease contains additional rights, terms and conditions not enumerated in this instrument.

6. Purpose and Intention; Conflict. This A&R Memorandum is executed for the purpose of recordation in the Records, and is not intended, and shall not be construed, to define, limit or modify the A&R Lease. This A&R Memorandum creates no leasehold or other estate with respect to the Amended Premises and this A&R Memorandum documents no leasehold or other estate other than the leasehold estate that was created with respect to the Amended Premises by the A&R Lease. This A&R Memorandum shall be governed in all respects solely by the A&R Lease and all of the provisions thereof. In the event of any inconsistency between the provisions of this A&R Memorandum and the A&R Lease, the provisions of the A&R Lease shall control.

7. Cancellation of Memorandum of Lease. Unless sooner terminated by specific written agreement of Landlord and Tenant, this A&R Memorandum shall expire and be of no further force or effect immediately, and without further action, upon the expiration or earlier termination of the A&R Lease. To evidence such termination or expiration pursuant to this Section, each Party agrees, within five (5) business days after the written request of the other Party, to enter into and record an appropriate release and/or cancellation instrument, in proper form for recordation in the Records, acknowledging the expiration or earlier termination of the A&R Lease (the "Cancellation"). If Tenant fails to timely deliver the Cancellation, and such failure continues for an additional five (5) business days after a second written notice, Tenant hereby appoints Landlord as Tenant's attorney-in-fact for the limited purpose to prepare, execute and record the Cancellation. This appointment shall be coupled with an interest and irrevocable.

8. Binding Effect. All of the provisions of this A&R Memorandum shall inure to the benefit of and shall be binding upon the successors and assigns of Landlord and Tenant; provided, however, any such assignment shall be subject to the terms and conditions of the A&R Lease.

9. Counterparts. This A&R Memorandum may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this A&R Memorandum to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

[Signatures on Following Page]

A&R Ground Lease - Housing

IN WITNESS WHEREOF, this Amended and Restated Memorandum of Ground Lease is made and entered into in multiple original counterparts on the day and year first above written.

LANDLORD/KCM:

TENANT:

KING COUNTY, a home rule charter and Washington political subdivision:

NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership

By: _____

By: Northgate Affordable LLC,
a Washington limited liability company

Name: _____

Its: General Partner

Title: _____

BY:

Approved as to form for King County:

BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation
Its: Manager

By: _____

By: _____

Name: _____

Name:

Title: _____

Title:

And:

COMMUNITY ROOTS HOUSING, a Washington public benefit corporation
Its: Manager

By: _____

Name:

Title:

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF

ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

A&R Ground Lease - Housing

STATE OF WASHINGTON

COUNTY OF KING

ss:

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

A&R Ground Lease - Housing

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

A&R Ground Lease - Housing

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

A&R Ground Lease - Housing

EXHIBIT A

To

Amended and Restated Memorandum of Ground Lease

Legal Description of the Original Premises

PARCEL A:

PARCEL X OF BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AS CREATED BY BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

A&R Ground Lease - Housing

EXHIBIT B
To

Amended and Restated Memorandum of Ground Lease

Legal Description of the Amended Premises

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

[insert]

A&R Ground Lease - Housing

Exhibit E
Due Diligence Agreement
[attached]

A&R Ground Lease - Housing

Exhibit F
Development Agreement
[attached]

A&R Ground Lease - Housing

Exhibit G-1

Intentionally Omitted

A&R Ground Lease - Housing

Exhibit G-2

Intentionally Omitted

A&R Ground Lease - Housing

Exhibit G-3

Intentionally Omitted

A&R Ground Lease - Housing

Exhibit H

Conceptual Illustration of Potential Redevelopment Sites

[attached]

A&R Ground Lease - Housing

Exhibit I

Intentionally Omitted

A&R Ground Lease - Housing

Exhibit J

Updated Development & Milestone Schedule

Milestone	Construction Schedule Date	Outside Date
obtain building permit	[January 2, 2024]	[April 30, 2024]
substantially commence construction of the Project	[January 2, 2024]	[April 30, 2024]
substantially complete construction of the Project	[November 5, 2025]	[May 31, 2026]
obtain temporary or permanent certificate of occupancy for the Project	[November 5, 2025]	[May 31, 2026]

A&R Ground Lease - Housing



King County

Dow Constantine
 King County Executive
 401 Fifth Avenue, Suite 800
 Seattle, WA 98104-1818
206-263-9600 Fax 206-296-0194
 TTY Relay: 711
www.kingcounty.gov

November 5, 2024

The Honorable Dave Upthegrove
 Chair, King County Council
 Room 1200
 C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if enacted, would authorize King County to amend and restate its 75-year ground lease with Bridge Housing Corporation and Community Root Housing for the creation of 232 units of affordable housing and three additional dwelling units set aside for on-site management to be located on County-owned land that is a part of the Northgate Transit Center. The proposed amendment separates the commercial aspect of the property from the affordable housing element as required by the lessee's lender.

The ground lease requires the lessee/developer to construct, manage, and operate the units of subsidized affordable housing to serve households earning up to 60 percent of area median income (AMI) through a mix of unit sizes and configurations. It also specifies that a minimum of 10 percent of the units be "system connected" which serve very low to extremely low income households below 50 percent AMI. Each of these uses is specified under the existing ground lease and will be continued in the proposed amended and restated lease.

Separating the residential ground lease from the commercial ground lease provides project funders security to guarantee funding for the residential element of the project while eliminating responsibility for commercial space financing.

Thank you for your consideration of this proposed Ordinance. Restating and amending the existing ground lease to create a separate residential ground lease is a critical step in delivering a successful affordable housing project at Northgate.

If you have any questions, please contact Mark Ellerbrook, Capital Division Director, Metro Transit Department, at maellerbrook@kingcounty.gov or 206-263-9631.

The Honorable Dave Upthegrove

November 5, 2024

Page 2

Sincerely,



for

Dow Constantine

King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Michelle Allison, General Manager, Metro Transit Department

Mark Ellerbrook, Division Director, Capital Division, Metro Transit Department

Lorraine Patterson-Harris, County Administrative Officer, Department of Executive Services (DES)

Drew Zimmerman, Acting Director, Facilities Management Division, DES

GENERAL TRANSACTION INFORMATION

Ordinance/Motion:				Transaction Duration:	75 years
Title:	Approval of amended and restated residential ground lease for TOD at Northgate			Fair Market Value:	NA
Affected Agency/Agencies:	MTD			Legal Transaction Type:	amended and restated ground
Note Prepared By:	Sarah Lovell	Date Prepared:	07/11/2024	Fiscal Transaction Type:	stand alone ordinance
Note Reviewed By:	T.J. Stutman, PSB	Date Reviewed:	11/1/2024		
Description of Request:				#REF!	

FINANCIAL IMPACTS

Part 1 - Net Present Value Analysis Results

Net Present Value to King County (all impacts): ***	NA	Net Present Value to Primary Impacted Agency (customer of transaction): ***	NA
---	----	---	----

Part 2 - Revenue and Expenditure Impacts

As of the preparation date of this fiscal note, the impact of the above legislation on the financial affairs of King County is estimated to be as indicated below:

Revenue to: 2,3,5

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Revenue Account Code and Source/Description	Sum of Revenues Prior to 2023	2023	2024	2023 / 2024	2025 / 2026	2027 / 2028	Sum of Outyear Impacts ²
						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Expenditures from: 2,3,4,5

Appropriation Unit/Expenditure Type	Appr. Number	Department	Fund Number	Project Number	Expenditure Notes	Sum of Expenditures Prior to 2023	2023	2024	2023 / 2024	2025 / 2026	2027 / 2028	Sum of Outyear Impacts ²
Metro Transit Department	797	MTD	3641	1028730								
Real Estate Services Labor Costs						\$ -	\$ 3,550	\$ -	\$ 3,550	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ 10,650	\$ -	\$ 10,650	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL						\$ -	\$ 14,200	\$ -	\$ 14,200	\$ -	\$ -	\$ -
Real Estate Services Labor Costs						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL						\$ -	\$ 14,200	\$ -	\$ 14,200	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ 14,200	\$ -	\$ 14,200	\$ -	\$ -	\$ -

APPROPRIATION IMPACTS

As of the preparation date of this fiscal note, the impact of the above legislation on the budget appropriation of King County is estimated to be as indicated below: ¹

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Appropriation Notes	2023 Allocation Change	NA	2023 / 2024 Appropriation Change	Total 6-Year CIP Outyear Planning Level Costs
					The transaction was anticipated in the current budget; no supplemental appropriation is required.	\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ -	\$ -	\$ -

Assumption and Additional Notes:

*** A NPV was performed when the existing ground lease was considered. This action has no fiscal impact to the county and does not change the financial terms of the ground lease.

- If the expenditure impact equals or exceeds five percent of the fund expenditures, a copy of the most recent applicable appropriation unit financial plan is attached to this transmittal.
- The sum of outyear impacts is provided for capital projects and agreements. This sum for revenue and expenditures includes all revenues/expenditures for the duration of the lease/other agreement or life of the capital investment.
- This transaction does not require the use of fund balancing or reallocated grant funding.
- The transaction is not backed by new revenue.
- A detailed explanation of how the revenue/expenditure impacts were developed is provided below, including major assumptions made in developing the values presented in the fiscal note and other supporting data:
This action of amending and restating the existing ground lease to create a separate residential ground lease does not have a fiscal impact to MTD. This action is predicated on the previous action to adopt the existing ground lease for TOD at Northgate that council took action on

Lease Property Summary

Photo of Property



Property Owner: King County Metro
Address: 301 NE 103rd Street, Seattle WA, 98125
Term: 75-year ground lease
Rent: \$1.00 per year, paid in a single payment at lease commencement
Square Footage: 48,060
Council District: One
Funding Source: 36250 - EXT L T SPACE FAC RENT
Previous Location: N/A

Offer Expiration: The offer does not expire. The original ground lease, covering both the residential and commercial elements of the project was executed on December 21, 2023, and remains in effect for 75 years. The developer team requested that King County bifurcate the current ground lease into two ground leases separating out the residential and commercial components of the future development to solve a funding challenge to complete the commercial space. Separating the two programs into separate leases allows an additional funder, who can close the construction funding gap currently guaranteed by Community Roots Housing, to participate in the commercial project and protects the

residential lenders from any possible default due to the financing of the commercial space. Other than minor revisions necessitated by the bifurcation process, there are no material changes to the terms and conditions set forth in the original ground lease approved by Council.

Declared Surplus December 6, 2018

Lease Synopsis:

Per RFQ/C No. 1207-18-VLN issued in 2018, Metro entered into a 75-year ground lease with the development team of Bridge Housing and Community Roots Housing to redevelop the northern half of the Northgate Park and Pool lot shown on the site plan attached hereto. The development team is developing and will operate 232 units of housing affordable to households making at or below 60 percent of the area median income (AMI) and additional three units for on-site management, for a total of 235 housing units. Ten percent of the project's units are set-aside for system-connected households. This action bifurcates the existing lease and creates a residential ground lease governing the residential portion of the Northgate Affordable Housing project.

This project meets the goals of Metro's Equitable Transit Oriented Communities policy that prioritizes affordable housing outcomes on Metro property and strengthening the pedestrian orientation of transit communities. With the opening of Northgate Link light rail immediately adjacent to the neighboring Northgate Transit Center, Metro believes the Park and Pool parking is no longer needed to support Metro's riders and pursuing redevelopment is the site's highest and best use.

Context

Located just eight miles from downtown Seattle, Northgate is an evolving neighborhood. Long the home of one of America's oldest malls, the neighborhood is a designated urban center and, in recent years, has seen new housing, community amenities, the redevelopment of the Northgate Mall property, the introduction of professional hockey facilities, and the new multi-modal transit station providing light rail, bus, bike, and pedestrian connections and a large Transit Oriented Development delivered in phases, which is anticipated to serve more than 15,000 persons per day in 2030. This affordable housing project represents the first phase of King County's Transit Oriented Development at Northgate. The project, a 235-unit mixed-use affordable housing project includes three ground floor commercial spaces, specifically a childcare center, a comfort station for Metro drivers, and a retail space.

Rationale for transaction: The original transaction meets a stated goal of the RFQ/C to provide land at no cost for affordable housing as a part of the Transit Oriented Development strategy at the Northgate Transit Center and satisfies both King County and City of Seattle goals to locate subsidized housing proximate to frequent transit service to have a greater impact on lowering the overall cost of living for qualified households. Bifurcating the existing ground lease into two leases, residential and commercial, does not diminish the project's success or change the project's goals. Rather, bifurcating the existing lease allows the

county's original project vision to be realized by creating conditions necessary for the developer to close the construction funding gap and allows the residential funders security from any uncertainty associated with the commercial project. The residential project has \$20 million of guaranteed funding from King County's TOD Bond fund and has benefited from support from The City of Seattle's Office of Housing. This transaction is the first phase of a multi-phased redevelopment of King County's Northgate Transit Center properties.

Policy considerations: This project meets the goals of Metro's Equitable Transit Oriented Communities Policy, is supported by the goals of King County's Strategic Climate Action Plan, which calls out the importance of dense development and specifically affordable housing near transit as a key strategy for reaching climate goals, and delivers on the goals set forth in the establishment of King County's Transit Oriented Development Bond Fund that seeks to target housing subsidies near frequent transit service.

Political considerations: Transit Oriented Development at Northgate has been a shared goal of the City of Seattle and King County for over a decade, with affordable housing as a key component. At the RFQ/C, both City and County funders partnered to secure funds for 200+ units of affordable housing targeting households at or below 60 percent of AMI at this location. Originally, the City and King County's Department of Community and Human Services (DCHS) were each going to contribute \$10 million towards the project. Subsequently, the City determined that it did not have the authority to fund a ground lease, as compared to a fee simple project; however, DCHS and the City agreed to shift the City's \$10 million to other King County projects, which allowed DCHS to double its contribution to \$20 million. As the parties neared closing the combined ground lease, both Freddie Mac and Bank of America, two funders of the residential component of the project, expressed distress and an unwillingness to fund the project without a fully funded commercial space. The development team was still working to find commercial funders and both Freddie Mac and Bank of America were concerned that delay or inability to fully fund the commercial space could cause a whole project default. After joint problem-solving, Community Roots Housing signed a guarantee to fund the commercial project gap, but Community Roots Housing needs the commercial and residential project components split into separate leases to meet the terms required by the commercial lender which will fund the construction and release Community Roots from its guarantee. Community Roots' guarantee allowed the original lease to close and construction to begin in January 2024 while the parties bifurcated the original lease.

Community considerations or partnerships: The Northgate neighborhood supports the provision of affordable housing in the station area. There is a desire for the project to deliver active space for the community. Metro believes the ground floor childcare center meets the community's goal.

Fiscal considerations: This property's unrestricted fair market value was set by appraisal in February of 2021 at \$12.85M. The appraisal also valued the affordable housing restriction imposed by the RFQ/C and determined that the restricted land value was \$5M. King County Metro entered into a low-cost ground lease on the basis that the County will retain long-term ownership and eventually all improvements made to the site. The value of

the ground lease has been paid in full. Bifurcating the lease and creating two leases, one residential and the other commercial, does not directly affect the County. Bifurcating the existing lease provides a pathway to fully funding the commercial piece of this project and solidifying the commitments made by the low-income housing tax credit lender and the permanent lender, who have both stated that they will not provide funding without a fully funded commercial project.

CIP/operational impacts: The original ground lease reduced commuter parking at the Northgate Park and Ride lot by 186 stalls beginning in 2023 and required the relocation of ADA compliant parking stalls to the southern portion of the remaining Park and Pool lot. Bifurcating the ground lease will have no additional operational impacts.

Change in property use: The original ground lease replaced the 186 surface parking stalls available for commuter parking with 232 units of housing affordable to households making at or below 60 percent of AMI and three units for on-site management, for a total of 235 units; a comfort station for Metro operators a 10,000 sf childcare center; and a 1,506 sf retail bay. Bifurcating the original ground lease into a residential lease and a commercial lease has no effect on the property's use.

SEPA Review Required yes/no: No. A SEPA review was completed for the original ground lease. This bifurcation of the original ground lease into the residential and commercial ground leases is exempt from SEPA review because there is no change in use under WAC 197-11-800(5)(c).

King County Strategic Plan impact: This transaction does not affect the 235 units already under construction on the Northgate Park and Pool lot. Proceeding with this transaction allows the development team to secure a needed lender for the commercial development program and provides the residential lenders security from the commercial portion of this project, allowing the vision for the mixed-use affordable housing project to be realized. Proceeding with this transaction to add 232 affordable homes in the Northgate Station area meets two Strategic Plan goals: 1. encourage dense affordable housing near transit; and 2. reduce car trips. By locating a mixed-use, multi-family housing project adjacent to the existing Northgate Transit Center and proximate to the new Link station, this project both increases existing density and reduces car trips. Additionally, this project will be built sustainably, meeting the Evergreen Standard.

Equity and Social Justice impact: Proceeding with this transaction will provide 235 total additional homes, including the three units set aside for on-site management, 232 of which have to be affordable for households making at or below 60 percent of the AMI in the Northgate neighborhood of Seattle. Because this project is the redevelopment of a surface parking lot, it does not displace existing residents and is not expected to disproportionately impact low-income communities, communities of color, or limited English proficient communities at this location but rather, provides those populations with additional opportunities to live in the station areas. Locating affordable homes in the Northgate station area will promote greater use of the transit investment our region has made and will provide residents with excellent regional access to jobs and regional services and amenities.

Energy Efficiency impact: Converting a surface parking lot to a seven-story mixed-use building will inevitably use more energy than the existing surface parking lot does currently. The project does not include residential parking and it is expected that the future residents of the project will have the ability to use transit for most of their transportation needs, lowering their individual carbon footprints. The building itself is required to meet the Evergreen Standard; a green building standard specific to affordable housing projects.

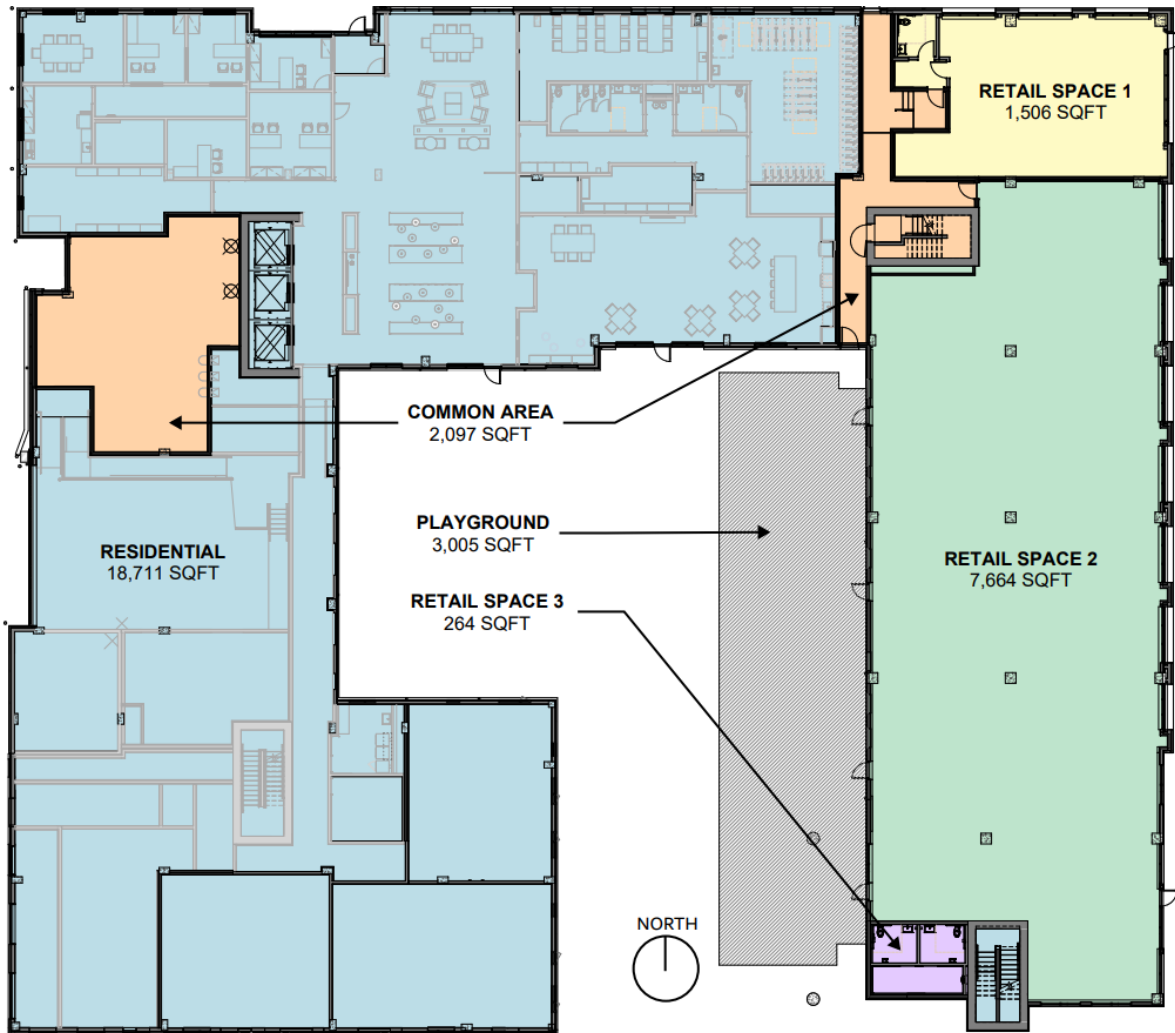
Lease Alternatives Analysis

The alternative to pursuing this transaction is:

- To leave the existing ground lease in place and rely on the developer's guarantee to self-finance the buildout of the childcare facility interior. One risk of that alternative is that if the project is not fully funded when the permanent lender, Bank of America, finances the long-term loan to the project after construction, then Freddie Mac might not underwrite that loan, potentially jeopardizing the whole project.

Vicinity View Map





- COMMON AREA
COMMON ELEMENT
- RESIDENTIAL
LOBBY & UNITS
- RETAIL SPACE 1
- RETAIL SPACE 2
- RETAIL SPACE 3
- PLAYGROUND
LIMITED COMMON ELEMENT

AREA BREAKDOWN

COMMON AREA	2,097 SQFT
RESIDENTIAL AREA	18,711 SQFT
RETAIL 1 AREA	1,506 SQFT
RETAIL 2 AREA	7,664 SQFT
RETAIL 3 AREA	264 SQFT
PLAYGROUND	3,005 SQFT
TOTAL	33,247 SQFT



KING COUNTY
Signature Report

ATTACHMENT 5
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Ordinance

Proposed No. 2024-0384.1

Sponsors Zahilay

1 AN ORDINANCE authorizing the King County executive
2 to execute an amended and restated commercial ground
3 lease agreement with an entity comprised of Bridge
4 Housing Corporation and Community Roots Housing for
5 the child care and commercial space elements of the
6 existing mixed-use affordable housing project on county-
7 owned land located at the Northgate Park and Pool lot, in
8 council district one.

9 **STATEMENT OF FACTS:**

10 1. Consistent with K.C.C. 4.56.070.C.1., in 2018 King County issued a
11 request for qualifications and concepts, number 1207-18-VLN ("the
12 RFQ/C"), through which King County sought proposals for the
13 development of its Northgate Park and Pool lot. Among other things, the
14 RFQ/C required proposals to include a minimum of two hundred units of
15 subsidized affordable housing for a minimum of fifty years to serve
16 households earning up to sixty percent of Area Median Income ("AMI"),
17 with a mix of unit sizes and configurations, and with a minimum of ten
18 percent of the units to be "system connected," serving very-low to
19 extremely-low income households below fifty percent of AMI.

- 20 2. The RFQ/C resulted in three proposals and King County selected a
21 developer team and commenced negotiations with the selected team.
- 22 3. After extensive negotiations the Metro transit department determined
23 that the county should award a ground lease of a portion of the county-
24 owned land located at the Northgate Park and Pool lot to Bridge Housing
25 Corporation and the entity now known as Community Roots Housing
26 (collectively, "Bridge/CRH") for an affordable housing project to include
27 two hundred thirty-two units of affordable housing for seventy-five years
28 with at least twenty-four units designated for system-connected
29 households with incomes of fifty percent or less of AMI, as well as a child
30 care facility, a comfort station for transit operators, and a commercial
31 space.
- 32 4. The Metro transit department successfully negotiated a ground lease
33 with Bridge/CRH for a portion of the county-owned land located at the
34 Northgate Park and Pool lot and the metropolitan King County council
35 approved Ordinance 19363 authorizing the executive to execute the
36 ground lease.
- 37 5. At the time the ground lease closed in December 2023, Bridge/CRH
38 had not secured all necessary funding to complete the interior buildout of
39 the child care facility.
- 40 6. To satisfy lenders, Bridge/CRH provided a guarantee to cover the
41 remaining funding gap and identified funding to complete the interior
42 buildout of the child care facility in anticipation that the ground lease

43 would be restructured to separate the commercial element from the
44 affordable housing element of the overall project.

45 7. To allow construction financing to proceed and to allow project
46 construction to begin on time as planned, Bridge/CRH and the Metro
47 transit department agreed to work together in good faith to amend and
48 restate the existing lease into two separate leases.

49 8. The Metro transit department subsequently negotiated with
50 Bridge/CRH to amend the existing ground lease and restate the lease terms
51 in a residential ground lease for the affordable housing elements of the
52 existing Bridge/CRH project, and a commercial ground lease for the child
53 care facility and commercial space elements of that same project.

54 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

55 SECTION 1. The executive is authorized to execute an amended and restated
56 lease for the child care facility and commercial space elements of the existing
57 Bridge/CRH transit-oriented development project on county-owned land located at the
58 Northgate Park and Pool lot to Bridge Housing Corporation and the entity now known as
59 Community Roots Housing (collectively, "Bridge/CRH"), substantially in the form of
60 Attachment A to this ordinance, and to take all actions necessary to implement the terms
61 of the lease.

62 SECTION 2. If any provision of this ordinance or its application to any person or

63 circumstance is held invalid, the remainder of the ordinance or the application of the
64 provision to other persons or circumstances is not affected.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Dave Upthegrove, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

APPROVED this ____ day of _____, ____.

Dow Constantine, County Executive

Attachments: A. Amended and Restated Ground Lease for Commercial Space Between King County as Landlord and Northgate Retail LLC as Tenant

AMENDED AND RESTATED GROUND LEASE FOR COMMERCIAL SPACE

BETWEEN

KING COUNTY

as

“Landlord”

AND

NORTHGATE RETAIL LLC

as

“Tenant”

AMENDED AND RESTATED GROUND LEASE FOR COMMERCIAL SPACE

This AMENDED AND RESTATED GROUND LEASE FOR COMMERCIAL SPACE (“**Lease**”) dated as of the ____ day of _____, 202__ (the “**Effective Date**”) is by and between KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle (“**Landlord**”) and NORTHGATE RETAIL LLC, a Washington limited liability company (“**Tenant**”).

P R E A M B L E:

A. Landlord owns that certain real property situated in the City of Seattle, King County, State of Washington and legally described on Exhibit A (the “**Property**”). The Property together with adjacent parcels and public rights of way are depicted graphically on the Site Plan attached hereto as Exhibit A-1.

B. In 2018, Landlord issued that certain Request for Qualifications and Concepts (“**RFQ/C**”) No. 1207-18-VLN. Through the RFQ/C, Landlord sought proposals for the development of its Northgate Park & Pool lot, of which the Property is a part. Among other things, the RFQ/C required proposals to include a minimum of 200 units of subsidized affordable housing for a minimum of 50 years to serve households earning up to 60 percent of Area Median Income (“**AMI**”), with a mix of unit sizes and configurations, and with a minimum of 10% of the units to be “system connected,” as defined in the RFQ/C, serving very-low to extremely-low income households below 50% AMI. Landlord received three responses to the RFQ/C, including a response (“**RFQ/C Response**”) dated October 29, 2018, copies of which are on file with the Parties. The RFQ/C Response proposed to construct 232 affordable housing units as well as a 10,000 square-foot child care center for use by residents and possibly others. The RFQ/C Response and the other two responses were evaluated by a five-member evaluation committee as part of the RFQ/C’s competitive selection process. Based upon the commitments described in the RFQ/C Response, on November 19, 2018, Landlord selected the team that submitted the RFQ/C Response to negotiate a definitive agreement. After more than a year of negotiations, and as allowed under the terms of the RFQ/C, Landlord subsequently elected to terminate discussions regarding the market-rate element of the proposed development, and to focus instead on the affordable housing project element. Landlord, BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“**BRIDGE**”) and COMMUNITY ROOTS HOUSING, a Washington public corporation (“**CRH**”) (BRIDGE and CRH together constitute the “**Affordable Housing Developer**”) thereafter negotiated the affordable housing project contemplated in the Residential Ground Lease (as defined herein).

C. Pursuant to the RFQ process, Landlord and Affordable Housing Developer then entered into that certain (i) Entry, Due Diligence and Pre-Development Agreement made as of February 7, 2020 and extended from time to time (the “**Due Diligence Agreement**”), a copy of which is attached hereto as Exhibit E; and (ii) that certain Development Agreement made as of December 31, 2021 (the “**Development Agreement**”) a copy of which is attached hereto as Exhibit F. The Development Agreement and the Due Diligence Agreement are collectively referred to as the “**Existing Project Agreements**.”

D. Each of Landlord and Tenant are individually referred to as a “**Party**” and collectively as “**Parties**” from time to time.

E. Landlord and Northgate Affordable Housing LLLP, a Washington limited liability limited partnership (“**Housing Owner**”), previously executed a Ground Lease (the “**Original Ground Lease**”) on December 21, 2023 (the “**Commencement Date**”), for the premises described on Exhibit B thereto (the “**Original Premises**”), a memorandum of which Original Ground Lease was recorded on the Commencement Date in the real property records of King County, Washington as instrument number 20231221000732. To assuage lender concerns, Landlord, Tenant, and Housing Owner agreed to bifurcate the Original Ground Lease into two separate amended and restated leases governing affordable housing and commercial space. This Lease contains the terms and conditions solely regarding commercial space comprising the Child Care Unit, the Retail Unit, and the Comfort Station Unit (as defined below). Other than bifurcation, the Parties intend no material changes to the terms and conditions set forth in the Original Ground Lease.

F. Tenant understands and acknowledges that Landlord reserves the right and intends to develop the remainder of its Northgate Park & Pool lot, and, while that future development will be an entirely separate development, Tenant acknowledges its obligation to cooperate and act in good faith in its development and operation of the Project adjacent to and in anticipation of such future development.

G. Tenant understands and acknowledges that the Property and the Project adjoin an existing regional transit center as well as a significant light rail station and related transit facilities that serve the greater Northgate area and beyond. Tenant understands and acknowledges that the safe, efficient operation and maintenance of these transit facilities is a regional priority and that these transit uses will continue into the future. Tenant further understands and acknowledges that Landlord’s exercise of its discretion under this Lease will be informed by Landlord’s transit-related priorities and with the intention of protecting and preserving the existing and future use of Landlord’s transit facilities as well as the neighboring light rail station and related facilities. Tenant acknowledges its obligation to cooperate and to act in good faith in its development and operation of the Project adjacent to and in coordination with existing and future uses of these transit facilities, all as more specifically set forth in this Lease.

H. The contingencies to “Closing” set forth in the Development Agreement (including without limitation completion of the Boundary Line Adjustment described therein which created the separate legal lot to be leased to Tenant as contemplated herein) having been satisfied, Landlord shall lease to Tenant and Tenant shall lease from Landlord a portion of the Property comprising the Child Care Unit, the Retail Unit and the Comfort Station Unit (as defined below) as legally described on **Exhibit B** (the “**Premises**”) located in the City of Seattle, King County, State of Washington, having a street address of 10104 – 3rd Avenue NE, Seattle, WA, for a period of seventy five (75) years pursuant to the terms of this Lease.

I. Promptly following the Commencement Date, and in strict accordance with all issued permits and approvals and the Design Documents approved by Landlord pursuant to the Development Agreement, Housing Owner commenced the construction and development at the Original Premises of a mixed-use building that will contain a 235-unit (including two manager's units) subsidized, affordable housing project serving households with incomes of 60% or less of the area median income including a mix of at least 52 two or three-bedroom units and at least 24 units designated for system-connected households with incomes of 50% or less of the area median income (collectively, the "**Affordable Housing Units**") and certain accessory spaces, including approximately 9,750 square feet of nonresidential commercial space.

J. The Housing Owner has submitted its leasehold interest in the Original Premises to a condominium regime under the Washington Uniform Common Interest Ownership Act, and subjected the Original Premises to a Condominium Declaration for Northgate, a Condominium (the "**Condominium Declaration**") recorded on [] in the real property records of King County, Washington as instrument number [], creating Northgate, a Condominium (the "**Condominium**"), which Condominium is comprised of four (4) condominium units: (a) Unit 1, a residential unit to contain a total of 235 dwelling units and associated improvements (the "**Housing Unit**"), (b) Unit 2, a unit to contain approximately 7,664 square feet of early learning facility space (the "**Child Care Unit**"), (c) Unit 3, a unit to contain approximately 1,506 square feet of commercial retail space (the "**Retail Unit**"), and (d) Unit 4, a unit to contain approximately 264 square feet of comfort station space (the "**Comfort Station Unit**"). The Child Care Unit, the Retail Unit and the Comfort Station Unit together with any improvements and any subsequent Alterations (as defined below) and all fixtures and personal property used in connection therewith are hereafter collectively referred to as the "**Project**".

K. Tenant, Housing Owner and Landlord desire to amend and restate the Original Ground Lease to reflect that the Premises leased by Tenant from Landlord under this Lease shall refer only to the Child Care Unit, the Retail Unit and the Comfort Station Unit. Concurrently with the execution of this Lease, Landlord and Housing Owner will enter into an Amended and Restated Ground Lease, pursuant to which Landlord will lease the Housing Unit will be leased to the Housing Owner (the "**Residential Ground Lease**"). As of the Effective Date of this Lease and the Residential Ground Lease, the Non-Residential Units shall be solely governed by this Lease and the Housing Unit shall be solely governed by the Residential Ground Lease.

L. Prior to the execution of this Lease, the Housing Owner has constructed the Housing Unit, Comfort Station Unit, and shell and core of the Child Care Unit and Retail Unit. Following the execution of this Lease, Tenant will construct or cause the construction of any tenant improvements related to the Child Care Unit and/or the Retail Unit. Housing Owner's responsibilities with respect to the construction of the Housing Unit, Comfort Station, and shell and core of the Child Care Unit and Retail Unit are set forth in the Residential Ground Lease and the Development Agreement. The Tenant shall have no obligations pursuant to this Ground Lease with respect to the development and operation of Housing Unit, development of the

Comfort Station, or the development of the shell and core of the Child Care Unit or Retail Unit, provided that a termination of the Residential Ground Lease prior to completion of the Housing Unit, Comfort Station, and shell and core of the Child Care Unit and Retail Unit shall permit Landlord to terminate this Ground Lease.

M. Landlord is authorized and empowered to lease the Premises to Tenant pursuant to RCW Sections 35.58.240 and RCW 36.34.135 and King County Code Sections 2.16.038, 4.56.060 and 4.56.150.

N. In RFQ/C No. 1207-18-VLN, Landlord indicated its intent to provide land to an affordable housing developer at little or no cost. In pursuit of that objective, Landlord and Tenant have negotiated a transaction in which Tenant will pay nominal rent so long as Tenant abides by the terms and conditions of this Lease and the Existing Project Agreements.

O. Tenant is the successor, transferee and/or assignee of the Affordable Housing Developer under the Existing Project Agreements with respect to the Comfort Station, Child Care Unit, and Retail Unit.

P. The provisions of this Preamble are incorporated into the Lease.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements of Landlord and Tenant set forth in this Lease, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE 1 **THE LEASE**

Section 1.1 Leased Premises; Access and Glazing Easements.

1.1.1 Subject to the terms and conditions hereof, Landlord hereby leases to Tenant the Premises.

1.1.2 The Parties acknowledge that Landlord has separately granted non-exclusive easements for access, utility, and glazing setback purposes to Housing Owner on (i) a portion of the Property to the west of the Premises, all as set forth in two (2) separate easement instruments (the “**West Access Easement**” and the “**Glazing Easement**”), which West Access Easement was recorded in the real property records of King County, Washington as instrument number 20231221000733, and which Glazing Easement was recorded in the real property records of King County, Washington as instrument number 20231221000734, and (ii) a portion of the Property to the south of the Premises, as set forth in a separate easement instrument (the “**South Access Easement**”), which South Access Easement was recorded in the real property records of King County, Washington as instrument number 20231221000735. The Parties anticipate that any such West Access Easement, South Access Easement and Glazing Easement will remain in effect throughout the Term of this Lease and that the West Access Easement and South Access Easement will, among other things, provide access to the Property via the route

described thereon as set forth in such Access Easement. However, any such South Access Easement, West Access Easement and Glazing Easement are not a part of this Lease and are not subject to or governed by this Lease, and any changes, modifications, or amendments to such South Access Easement, West Access Easement or Glazing Easement shall be subject to and be governed by such South Access Easement, West Access Easement or Glazing Easement, as applicable.

Section 1.2 Term. The term of the Original Ground Lease commenced on the Commencement Date. The term of this Lease shall commence on the Effective Date, and unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“**Term**”) expiring on the last day of the calendar month in which the seventy-fifth (75th) anniversary of the Commencement Date occurs (the “**Expiration Date**”). Landlord delivered exclusive possession of the Original Premises to Housing Owner on the Commencement Date of the Original Ground Lease and shall deliver exclusive possession of the Premises to Tenant on the Effective Date of this Lease.

Section 1.3 Use.

1.3.1 Uses Limited. Tenant shall be permitted to sublease i) the Child Care Unit to El Centro de la Raza or such other childcare operator for the purposes of providing a day care facility, ii) the Retail Unit to one or more commercial tenants for the purposes of operating the Retail Unit as commercial space; and iii) the Comfort Station to Landlord. No other uses, activities or operations, shall be conducted by the Tenant on or from the Premises without first obtaining prior written consent of Landlord. Tenant shall obtain and maintain, at its sole cost and expense, any and all licenses and permits necessary for Tenant’s contemplated use of the Premises. Tenant shall not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other tenants or occupants of the Property or of any adjacent parcels owned by Landlord, or unreasonably interfere with such other tenants’ or occupants’ use of their respective spaces. Tenant agrees not to do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Property, or injure or unreasonably annoy them, or use or allow the Premises to be used for any unlawful or unreasonably objectionable purpose. Tenant shall neither commit nor suffer any waste to the Premises.

1.3.2 Tenant to Comply with Development Agreement. In using the Premises, Tenant will comply with the Development Agreement and all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. Tenant specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from Landlord, and further agrees that Landlord does not waive the requirements of this section by giving notice of demand for compliance in any instance. Notwithstanding the foregoing, to the extent of any conflict between this Lease and the Existing Project Agreements (including without limitation, notice and cure rights and other protections in this Lease in favor of the Leasehold Mortgagees, and preapproved transfers under this Lease), the provisions of this

Lease shall prevail. Landlord and Tenant acknowledge and agree that the design and project development work as set forth in the Development Agreement has been completed prior to the execution of this Ground Lease with respect to the Non-Residential Units, and that the terms and conditions of the Development Agreement related to such design and project development work, including related provisions set forth in Sections 1 through 3 and Sections 5 through 7 of the Development Agreement, have been satisfied as of the Effective Date with respect to the Non-Residential Units.

Section 1.4 Rent.

1.4.1 GENERAL. In consideration of the restrictions and limitations set forth herein and in the Existing Project Agreements, annual rent shall be One and 00/100 Dollars (\$1.00) per year which was prepaid for the entire Term on or before the Effective Date.

1.4.2 RENT PAYMENT ADDRESS. All payments (Rent or otherwise) due from Tenant hereunder shall be payable to King County and are to be received at the following address:

Facilities Management Division
Real Estate Services Section
500 4th Avenue, Suite 830
Seattle, WA 98104

Section 1.5 Tenant Taking Premises “As-Is-Where-Is.”

1.5.1 Tenant has made a thorough, independent examination of the Premises and all matters relevant to Tenant’s decision to enter into this Lease and develop the Project. Tenant expressly acknowledges and agrees that, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS LEASE, LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO THE PREMISES, THE PROPERTY OR ANY PORTION THEREOF, OR WITH RESPECT TO THE SUITABILITY OF ANY OF THE FOREGOING FOR THE CONDUCT OF TENANT’S BUSINESS. Tenant acknowledges that, as of the Effective Date, Tenant will have carefully inspected the Premises, including by performing its own due diligence reviews and investigations as attributable to the Affordable Housing Developer in the Existing Project Agreements, and by executing this Lease. Therefore, except as set forth elsewhere in this Lease (including without limitation in Section 8.1 below), Tenant accepts the Premises on an “AS IS” and “WHERE IS” basis, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of Landlord, or any person on behalf of Landlord, regarding the Premises, Property, or matters affecting the Premises or Property or Tenant’s proposed Project, including, without limitation:

(i) Physical Condition. The physical condition of the Premises and any adjacent portions of the Property, including the quality, nature, adequacy, and physical condition of (1) any systems, facilities, access, adjacent uses, and/or landscaping; (2) the air, soils, geology, and groundwater, including but not limited to the presence of peat or other organic matter; (3) the suitability of the Premises for construction of any improvements or any activities or uses that Tenant may elect to conduct on the Premises, or (4) the compaction, stability or composition, erosion or other condition of the soil or any fill or embankment on the Premises for building or any other purpose;

(ii) Existing Improvements and Installations. The quality, nature, adequacy, and physical condition of all existing at- and below-grade improvements and installations at the Premises, including but not limited to engineering characteristics, appurtenances, access, landscaping, paving, drainage, and parking facilities;

(iii) Title. Title to the Premises and/or the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, or other title condition affecting the Premises, whether or not of record, including without limitation the existence of any easements, rights of ways or other rights across, to or in other properties that might burden or benefit the Premises;

(iv) Compliance/Zoning. The development potential and/or availability of any necessary permits or approvals (or conditions thereon) for development of the Premises and/or the zoning, comprehensive plan, land use, or other legal status of the Premises, or compliance with any public or private restrictions on the use of the Premises, as the same are in effect as of the date of mutual execution hereof or the Effective Date, or may be thereafter modified, amended, adopted, published, promulgated or supplemented, or the compliance of the Premises with any applicable laws;

(v) Hazardous Materials. The presence or removal of Hazardous Materials (as defined in Article 14 below) in, under or about, or emanating from or migrating to, the Premises, the Property, or on any other property;

(vi) Economic Feasibility. Economic conditions or projections, market data, or other aspects of the economic feasibility of the Project and/or any business Tenant intends to conduct on the Premises;

(vii) Utilities. The availability, existence, quality, nature, adequacy and physical condition of utilities serving the Premises;

(viii) Suitability. The use, habitability, merchantability, fitness, suitability, value or adequacy of the Premises for any particular purpose (including, without limitation, the Project);

(ix) Boundaries. The boundaries of the Premises, the location of any improvements on the Premises, and/or the existence of any encroachments onto or from any adjacent lands, including the Property;

(x) Access. Vehicular and/or pedestrian access to the Premises, including from or through any particular route; and

(xi) Other Matters. Any other matter not referenced above that pertains to the Premises.

1.5.2 Tenant's Due Diligence. Tenant acknowledges: (1) Tenant is a sophisticated real estate developer with sufficient experience and expertise in the development and operation of mixed use projects, and will hire or have the opportunity to hire consultants with sufficient experience and expertise, to evaluate the Premises and the risks associated with acquiring a leasehold interest in the Premises; (2) Tenant will have received sufficient information and had adequate time to make such an evaluation; (3) Tenant enters into this Lease with the intention of relying upon its own investigation or that of third parties with respect to the physical, environmental, archeological, economic and legal condition of the Premises; and (4) in connection with its investigations and inspections of the Premises, including by performing its due diligence reviews and investigations pursuant to Existing Project Agreements Tenant will have the opportunity to obtain the advice of advisors and consultants, including but not limited to environmental consultants, engineers and geologists, soils and seismic experts, and archeologists to conduct such environmental, land use, permitting, geological, soil, hydrology, seismic, archeological, physical, structural, mechanical and other inspections of the Premises as Tenant deems to be necessary, and Tenant will review thoroughly the reports of such advisors and consultants, as well as all materials and other information given or made available to Tenant by Landlord or governmental authorities. Tenant further acknowledges that it has not and will not receive from or on behalf of Landlord any accounting, tax, legal, architectural, engineering, archeological, property management or other advice with respect to this transaction and is relying solely upon the advice of third party accounting, tax, legal, architectural, engineering, archeological, property management and other advisors. Tenant will satisfy itself as to such suitability and other pertinent matters by Tenant's own inquiries and tests into all matters relevant in determining whether to enter into this Lease.

1.5.3 Release of Landlord and Landlord Parties. Tenant, on behalf of itself, its directors, officers, representatives, employees and agents (the "**Tenant Parties**"), hereby waives, releases, acquits and forever discharges Landlord and all of its affiliated organizations, and its employees, representatives, agents, consultants, contractors and subcontractors (the "**Landlord Parties**"), of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant or any Tenant Parties now have or which may arise in the future on account of or in any way related to or in connection with any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Premises, provided however, that such release shall not apply or extend to (1) the

express representation, warranties, covenants and obligations of Landlord under this Lease, (2) the affirmative obligations of Landlord under this Lease, or (3) matters arising from the negligent acts and omissions of Landlord or any Landlord Party. Tenant's release of Landlord under this Section 1.5.3 is in addition to any release provisions set forth in the Existing Project Agreements.

Tenant Initials: _____

ARTICLE 2
OWNERSHIP
PERMITS AND LICENSES

Section 2.1 Ownership of the Project. Landlord acknowledges and agrees that the Project, including the Improvements and all subsequent Alterations thereto and replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Premises, shall be owned solely by Tenant or subtenant, as applicable. During the Term, Tenant shall be entitled to any and all tax attributes of ownership of the Project, including, without limitation, the right to claim depreciation or cost recovery deductions, the right to claim any tax credits authorized by the Internal Revenue Code, and the right to amortize all capital costs and to claim any and all other federal or state tax benefits attributable to the Project.

Section 2.2 Permits and Licenses. All building permits and other permits, licenses, permissions, consents, and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project and any subsequent improvements, repairs, replacements, or renewals to the Project shall be acquired as required by applicable laws, ordinances, or regulations by and at the sole cost and expense of Tenant in its own right or as successor, assignee or transferee of the Housing Owner or the Affordable Housing Developer.

Section 2.3 Reserved.

Section 2.4 Construction of the Child Care Unit Tenant Improvements. Upon issuance of all permits required for construction of the Child Care Unit tenant improvements, and upon Tenant having received financing commitments from Child Care Unit funders satisfactory to Tenant in its sole discretion, Tenant shall substantially commence construction of the Child Care Unit tenant improvements and shall diligently prosecute such work to completion, provided that Tenant shall use best efforts to complete the buildout of the Child Care Unit on or before the applicable deadline set forth in **Exhibit J** to this Lease (which supersedes the applicable deadlines set forth in the Existing Project Agreements); further provided, that if Tenant has been unable to obtain commercially reasonable financing sufficient to build out and equip the Child Care Unit, obtain a license and/or commence operations of the Child Care unit as an early learning facility on or before the applicable deadline set forth in **Exhibit J** to this Lease, such a delay in the completion and operation of the Child Care Unit shall not constitute a material default under this Lease, the Residential Ground Lease or the Existing Project

Agreements, and Landlord shall not terminate this Lease solely on such grounds in the absence of some other Event of Default. All work on the Premises performed by the Tenant during the Term shall be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and representatives of such agencies having jurisdiction. Tenant shall contract with an experienced, qualified general contractor for construction of the Child Care Unit buildout. Tenant or the Contractor shall obtain and maintain in force at all times during which construction is in progress at the Premises builder's risk insurance and such other insurance as may be required under Article 5. From and after the commencement of any construction of the Child Care Unit buildout and through the completion date thereof, Tenant shall provide or cause to be provided monthly progress reports to Landlord with respect to the financing and development of the tenant improvements to the Child Care Unit, including without limitation a current construction schedule, revised expected completion date, a summary of all change orders approved by Tenant subsequent to the preceding monthly progress report, and notice of any laborer's or materialmen's liens filed or threatened against the Premises or the Project.

Section 2.5 Construction Bonds. Prior to commencing construction of any improvements to the Premises or subsequent Alterations, Tenant shall furnish to Landlord a General Contractor's performance and payment surety bond in the amount of the total estimated construction costs for the Improvements or Alterations, as applicable. The Performance and Payment surety bond shall be acceptable to Landlord in its commercially reasonable discretion and shall identify Landlord as a dual obligee.

ARTICLE 3 **LIENS**

Section 3.1 Easements and Covenants against Fee Title and Leasehold Interests.

3.1.1 Landlord expressly acknowledges that Tenant's development of the Project may require the recording of utility easements and other customary easements necessary and incidental to the development, construction and operation of the Project, provided that all of the foregoing shall be subject to the reasonable prior approval of Landlord and shall not subject Landlord, any Landlord Parties, the Landlord's estate and interest in this Lease and the Premises, the Landlord's estate and interest in the remainder of the Property, or the Landlord's estate or interest in any other property in the vicinity of the Premises to any material adverse impacts or costs.

3.1.2 Landlord further acknowledges that Tenant is obtaining a portion of its financing for development of the Project through certain private and public funding sources (the "**Funding Sources**") and that such Funding Sources may require that commercially reasonable covenants and regulatory agreements restricting the use of the Child Care Unit as an early learning facility (the "**Covenants**") be recorded against Tenant's leasehold interest in the Child Care Unit. Tenant covenants and agrees that no Covenants or any other documentation or agreements relating to or required by Tenant's Funding Sources shall bind or encumber the

Landlord's fee interest in the Premises or the Property except as may be agreed to in writing by Landlord.

3.1.3 Intentionally Omitted.

3.1.4 In the event of any conflict between the Development Agreement and this Lease, the Lease shall control.

Section 3.2 Mechanics' Liens. It is understood and agreed that Landlord's interest in the Premises and the Property is public property that is not subject to any lien and therefore this Lease is executed and delivered upon the express condition that Tenant will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of Landlord in the Premises or the Property, and Landlord hereby denies to Tenant any right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of Landlord in the Premises to any lien, claim, or demand whatsoever. Tenant agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against Landlord's fee simple interest in the Premises for work or materials furnished to Tenant in connection with any construction, improvements, maintenance, or repair thereof made by Tenant or its agents upon the Premises. Tenant shall cause any such claim or lien to be fully discharged within thirty (30) days after the date of filing thereof; provided, however, that in the event Tenant, in good faith, disputes the validity or amount of any such claim of lien, and if Tenant shall give to Landlord such security as Landlord may reasonably require to ensure payment thereof and prevent any sale, foreclosure, or forfeiture of the Premises or any portion thereof by reason of such nonpayment, including without limitation recording a bond which complies with the requirements of RCW 60.04.161, Tenant shall not be deemed to be in breach of this Section 3.2, so long as Tenant is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute, if litigation or arbitration results therefrom, Tenant shall discharge said lien within thirty (30) days. In the event Tenant shall fail to so remove, discharge, bond around any such lien, Landlord may take such action as it shall reasonably determine to remove such lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such lien and attorneys' fees and costs, shall be paid by Tenant to Landlord together with interest thereon at the Default Rate from the date advanced until paid. Tenant's obligations pursuant to this Section 3.2 shall survive the expiration or earlier termination of this Lease.

ARTICLE 4
TAXES; UTILITIES

Section 4.1 Taxes.

4.1.1 Tenant shall pay before they become delinquent all real property taxes assessed or levied against the Project, including the Project and all other improvements located on the Premises from time to time. Tenant shall also pay all personal property taxes assessed or levied

against the equipment, machinery, fixtures, furniture, and furnishings thereon and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility relating to the Premises. Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any taxes or assessments or other dispositions levied against or imposed upon the Premises and Project. Tenant shall defend and indemnify Landlord from any and all taxes incurred during the term of this Lease.

4.1.2 Landlord or any other party occupying any portion of the Property other than the Premises, the Project, and Tenant's leasehold estate created under this Lease, shall pay before they become delinquent all real property taxes assessed or levied against such and any improvements, equipment, machinery, fixtures, furniture, and furnishings relating and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility assessed against any portion of the Property other than the Premises, Project, and Tenant's leasehold estate created under this Lease, and shall defend and indemnify Tenant from any and all such taxes incurred.

4.1.3 Tenant shall be responsible to pay any statutory leasehold excise tax imposed in connection with this Lease pursuant to Chapter 82.29A RCW as now enacted or hereafter amended; PROVIDED, however, that Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any leasehold excise tax levied against or imposed upon the Premises and Project; PROVIDED further, that, if the Washington State Department of Revenue or other applicable Washington State authority shall conclusively determine that leasehold excise tax is or may become payable in connection herewith, then upon receiving notice of such determination Tenant shall remit to Landlord in addition to the Rent the estimated calculation of such leasehold excise tax on a monthly basis on the first (1st) day of each subsequent month, and shall include in its first monthly payment thereof any leasehold excise taxes allocable to any prior period falling within the Term. Without limiting the provisions of Section 4.1.2, Tenant shall defend and indemnify Landlord from any and all leasehold excise taxes incurred during the Term of this Lease.

Section 4.2 Utilities. Tenant shall arrange for and pay before they become delinquent all connection fees and usage charges for utility services furnished to the Premises and Project, including, but not limited to, electricity, gas, water, sewer, telephone and trash collection. Landlord shall have no responsibility for the payment of any utility costs, fees, or charges. Tenant shall defend and indemnify Landlord from any and all such costs, fees, or charges incurred during the Term of this Lease.

ARTICLE 5 **INSURANCE**

Section 5.1 Tenant's Insurance. During the Term, Tenant shall keep and maintain in force (or shall cause a condominium association to be formed to govern the condominium to keep and maintain in force), at no cost or expense to Landlord, the following minimum insurance types and limits:

5.1.1 Property Insurance. “All risk” or “Special Form” property insurance covering all risks of physical loss or damage to the Project, with liability limits of not less than one hundred percent (100%) of the “full replacement value” thereof. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm and, if required by other Project lenders, earthquake and flood (provided the limits of flood coverage may be a reasonable amount that is less than full replacement value). Business interruption coverage shall be provided for at least twelve (12) months’ worth of estimated operating expenses and Rent following a loss from a covered peril. Landlord shall be named as loss payee on Tenant’s property insurance as its interests may appear.

5.1.2 Commercial General Liability Insurance. Commercial general liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Project or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage combined single limit liability of not less than Two Million Dollars (\$2,000,000) for each occurrence and Four Million Dollars (\$4,000,000) in the aggregate. Coverage under any such policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner’s and contractor’s protective, products and completed operations. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.3 Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 “any auto” (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. The policy shall provide a \$1,000,000 combined single limit per accident. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.4 Worker’s Compensation. Coverage shall be at least as broad as Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or “other States” State Law.

5.1.5 Employer’s Liability or “Stop Gap”. Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the general liability policy.

5.1.6 Additional Insured Endorsements. Landlord and its officers, officials, employees and agents are to be covered as additional insureds for full coverage and policy limits on Tenant’s liability policies (except Worker’s Compensation coverage) as respects liability arising out of activities performed by or on behalf of Tenant in connection with this Lease.

5.1.7 Construction Insurance. Prior to Tenant's commencement of any construction and until construction is complete and accepted by Tenant, Tenant shall cause its construction general contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to said construction; the cost of such insurance shall be paid by Tenant and/or any of Tenant's contractors. Prior to commencement of construction, Tenant shall furnish Landlord with certificate(s) of the required insurance policies and endorsement(s) complying with the requirements of this Article 5 for the coverages required by this Section 5.1.7. Alternatively, Tenant may obtain liability insurance coverage during construction of the buildout of the Premises through an Owner Controlled Insurance Program ("OCIP") policy.

(i) General Liability. \$10,000,000 combined single limit per occurrence, and for those policies with aggregate limits, a \$10,000,000 aggregate limit. Coverage shall be at least as broad as Insurance Services Office form number CG 00 01 or its substantive equivalent, including coverage for Products and Completed Operations. Coverage shall not exclude explosion collapse and underground damage (XCU). Limit may be achieved through the use of umbrella/excess liability policy(ies)

(ii) Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 "any auto" (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. Policy shall provide \$5,000,000 combined single limit per accident. If the work involves the transport of pollutants (as defined by the standard auto policy exclusion of pollution) the auto policy shall be endorsed to include endorsement CA 9948 (or its equivalent) and MCS 90. Limit may be achieved through the use of umbrella/excess liability policy(ies)

(iii) Builder's Risk. Tenant shall procure and maintain, or cause its general contractor to procure and maintain, during the life of the construction contract, or until acceptance of the work by Tenant, whichever is later, "All Risk" or "Special Form" Builders Risk or Installation Floater Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft, off-site storage and property in transit. The coverage shall insure for direct physical loss to property of the entire construction project comprised of the buildout of the tenant improvements at the Premises, for 100% of the replacement value thereof and, if required by other Project lenders, include earthquake and flood. The policy shall be endorsed to cover the interests, as they may appear, of Tenant (first named insured), Landlord (loss payee), and the general contractor (additional insured). In the event of a loss to any or all of the work and/or materials therein and/or to be provided at any time prior to the final close-out of the contract and acceptance of the work by Tenant, Tenant shall require the contractor to promptly reconstruct, repair, replace or restore all work and/or materials so destroyed. Nothing herein provided for shall in any way excuse Tenant or its surety from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of the construction contract.

(iv) Workers' Compensation. Coverage shall be at least as broad as Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or "other States" State Law.

(v) Employer's Liability or "Stop Gap". Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.

(vi) Professional Liability Errors and Omissions. In the event that services delivered pursuant to such construction either directly or indirectly involve or require professional services, Professional Liability Errors and Omissions coverage shall be provide at a limit of \$1,000,000 per claim and in the aggregate.

(vii) Contractor's Pollution Liability. \$1,000,000 per claim/aggregate. Tenant and/or its contractor shall provide contractor's pollution liability coverage to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean up costs and the loss of use of tangible property that has not been physically injured or destroyed. If asbestos, lead or PCBs are a potential exposure, such insurance shall not exclude pollution arising out of such substances.

Section 5.2 General Requirements. All policies described in Section 5.1 shall include Landlord and any Leasehold Mortgagees, as additional insureds for full coverage and policy limits under the general, automobile, and pollution liability policies and as loss payees under the property policies (including builder's risk), as their respective interests may appear. All policies described in Section 5.1 shall be issued by insurance companies permitted to issue policies in the State of Washington and having a Best's rating of at least "A/VIII", shall be written on an "occurrence" form (claims-made policies are not acceptable except for pollution and professional liability policies), and shall contain or be endorsed to provide: (a) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Landlord, and any insurance and/or self-insurance maintained by Landlord or its officers, officials, employees or agents shall not contribute with Tenant's insurance or benefit Tenant in any way; (b) reserved; (c) a provision that no act or omission of the Tenant shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all rights of subrogation against the Landlord and its authorized parties in connection with any loss or damage thereby insured against; (e) an acknowledgement that Tenant's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability; and (f) terms providing that any loss covered by such insurance shall be adjusted with the Landlord and each Leasehold Mortgagee (unless such Leasehold Mortgagee elects not to participate), but shall, to the extent required by the loan documents of any Leasehold Mortgage, be payable to the holder of any Leasehold Mortgage, who shall agree to receive and disburse all proceeds of such insurance in accordance with the loan documents of the most senior Leasehold Mortgage,

subject to the duty of the Tenant to repair or restore the Project if and as required herein, and only to the extent such repair or restoration is commercially feasible and can be completed within the maturity date of such loan. Coverage shall not be suspended, voided, canceled, or reduced in scope or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after thirty (30) days prior written notice has been given to the Landlord and applicable Leasehold Mortgagee(s), which notice may be provided by Tenant. If at any time, any of the foregoing policies shall not be in compliance with the requirements herein, Tenant shall, upon written notice from Landlord, obtain a new policy as promptly as practicable, and shall submit the same to Landlord, with the appropriate certificates and endorsements for approval. Any deductibles or self-insured retentions must be declared to Landlord, and Tenant's deductible and or self-insured retentions shall not limit or apply to Tenant's liability to Landlord and shall be the sole responsibility of Tenant. By requiring such minimum insurance hereunder, Landlord shall not be deemed or construed to have assessed the risks that may be applicable to Tenant under this Lease, and Tenant shall assess its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Section 5.3 Evidence of Insurance. Certificates of insurance and required endorsements for all insurance required to be maintained by Tenant under this Article 5 shall be furnished by Tenant to Landlord prior to the Effective Date and at least ten (10) days prior to expiration of any such policies. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by Landlord and are to be received and approved by Landlord prior to the commencement of activities associated with the Lease. Tenant shall also provide copies of required policies to Landlord within ten (10) days after the latter's request.

Section 5.4 Waiver of Subrogation. To the extent any loss is required to be covered by property and/or builder's risk insurance required in this Article 5 or elsewhere in this Lease, or is actually covered by property insurance carried by a party, Landlord and Tenant hereby release each other from any and all liability or responsibility (to the other or anyone claiming through or under the other by way of subrogation or otherwise) for any loss or damage to real or personal property on the Premises caused by fire or any other insured peril, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible, provided that the foregoing waivers shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

Section 5.5 Periodic Adjustment of Tenant's Insurance Requirements. Due to the length of the Term of this Lease, the Parties agree that this Article 5 may, at the discretion of Landlord, be reviewed and adjusted within ninety (90) days of the end of each five (5) year anniversary of the Effective Date hereof. Any adjustments made by Landlord with regard to limits, scope and types of insurance, shall be in accordance with such insurance customary for similar multifamily housing projects in the Seattle – King County geographical area and shall be effective on the first day of each successive five (5) year period. Adjustment, if any, in insurance premium(s) shall be the responsibility of Tenant. Any failure by Landlord to exercise

its right to review and adjust at any of the aforementioned adjustment periods shall not constitute a waiver of future review and adjustment timings. Nothing contained within this Section 5.5 shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(ies). Nothing contained within this Section 5.5 shall affect and/or alter the application of any other provision contained within this Lease. Notwithstanding the foregoing, in no event shall Tenant be required to carry flood insurance covering the Premises if such coverage is not commercially available. Notwithstanding the foregoing or anything herein to the contrary, Tenant shall be deemed to be in compliance with any increases to coverage requirements or limits effected under this Section 5.5 so long as Tenant procures and maintains insurance meeting the requirements of the most senior Leasehold Mortgagee.

Section 5.6 Tenant's Failure to Carry Insurance. If Tenant at any time during the Term fails to procure or maintain insurance required hereunder or to pay the premiums therefor, and such failure continues for five (5) business days after written notice from Landlord, Landlord shall have the right to procure the same and to pay any and all premiums thereon, and any amounts paid by Landlord in connection with the acquisition of insurance shall be immediately due and payable as additional rent, and Tenant shall pay to Landlord upon demand the full amount so paid and expended by Landlord, including interest at the Default Rate defined below until paid.

ARTICLE 6

MAINTENANCE AND ALTERATIONS

Section 6.1 Maintenance of Leased Premises. In addition to the provisions of Section 6.3 below, during the Term, at Tenant's sole cost and expense, Tenant shall keep and maintain the Premises, the Project and all appurtenances thereunto belonging, in good and safe order, condition and repair. Tenant shall be responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Premises and the Project. At Tenant's own expense, Tenant shall keep and maintain the Premises and the Project in compliance with the Existing Project Agreements and all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction. Additionally, Tenant shall protect against and refrain from creating or allowing the creation of a recognized hazardous environmental condition. During the Term, Tenant, at Tenant's sole cost and expense, shall take all actions necessary to eliminate, remove, remediate or otherwise clean up any recognized hazardous environmental condition, provided however, that to the extent that such hazardous environmental condition is the responsibility of the Landlord under Section 4.3.4 of the Development Agreement, the Landlord shall take all actions necessary to eliminate, remove, remediate or otherwise clean up such hazardous environmental condition. Save and except as provided in Section 4.3.4 of the Development Agreement, Landlord shall have no obligation to Tenant to make any changes or improvements, or to incur any expenses whatsoever for the maintenance, monitoring, repair or remediation of the Premises or the Project.

Section 6.2 Alterations to Leased Premises. Subject to the permitted uses of the Premises set forth in Section 1.3, following initial construction of buildout of the tenant improvements as contemplated in Article 2 above, Tenant shall make no additions, alterations or changes in or to the Project (1) with respect to the Project footprint, or (2) that materially and adversely impact the Comfort Station described in Section 6.3.1 below, or (3) that materially and adversely impact Landlord's use of any adjacent property by the Landlord or Landlord's use of the reserved access rights described in Section 6.3.2 of this Lease ("**Alterations**") unless such Alterations are approved by Landlord in its reasonable discretion. Any disputes with respect to such changes shall be subject to the Dispute Process described in the Development Agreement to resolve disagreements in connection therewith, as more particularly described in the Development Agreement. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's sole cost and expense, payment and performance bonds in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of any proposed Alterations, including all costs for materials, labor, and supplies. Within three (3) months following final completion date of any Alterations (including all "punch-list" items), Tenant shall deliver to Landlord copies of: (i) all final permits (including without limitation any building permit); and (ii) a copy of as-built drawings for the Alterations (which may consist of the final drawings for the Alterations annotated with field notes identifying all changes made thereto in the course of construction) in electronic and hard-copy format as required by the Landlord.

Section 6.3 Landlord's Rights.

6.3.1 Comfort Station. Landlord may accept and have the exclusive right to use at all times a portion of the Premises labeled "**Comfort Station**" on the Site Plan attached hereto as **Exhibit A-1**. If Landlord accepts the completed Comfort Station, then, from and after the date of such acceptance, the use, operation, maintenance, repair, and improvement of the interior of the Comfort Station shall be Landlord's responsibility at its sole cost and expense, as more particularly set forth in the "**Comfort Station Sublease**" attached hereto as **Exhibit I** attached hereto.

6.3.2 Landlord's Reserved Access Rights. Landlord reserves for itself, its transit customers, and the public the right to enter, use, and cross all outdoor public spaces within the Premises. Landlord further reserves the right, in an emergency, to drive and park Transit supervisor, security/first responder, or maintenance vehicles, but not coaches or buses, on those outdoor portions of the Premises that are designed and constructed for vehicle use.

ARTICLE 7
PERMITTED MORTGAGES

Section 7.1 Leasehold Mortgage Provisions. Tenant intends that the development of the Project be financed with various public and private debt and/or grants, which funding may be secured by leasehold mortgages ("**Leasehold Mortgages**"), and notwithstanding anything in this Lease or the Existing Project Agreements to the contrary, Tenant may mortgage its interest in this Lease and the leasehold interest created herein without Landlord's consent, provided that any

such Leasehold Mortgage shall remain subject and subordinate to the terms and provisions of this Lease. In addition, Tenant is entering into this Lease of the Premises subject to existing Leasehold Mortgages securing certain debt of Housing Owner, which Leasehold Mortgages shall encumber the Premises until such time as the conditions for release of such Leasehold Mortgages set forth in the applicable loan documents are satisfied. **“Leasehold Mortgagee”** shall include any lender who is a holder of a Leasehold Mortgage, and in connection with the senior loan on the Project, includes both the **“Funding Lender”** (initially, Bank of America, N.A., and its successors and assigns, including without limitation CPC Mortgage Company LLC, the Federal Home Loan Mortgage Corporation and their respective successors and assigns) and the **“Fiscal Agent”** (initially, U.S. Bank Trust Company, National Association) as defined in such loan documents. Subject to Landlord’s approval of Transfers to the extent required below, any Leasehold Mortgagee or transferee or designee of any Leasehold Mortgagee that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or nonjudicial foreclosure sale, deed or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part obligations secured by any Leasehold Mortgage, and the successors and assigns of any such Leasehold Mortgagee, is referred to as a **“Transferee”**.

Section 7.2 Leasehold Mortgages; Landlord’s Consent to Transfers. Landlord acknowledges that Tenant’s financing for the Project will require Tenant to provide security interests in Tenant’s leasehold interest in the Premises, and its ownership interest in the Project. Notwithstanding anything herein to the contrary, foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate hereunder or any part thereof and Tenant’s interest in the Project and other rights hereunder, or any part thereof, to any Leasehold Mortgagee or other person through, or in lieu of, foreclosure, trustee’s sale or other proceedings in the nature thereof, and any subsequent sale, transfer and/or conveyance of Tenant’s leasehold estate hereunder or any part thereof by such transferee, shall be expressly permitted and shall not require the consent of Landlord or constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, sale or conveyance Landlord shall recognize Leasehold Mortgagee or other direct or indirect Transferee in connection therewith as the Tenant hereunder to the extent of the interest so transferred. Modifications or amendment of any Leasehold Mortgage or any document or agreement entered into connection therewith shall not require the consent of the Landlord.

Section 7.3 Notice to Leasehold Mortgagee. During any period in which a Leasehold Mortgage is in place, Landlord shall give each Leasehold Mortgagee at the address set forth in this Lease or at the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof, a duplicate copy of all notices (other than rent or periodic billing notices) as such notice is given to or served upon Tenant, provided that such notice shall be duly given when sent to the Leasehold Mortgagee at the notice address set forth herein (or the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof), by US Mail, registered, return receipt requested or by a recognized overnight commercial delivery service; and provided, further, that the failure of Landlord to send a copy

of any notice of default to Leasehold Mortgagee shall not subject Landlord to any liability hereunder, subject to the subsequent sentence. Notwithstanding the foregoing, in no event may Landlord exercise any remedy following a default hereunder unless and until it has provided written notice of the same to Leasehold Mortgagees in accordance with this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon written notice delivered to Landlord. Landlord may additionally provide a copy of such notice to a Leasehold Mortgagee by email as a courtesy but Landlord is under no obligation to do so.

Section 7.4 Right of Leasehold Mortgagee to Cure. Leasehold Mortgagee, at its option at any time within ninety (90) days, or such longer period as may be applicable as provided below, following the expiration of the right of Tenant to cure any default under the Lease or the Existing Project Agreements, may pay any amount or do any act or thing required of Tenant by the terms of the Lease or the Existing Project Agreements. Payments made and acts performed by such Leasehold Mortgagee within such ninety (90) day period, or such longer period as may be applicable as provided below, shall be effective to prevent a termination of the rights of Tenant hereunder and cure such default(s), if such payments and acts conform to the terms of the notice from Landlord described in Section 7.3 or if, together with any performance by Tenant or any other person with any cure rights, they are sufficient, except as to timing, to exercise the Tenant's right to cure that so expired; provided that in order to prevent termination of the Lease, a Leasehold Mortgagee shall not be required to cure (1) default on obligations of Tenant to satisfy or otherwise discharge any lien, charge, or encumbrance against Tenant's interest in the Lease caused by a wrongful act of Tenant; (2) any default to the extent resulting from the acts or omissions of the Landlord; or (3) defaults which are of a nature personal to the Tenant and therefore not capable of being cured by a Leasehold Mortgagee or are otherwise not reasonably susceptible of cure by a Leasehold Mortgagee (collectively, "**Excluded Defaults**"). Accordingly, in such event Leasehold Mortgagee shall not be required to cure such Excluded Defaults to avoid termination of the Lease or the Existing Project Agreements. If the default by Tenant is of such nature that it cannot practicably be cured without possession of the Premises and the Project, then the ninety-day period set forth above shall be extended during such time in which the Leasehold Mortgagee shall then be proceeding with reasonable diligence to foreclose on the Tenant's interest or otherwise obtain possession of the Premises and Project for itself or a receiver.

7.4.1 Notwithstanding anything herein or the Existing Project Agreements to the contrary, prior to the expiration of the cure rights of Leasehold Mortgagees, the Landlord shall not exercise any of its remedies under this Lease or the Existing Project Agreements, including without limitation effecting or causing any purported termination of the Lease or the Existing Project Agreements, nor take any action to deny Tenant or any subtenant possession, occupancy, or quiet enjoyment of the Premises or any part thereof.

7.4.2 Without limiting the rights of Leasehold Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of the Lease to pay all of

the Rent due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of, and/or cure a default under, the Lease and the Existing Project Agreements. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Premises for purposes of accomplishing any of the foregoing, and at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this Lease. Any of the foregoing done by any Leasehold Mortgagee shall be as effective to prevent a termination of and/or cure any such default under the Lease and the Existing Project Agreements, as if the same would have been if done by Tenant.

Section 7.5 Right to New Lease. If the Lease terminates for any reason including the rejection of the Lease in a bankruptcy proceeding, then Landlord shall give written notice of such fact to each Leasehold Mortgagee, and if one or more Leasehold Mortgagees gives written notice to Landlord within sixty (60) days following delivery of such notice of termination by Landlord, Landlord agrees in such case to enter into a new ground lease for the Premises (a “**New Lease**”) with the most senior Leasehold Mortgagee or its designee, for the remainder of the term of the Lease (including any option terms) effective as of the date of such termination, at the rent and additional rent and upon the other terms, conditions, covenants and agreements contained in this Lease and the Existing Project Agreements and with equal priority thereto, on the conditions set forth in this Article 7. Notwithstanding anything to the contrary contained herein, no termination of the Lease shall become effective until, and the lien of each Leasehold Mortgage on the Project shall remain effective until, either a New Lease has been made pursuant to this Article 7 or no Leasehold Mortgagee has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 60-day period as set forth above.

7.5.1 The tenant under the New Lease shall have the same right, title and interest in and to the Premises and Project and all obligations as Tenant had under the terminated Lease (other than with respect to Excluded Defaults) and the Existing Project Agreements and the Landlord and the new tenant shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest or obligations.

7.5.2 If the Landlord shall, without termination of the Lease, evict the Tenant, or if the Tenant shall abandon the Premises without Landlord thereafter terminating this Lease as permitted elsewhere herein, then any reletting thereof shall be subject to the liens and rights of Leasehold Mortgagees, and in any event Landlord shall not relet the Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days advance written notice to all Leasehold Mortgagees of the intended reletting and the terms thereof, and if any Leasehold Mortgagee shall, within sixty (60) days of receipt of such notice, give notice to the Landlord of such Leasehold Mortgagee’s

intent to pursue proceedings to foreclose on the Premises or otherwise cause the transfer thereof, then so long as the Leasehold Mortgagee shall diligently pursue such proceedings the Landlord shall not proceed with such reletting without the prior written consent of such Leasehold Mortgagee.

7.5.3 Nothing herein contained shall require any Leasehold Mortgagee to accept a New Lease.

Section 7.6 Limitation on Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be liable to Landlord as the “Tenant” under this Lease unless it expressly assumes such liability in writing. Unless any Leasehold Mortgagee or other Transferee acquires Tenant’s leasehold interest created hereunder and becomes the Tenant under the Lease or under any New Lease obtained pursuant to this Article, the Leasehold Mortgagee or other Transferee shall not be liable for the obligations of the Tenant under the Lease arising on and after the transfer of the Tenant’s interest in this Lease to the new “Tenant.” Any liability of any Leasehold Mortgagee or other Transferee shall be limited to its interests in the leasehold and the Premises, including the rents, profits, and proceeds therefrom, and shall be enforceable solely against those interests. Further, upon the transfer or assignment of all of its right, title and interest in this Lease, any Leasehold Mortgagee or other Transferee shall be automatically released from all liability to Landlord hereunder.

Section 7.7 Estoppel Certificates. Landlord and Tenant agree that at any time and from time to time upon not less than forty-five (45) days’ prior written notice by the other Party, or upon request from any Leasehold Mortgagee or a permitted assignee, Landlord or Tenant will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee a Ground Lease Estoppel in the form attached hereto as **Exhibit C** or other statement in writing certifying (1) that the Lease is unmodified and in full force and effect if such be the case or, if not, the extent to which the Lease has been modified; (2) the date through which the Rent has been paid; and (3) that, to the knowledge of the certifier (if such be the case); (3) there is no default, set-off, defense or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of the Lease or such statement; and (4) and any other information concerning performance, construction, tenancy, possession or other matters of reasonable interest to prospective lenders, partners, subtenants or purchasers as may be reasonably requested by the requesting party. The Parties intend that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant, or any Leasehold Mortgagee, as the case may be, in the Lease, or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgage; provided that no such statement shall be deemed to modify or amend this Lease or to affect the rights or remedies of the party providing such statement. All reasonable costs and expenses incurred by Landlord in connection with its review and negotiation of any such estoppel certificate, or any other documentation relating to any Leasehold Mortgage and requested to be executed by Landlord by Tenant or any Lender or Transferee, including without limitation costs and fees of Landlord’s counsel, shall be borne solely by Tenant, and Tenant shall reimburse Landlord either within thirty (30) days of

Landlord's demand therefor or on or before Landlord's execution of the estoppel certificate or any other documentation relating to any Leasehold Mortgage.

Section 7.8 Actions not Effective Without Leasehold Mortgagee Consent. No cancellation, surrender, or modification or amendment of the Lease or the Existing Project Agreements, and no waiver of any of Tenant's rights thereunder, shall be made without the prior written consent of all Leasehold Mortgagees. No subordination of the Tenant's interest in the leasehold or the Premises, or the rents or income therefrom, to any encumbrance or assignment granted by Landlord, and no joinder by Tenant in any such encumbrance or assignment, shall be binding as to a Leasehold Mortgagee without the express prior written consent of that Leasehold Mortgagee. No consent or waiver of any Leasehold Mortgagee shall be effective for purposes of the Lease unless it is made in writing. Landlord shall not encumber the fee estate with a deed of trust, mortgage, or similar lien or encumbrance, without the prior written consent of all Leasehold Mortgagees.

Section 7.9 Registration of Leasehold Mortgagees. Tenant shall promptly provide written notice to Landlord of the name and address of each Leasehold Mortgagee under this Lease.

Section 7.10 Subordination of Liens to Leasehold Mortgages. Landlord hereby subordinates its statutory landlord's lien rights to the perfected lien of the Leasehold Mortgage (including UCC-1 Financing Statements). Any Leasehold Mortgagee may enter the Premises for the purpose of exercising the rights and remedies provided under its Leasehold Mortgage including, without limitation, removing equipment, trade fixtures and other personal property from the Premises; provided that at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this Lease, and Leasehold Mortgagee shall repair any damage resulting from such removal.

Section 7.11 Intentionally Omitted.

Section 7.12 During the existence of any Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and the Landlord's reversionary interest or fee interest in the Premises, then such estates will remain separate and there will be no merger without the prior written consent of each Leasehold Mortgagee.

Section 7.13. Intentionally Omitted.

ARTICLE 8 **REPRESENTATIONS AND WARRANTIES**

Section 8.1 Representations of Landlord, Landlord represents to Tenant as follows, which representations are true and correct as of the date of this Lease to the actual knowledge of the Landlord:

8.1.1 The execution and delivery of this Lease have been or will be duly authorized by all necessary agency or other action; and

8.1.2 Landlord has received no written notice of any pending eminent domain proceeding or threatened governmental taking relating to all or any part of the Premises.

8.1.3 There are no mortgages, deeds of trust or other similar encumbrances encumbering Landlord's fee estate.

Section 8.2 Representations, Warranties and Covenants of Tenant. As an inducement to Landlord to enter into and to proceed under this Lease, Tenant warrants and represents to Landlord as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Effective Date:

8.2.1 Tenant has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease; and

8.2.2 The entry by Tenant into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Tenant is a party or by which it is bound.

8.2.3 Tenant has sufficient financial resources (which may include but are not limited to loans, grants, and/or tax credit financing) to carry out the Project on the Premises consistent with this Lease and the Existing Project Agreements; provided, Tenant will use best efforts following the Effective Date to obtain sufficient financing in order to complete construction of the Child Care Unit tenant improvements.

Section 8.3 Landlord's Remedy of Specific Performance. In addition to all other remedies under this Lease, the Existing Project Agreements, or at law or equity, Landlord reserves the remedy of specific performance to require Tenant to perform consistent with its representations and warranties under Section 8.2.

ARTICLE 9

EMINENT DOMAIN

Section 9.1 Total Condemnation. If the whole of the Premises and the Project, (or such portion of the Premises as renders it infeasible, in Tenant's sole discretion but with the prior written consent of the most senior Leasehold Mortgagee, for Tenant to continue to operate and maintain the Project), shall be taken, appropriated, or condemned under power of eminent domain during the Term (including any transfer made under threat of any such taking, appropriation, or condemnation), then any award of "just compensation" shall be allocated and distributed to Landlord and Tenant taking into account (1) Landlord's fee estate and Landlord's interest in

this Lease and its reversionary rights to the Project and the Premises; (2) the restricted nature of Tenant's leasehold interest under this Lease and the Existing Project Agreements; and (3) Tenant's own investment in the completed Improvements apart from financing reflected in any Leasehold Mortgages. In the event of a total taking, this Lease shall terminate when Tenant can no longer use the Premises in the manner herein intended, or when possession thereof shall be required by the appropriating or condemning authority, whichever shall first occur; but such termination of this Lease shall not preclude nor restrict Tenant's right to a reasonable allocation of just compensation as provided above. In the event that this Lease is terminated pursuant to this Section 9.1, the condemnation proceeds received as the result of such appropriation or taking shall be distributed as follows: (1) First, if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages; (2) to Landlord, to the extent of its interest in the Premises and this Lease, or any of them as set forth above in this Section 9.1; and (3) to Tenant to the extent of its interests in this Lease and its investment in the Premises. If there are any proceeds remaining after the distributions specified in the preceding sentence then those remaining proceeds shall be distributed to Landlord.

Section 9.2 Partial Condemnation. In the event that a part of the Premises shall be taken or condemned under circumstances in which Tenant desires to continue the Lease, this Lease shall continue in full force and effect and shall terminate only as to that part of the Premises so taken. In that event Tenant shall, at its own cost and expense, make all repairs to the Project on the Premises affected by such taking or condemnation to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase) in accordance with the loan documents of the most Senior Leasehold Mortgage; provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable condemnation award which is paid over to Tenant for such repair and/or restoration. Any award of "just compensation" shall be allocated and distributed as follows: first, if any Leasehold Mortgages are in place, to such Leasehold Mortgagees to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages, and then to Landlord and Tenant as provided under Section 9.1. There shall be no adjustment to Rent.

Section 9.3 Temporary Taking. If there shall be a temporary taking with respect to all or any part of the Premises or of Tenant's interest in this Lease, then the Term shall not be reduced and Tenant shall continue to pay in full all Rent (if any) and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Tenant shall not be required to perform such obligations that Tenant is prevented from performing by reason of such temporary taking. Any condemnation proceeds or other compensation attributable to such temporary taking shall be paid to Tenant subject to the rights of the Leasehold Mortgagees.

Section 9.4 Miscellaneous. It is understood and agreed that Tenant shall not be party to any negotiation or proceedings at law wherein Landlord claims compensation other than that which is defined statutorily as constituting “just compensation.” The Leasehold Mortgagees shall be provided notice of any condemnation proceedings and/or negotiations affecting the Premises in accordance with the notice provisions of this Lease, and shall have the right, but not the obligation, to participate in any such condemnation proceedings and negotiations.

ARTICLE 10

DAMAGE OR DESTRUCTION

Section 10.1 Damage or Destruction to Leased Premises. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Premises, the Project or any portion thereof (hereinafter sometimes referred to as a “Casualty”). Subject to Section 10.2 below, if during the Term the Project shall be damaged or destroyed by Casualty, Tenant shall, subject to the terms of the Leasehold Mortgages, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty, which insurance proceeds shall be payable to the most senior Leasehold Mortgagee and applied, in accordance with the loan documents of the most senior Leasehold Mortgage, to repay the indebtedness owed to such Leasehold Mortgagee or to fully repair or restore the Project or to replace damaged portions thereof with new improvements of a like quality and usefulness to those that were damaged in accordance with the requirements of the most senior Leasehold Mortgagee, provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable insurance proceeds which are paid over to Tenant for such repair and/or restoration.

Section 10.2 Right to Terminate.

10.2.1 If Tenant determines, subject to the rights of the Leasehold Mortgagees, by notice to Landlord given within one hundred eighty (180) days after the date of such Casualty, that it is not economically practical to restore the Project and/or the Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Tenant may, with the prior written consent of all Leasehold Mortgagees, terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Tenant terminates this Lease pursuant to this Section 10.2, Tenant shall be responsible for and shall bear all costs to remove all remaining improvements and debris from the Premises, including without limitation removal of all foundations, footings, pads, and other underground, at-grade, and above-ground improvements and to promptly surrender possession of the Premises to Landlord in “pad-ready” condition with no excavations or other holes in the ground surface.

10.2.2 Prior to surrendering the Premises to Landlord, duly authorized representatives of Tenant and Landlord will together inspect the Premises to evaluate the state of the Premises. After such inspection, both representatives together will establish in writing any further work to be done by Tenant, the time schedule to perform such work and the inspection date of such

work, in order to make the Premises “pad ready” upon surrender to Landlord. If Landlord is satisfied with the condition of the Premises, Landlord shall so notify Tenant in writing.

10.2.3 Tenant acknowledges and agrees that if any remaining work is not completed by Tenant to Landlord’s satisfaction within the agreed-upon timeframe, then any such work may be performed by Landlord or at Landlord’s expense in order to repair and restore the Premises to the required “pad-ready” condition. All expenses incurred by Landlord for such restoration work shall be reimbursed by Tenant within thirty (30) days of Tenant’s receipt of Landlord’s detailed invoices, it being understood that these expenses shall be limited to the cost of labor at either the Landlord’s or its contractor’s “fully loaded” union labor rates, plus the cost of necessary materials (if any).

Section 10.3 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to this Article 10, then insurance proceeds received as the result of such Casualty shall be distributed as follows: (1) if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees; and (2) to Landlord or Tenant, as applicable, to reimburse for the cost of completion of demolition of the Project improvements and surrender of the Premises to Landlord in “pad ready” condition under Section 10.2, and (3) to Landlord, up to the total cost of all restoration work (if any) paid for by Landlord under Section 10.2.3, and (4) then, and only then, to Tenant.

ARTICLE 11

EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Default By Tenant. Each of the following is a material default and breach of this Lease by Tenant:

11.1.1 Failure to make any required Rent or any other payment as and when due, if the failure continues for a period of ten (10) business days after written notice from Landlord.

11.1.2 Intentionally omitted.

11.1.3 Intentionally omitted.

11.1.4 Failure to obtain or maintain any insurance required to be maintained by Tenant hereunder, and such failure continues for a period of five (5) business days after written notice from Landlord.

11.1.5 Intentionally omitted.

11.1.6 Failure to perform any other obligation of Tenant hereunder not described in clauses 11.1.1 through 11.1.5 above, inclusive, if the failure continues for a period of thirty (30) days after written notice from Landlord (provided that, if the default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within such thirty-day period and thereafter diligently pursues its completion).

For the avoidance of doubt, no action or omission by the Housing Owner (or other tenant or owner under the Residential Ground Lease) or default under the Residential Ground Lease or otherwise with respect to the Housing Unit will affect or otherwise result in a default or breach under this Lease. Further, Tenant shall have no obligation or liability to Landlord with respect to the Housing Unit under this Lease or the Existing Project Agreements.

Section 11.2 Remedies Upon Default By Tenant. If any material default or breach by Tenant occurs, Landlord may, subject in all respects to the provisions of this Lease with respect to Landlord's rights to cure defaults by Tenant, and with respect to the rights of any Leasehold Mortgagees, do any or all of the following:

11.2.1 Upon thirty (30) days' written notice to Tenant, terminate Tenant's right to possession of the Premises, and this Lease shall terminate. Landlord may re-enter and take possession of and remove, at Tenant's costs and expense, all persons or property, and Tenant shall immediately surrender possession of the Premises to Landlord.

11.2.2 Maintain Tenant's right to possession, and this Lease shall continue in force whether or not Tenant has abandoned the Premises. Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due.

11.2.3 Pursue any other remedy available to Landlord under the law or equity. The remedies of Section 11.2.1 and 11.2.2 are not exclusive.

11.2.4 Any amount due from Tenant to Landlord under this Lease not paid when due shall (1) be subject to a "**Late Charge**" equal to the greater of (A) five percent (5%) of the overdue payment, or (B) \$500; and shall (2) accrue interest from date due until paid at the rate of twelve percent (12%) per annum (the "**Default Rate**"). The Parties agree that the foregoing Late Charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss caused by Tenant's non- or late-payment of any Rent or other amount due and owing under this Lease. Landlord's acceptance of any Late Charge shall not constitute a waiver of Tenant's default with respect to any such late- or non-payment, or prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law. Waiver of the late charge or interest with respect to any delinquent payment will not be deemed to constitute a waiver of the late charge or interest with respect to any subsequent delinquent payment. Any payments of any kind returned for insufficient funds will be subject to an additional charge of \$50.00 payable by Tenant to Landlord. In addition, if payments are received by check or draft from Tenant, and two (2) or more of such checks or drafts are dishonored by the bank or other financial institution they were drawn upon in any twelve (12) month period, Landlord may thereafter require all Rent and other payments due hereunder from Tenant to Landlord to be made by bank cashier's or bank certified check or other similar means of payment, and Landlord shall not be required to accept any checks or drafts of Tenant that do not comply with such requirements.

11.2.5 Upon any termination of this Lease due to any uncured default by Tenant hereunder that is not cured prior to the expiration of any applicable notice and cure period, Tenant shall, within ten (10) days thereafter, deliver to Landlord at no cost to Landlord all of the Affordable Housing Developer Materials (as such term is defined in the Development Agreement) then in Tenant's possession or control.

11.2.6 If Tenant defaults in the performance of any obligation under this Lease and such default remains uncured for a period longer than specified above (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), then Landlord may request and Tenant shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to Landlord, a surety bond, or a letter of credit. Tenant's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and Landlord may in its discretion terminate this Lease.

11.2.7 Intentionally omitted.

Section 11.3 Default by Landlord. Landlord shall be in default under this Lease if it fails to perform any material provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Landlord. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty-day period and thereafter diligently pursues its completion.

Section 11.4 Remedies Upon Default by Landlord; Limitation of Landlord's Liability. Tenant's sole remedies for any claimed default by Landlord hereunder shall be an action for actual damages, the recovery of which are limited as set forth in this Section 11.4, or injunctive relief, and in no event shall Tenant have the right to: (i) abate or set-off Rent; (ii) engage in self-help remedies; or (iii) terminate this Lease; provided that, if Landlord's default (a) consists of its failure to initially deliver exclusive possession of the Premises to Tenant as required by Section 1.2 above, or (b) constitutes an actual or constructive eviction of Tenant from the entire Premises, Tenant may nevertheless elect to terminate this Lease upon ninety (90) days written notice to Landlord, provided that Tenant's notice of termination shall be void *ab initio* if Landlord cures the alleged default giving rise to Tenant's termination remedy within such 90-day period. If Tenant exercises its right to terminate this Lease as aforesaid, then all provisions of this Lease that apply in connection with the expiration or termination of this Lease shall apply. Landlord shall not be liable for incidental or consequential damages or lost profits, and any monetary judgment obtained by Tenant hereunder shall be satisfied solely from Landlord's estate and interest in the Premises, including the Rental and other income therefrom and the insurance, condemnation, and sales proceeds thereof, and not from any other property or assets of Landlord, and shall be subject to all other limitations of liability set forth elsewhere in this

Lease. Neither Landlord, nor any agent, officer, director, or employee of Landlord shall be personally liable for any portion of such a judgment.

ARTICLE 12
QUIET ENJOYMENT AND POSSESSION; LANDLORD'S RIGHT OF ENTRY

Section 12.1 Quiet Enjoyment. So long as Tenant is not in default under this Lease after expiration of any applicable notice and cure period, Landlord covenants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Premises during the Term, subject to the provisions of this Lease, the Existing Project Agreements, and all applicable laws, ordinances and regulations.

Section 12.2 Landlord's Right of Entry. Landlord reserves the right to enter the Premises to inspect the same and to perform any maintenance, repairs, or improvement which it is permitted or entitled by this Lease or applicable law to make, at any and all reasonable times throughout the term of this Lease, provided that Landlord shall give Tenant not less than forty-eight (48) hours' prior notice (except in an emergency, in which case Landlord shall give such advance notice as is practicable under the circumstances), shall not interfere unduly with Tenant's operations and shall use reasonable efforts to cooperate with any security measures Tenant may then have in effect. The right of entry and inspection reserved to Landlord hereunder shall impose no obligation on Landlord to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Landlord for failure to make such inspections.

ARTICLE 13
VACATION OF LEASED PREMISES

Tenant covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Tenant will peaceably and quietly yield and surrender possession of the Premises and Project to Landlord. Unless otherwise stipulated, all improvements or alterations, including the initial Improvements and all subsequent Alterations, erected or made on the Premises (not including personal property, equipment and removable fixtures, which shall remain the property of Tenant and which shall be removed by Tenant at its sole cost prior to the expiration or earlier termination of this Lease, including without limitation all of the foregoing items located in any portion of the Premises and Project devoted to commercial or other non-residential uses) shall, upon expiration or earlier termination of this Lease, belong to Landlord without compensation to Tenant and shall be delivered to Landlord clean and in reasonably good operating order and condition, reasonable wear and tear excepted. For the avoidance of doubt, all appliances shall remain on and be surrendered with the Premises except to the extent they are owned by individual commercial sub-tenants, in which case Tenant shall cause such sub-tenant-owned appliances to be removed at no cost to Landlord. If Tenant holds over after the expiration or earlier termination of this Lease, Tenant shall become a tenant from month-to-month at a rental rate equal to then-fair

market rental value of the Premises and Project, as reasonably determined by Landlord, and otherwise subject to the terms, covenants, and conditions of this Lease, except those clearly inapplicable to the month-to-month tenancy. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration of this Lease, Tenant shall indemnify and hold Landlord harmless from all loss or liability including, without limitation, any claim made by any succeeding tenant or occupant founded on or resulting from such failure to surrender, together with Default Interest, reasonable attorney's fees, costs, and expenses. Within thirty (30) days after the Expiration Date or earlier termination of this Lease, Tenant shall deliver to Landlord copies of all Affordable Housing Developer Materials (as defined in the Development Agreement) then in Tenant's possession, without warranty or recourse.

ARTICLE 14
HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE

Section 14.1 Definitions. "**Hazardous Materials**" as used herein shall mean:

14.1.1 Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease-producing substances; or

14.1.2 Any dangerous waste or hazardous waste as defined in:

(i) Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70A.300A); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

(iii) Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or

14.1.3 Any hazardous substance as defined in:

(i) Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

14.1.4 Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

For purposes of this Article 14, “Tenant” shall mean Tenant and its sublessees (including commercial tenants), assignees, contractors, agents, employees, representatives, affiliates and/or their respective invitees.

Section 14.2 Environmental Compliance.

14.2.1 In the conduct of its business at the Premises, and in its use and occupancy of the Premises and adjacent public areas that are available for use by Tenant and others (the “**Public Areas**”), Tenant shall, at Tenant’s own expense, comply with all federal, state and local laws, ordinances, regulations, permits, decrees or other governmental requirements now or hereafter in effect related to Hazardous Materials and other environmental laws, including, but not limited to, laws and regulations pertaining to stormwater discharges as set by the U.S. Environmental Protection Agency and the Washington Department of Ecology, as well as such rules concerning environmental matters as may be promulgated by Landlord (“**Environmental Laws**”). Tenant warrants that its business and all activities to be conducted or performed in, on, or about the Premises and the Public Areas shall comply with all of the Environmental Laws. Tenant agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations as may be necessary at any time during the term of this Lease to comply with the Environmental Laws.

14.2.2 Tenant shall not without first obtaining Landlord’s prior written approval use, generate, handle, store, treat, transport, or sell any Hazardous Materials in, on, or about the Premises or the Public Areas. In the event, and only in the event, that Landlord approves any of the foregoing, Tenant agrees that such activity shall occur safely and in compliance with the Environmental Laws. Without limiting the foregoing sentences, Landlord agrees that Tenant may use, handle, store, transport, and dispose of reasonable amounts and types of ordinary cleaning supplies and similar items routinely used in the normal construction, operation, maintenance, repair, and occupancy of a residential building, to the extent consistent with all applicable Environmental Laws.

14.2.3 Tenant shall not cause or permit to occur any violation of the Environmental Laws on, under, or about the Premises and the Public Areas, or arising from Tenant’s use or occupancy of the Premises and the Public Areas. Tenant shall not undertake, or allow others to undertake by Tenant’s permission, acquiescence, or failure to act, or negligent activities that result in a release or threatened release of Hazardous Materials. If Tenant’s act, omission or breach of obligation under this Lease results in a release of Hazardous Materials into the environment on, about, or migrating from the Premises or the Property that exceeds regulatory cleanup levels, then Tenant shall, at Tenant’s sole expense, promptly take all actions necessary to mitigate such release and to fully and completely remove (and to dispose of such in accordance with applicable law) all of such Hazardous Materials.

14.2.4 Tenant shall, in a timely manner and at Tenant’s own expense, make all submissions to, provide all information required by, and comply with all requirements of all

governmental or regulatory authorities (“the **Authorities**” or “**Authority**”) with jurisdiction under Environmental Laws. If Tenant fails to fulfill any duty imposed under this Article within the time specified by applicable law, or if no time is specified within a reasonable time, Landlord may take action; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of the Environmental Laws to the Premises and/or the Public Areas and Tenant’s use thereof, and for compliance with the Environmental Laws, and Tenant shall execute all documents promptly upon Landlord’s request. No such action by Landlord and no attempt made by Landlord to mitigate damages shall constitute a waiver of any of Tenant’s obligations under this Article. Tenant shall immediately notify Landlord if Tenant becomes aware of any of the following: (a) a release or threatened release of Hazardous Materials on the Premises; (b) any actual or alleged violation of any of the Environmental Laws, including any inspection reports or any other notice received from any Authority that Tenant may be in violation of any Environmental Law; and (c) any notification from any Authority that investigation, remediation or removal of Hazardous Materials is or may be required at the Premises.

14.2.5 Should any Authority demand that a remedial investigation and/or cleanup or remediation plan be prepared and that a cleanup or remediation be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease and arises from Tenant’s use or occupancy of the Premises, or which arises at any time from Tenant’s use or occupancy of the Premises and/or the Public Areas, then Tenant shall, in a timely manner and at Tenant’s own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such investigation and/or cleanup or remediation plans. Any such plans are subject to Landlord’s prior written approval, such approval not to be unreasonably withheld. Although Landlord reserves the right to review and approve such plans, Landlord assumes no responsibility for such plans or their compliance with Environmental Laws.

14.2.6 If Landlord determines in its sole discretion that an emergency exists (i) because of the deposit, spill, discharge or other release of Hazardous Materials at or from the Premises or (ii) which arises from Tenant’s use or occupancy of the Premises and/or the Public Areas, Landlord will take such action as Landlord, in its sole discretion, considers reasonable to contact Tenant and advise it of the emergency situation. If Tenant is unreachable, or is unwilling to take immediate action, Landlord may, but is not required to, take immediate action to address the emergency situation, and Tenant will reimburse Landlord for all of its costs and expenses related thereto, provided, with respect to clause (i) above, that the deposit, spill, discharge or other release of Hazardous Materials arises from Tenant’s use or occupancy of the Premises. The fact that Landlord takes immediate action shall not relieve Tenant of any of its responsibilities under this Lease and the Environmental Laws including, without limitation, Tenant’s responsibility for complying with reporting requirements.

Section 14.3 Indemnification and Release.

14.3.1 Except as otherwise provided in this Section 14.3, Tenant shall be fully and completely liable to Landlord for, and shall indemnify, hold harmless and release Landlord from and against, any and all claims, liabilities, lawsuits, damages, demands, suits, losses, judgments, and costs, including but not limited to removal, remedial action, or other costs recoverable under CERCLA or MTCA; any and all other requirements, charges, interest, fees, oversight costs, or penalties (civil or criminal or both) imposed by any Authority; and all other expenses including but not limited to claims for bodily injury or death, property damage, diminution in value or loss of use, including attorney's fees and other costs of defense (“Claims”) caused by or arising from (1) the use, disposal, transportation, generation, past, present or future release or threatened release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Tenant in, on, around, about, or emanating from the Premises, including but not limited any remediation activities conducted by Tenant or from Tenant's activities on the Premises or the Property, or from Tenant's activities on any adjoining property occurring during the term of the this Lease or at any time if caused by Tenant, including exacerbation or disturbance of existing Hazardous Materials that were released in, on or about the Premises prior to the Commencement Date of this Lease; or (2) Tenant's failure to comply with any obligation in this Article; or (3) any actions by Landlord under this Article. Without limiting the generality of the foregoing, the Parties acknowledge that Claims, as defined herein, are not limited to third party Claims, but include Claims made or incurred by the Parties. Tenant's duties under this Section 14.3 include the duty to pay or reimburse Landlord's direct and indirect costs to monitor or oversee Tenant's cleanup or other corrective work, including but not limited to engineering and other consulting services, sampling and studies, confirmatory testing, compliance monitoring, and administrative costs and expenses incurred in procuring and managing the same. Tenant's indemnity regarding Hazardous Materials and environmental compliance under this Section 14.3 is in addition to, and separate from, Tenant's indemnity obligations under Article 17 of this Lease.

14.3.2 Landlord agrees to indemnify, defend and hold Tenant harmless from and against all fines, penalties, administrative and judicial proceedings and orders, and all other direct costs and expenses incurred by Landlord or Tenant solely with respect to clean up or remediate any hazardous materials or substances that may be found to exist on the Property from past events or releases prior to the Effective Date of the Development Agreement (collectively, “Cleanup Costs”), save and except to the extent that such Cleanup Costs result from Tenant's exacerbation of such pre-existing condition, nature and/or extent of such hazardous materials or releases of hazardous substances. Landlord's limited indemnity under this Section 14.3.2 does not and shall not be construed to alter, reduce, or expand Tenant's separate indemnity obligations under this Lease, the Due Diligence Agreement, or the Development Agreement all of which are ratified and reaffirmed.

Section 14.4 Reporting Requirements. Tenant shall comply with the Environmental Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to Landlord a full copy of any such submission, filing or report as submitted within 15 days of such submission.

Section 14.5 Right to Check on the Tenant's Environmental Compliance. Landlord expressly reserves the right to conduct, and Tenant shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the Premises as Landlord, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems, provided that the inspection of individual residential units shall be subject to the rights of tenants under applicable landlord/tenant laws and ordinances.

Section 14.6 Remedies. Upon any default by Tenant under this Article, and the expiration of any applicable notice and cure period provided in this Lease (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), Landlord shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to Landlord:

14.6.1 At Landlord's option, to terminate this Lease, effective immediately; and/or

14.6.2 At Landlord's option, to perform such action as is required to bring the Premises and any other areas of the Property affected by Tenant's default into compliance with the Environmental Laws and to recover from Tenant all of Landlord's costs and expenses in connection therewith; and/or

14.6.3 To recover from Tenant any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs, expenses and charges, civil and criminal penalties and fees, adverse impacts on marketing the Premises or any other areas of the Property, loss of business and sales by Landlord and other tenants of the Property, diminution of value of the Premises and/or other areas of the Property, the loss of or restriction of useful space in the Premises and/or other areas of the Property, and any and all damages and claims asserted by third parties, and Landlord's reasonable attorneys' fees, costs and expenses.

Section 14.7 Remediation on Termination of Lease. Upon the expiration or termination of this Lease, Tenant shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Premises caused by Tenant as required by applicable laws ("**Termination Cleanup**"). The process for such Termination Cleanup is subject to Landlord's prior written approval. Although Landlord reserves the right to review and approve the Termination Cleanup process, Landlord assumes no responsibility for it or its compliance with the Environmental Laws. If Tenant fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, within the time specified by law or within a reasonable time if no time is specified, Landlord may elect to perform such Termination Cleanup after providing Tenant with written notice of Landlord's intent to commence Termination Cleanup, and after providing Tenant a reasonable opportunity, which shall not be less than ninety (90) days after such notice (unless Landlord is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), to commence or resume the Termination Cleanup process. If Landlord performs such Termination Cleanup after said notice and Tenant's failure to perform same, Tenant shall pay all of Landlord's costs and expenses.

Section 14.8 Survival. Tenant’s obligations and liabilities under this Article shall survive the expiration or termination of this Lease.

ARTICLE 15
TENANT’S COOPERATION WITH EXISTING AND FUTURE USES AND
DEVELOPMENT OF TRANSIT CENTER AND PARK & POOL LOT

Section 15.1 Tenant acknowledges that Landlord intends to redevelop certain parcels adjoining the Premises for transit-oriented development and potentially other purposes consistent with existing and future transit uses of those parcels and the neighboring light rail station and related facilities. A conceptual illustration of the potential redevelopment sites is attached hereto as **Exhibit H**.

Section 15.2 In Tenant’s development, construction, and operation of the Project on the Premises, Tenant shall cooperate and act in good faith in anticipation of the future redevelopment of the parcels illustrated in **Exhibit H**.

Section 15.3 Tenant shall not perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to interfere with existing or future transit uses (1) upon the parcels illustrated in **Exhibit H** or (2) upon the public streets or other rights of way adjacent to the Property. For purposes of this Section 15.3, “**transit uses**” include, but are not limited to, the turning movements, layover, and free passage of transit coaches and service and security vehicles; and pedestrian, bicycle, and other nonmotorized access to, from, and across the parcels illustrated in **Exhibit H**.

Section 15.4 Tenant shall reasonably cooperate with the operation, maintenance, use, redevelopment, and construction of transit and other facilities or improvements upon the parcels illustrated in **Exhibit H**. Tenant shall reasonably cooperate and participate in Landlord’s public outreach and other planning efforts related to such use, redevelopment, and construction. Provided, that this Section 15.4 imposes no duty on Tenant to affirmatively perform or undertake any transit or transit-related function.

Section 15.5 Tenant’s failure to comply with this Article 15 shall constitute a breach of the Lease, provided that in no event shall Tenant be required to perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to have an adverse effect on the Premises and/or Project.

ARTICLE 16
TRANSFERS

Section 16.1 General Terms. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the

Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 above (Leasehold Mortgages), and except in accordance with Section 16.4, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Premises (any of the foregoing, a "**Transfer**") without Landlord's prior written consent in each instance, which consent may be withheld in Landlord's sole and absolute discretion except as otherwise provided in this Article, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease and no cure provision shall apply.

Section 16.2 Assignments.

16.2.1 Except as otherwise expressly permitted by this Lease, Tenant shall not assign or transfer this Lease or any interest therein, nor grant an option for such an assignment or transfer for the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. It shall not be deemed unreasonable for Landlord to withhold, condition or delay its consent for a transfer or assignment of this Lease, in whole or in part, that would entail a use other than the permitted uses of the Premises set forth in Section 1.3 of this Lease.

16.2.2 Intentionally omitted.

16.2.3 If Tenant desires to assign or transfer, or grant an option for assignment or transfer, for the whole or part of the Premises, or any portion of this Lease or any interest herein, then Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment or transfer, or grant of an option therefor, to a third party. The notification shall include but not be limited to a financial statement of the third party, including but not limited to a full disclosure of the monetary payment or any other consideration involved, and an affidavit from the third party stating it has examined this Lease, and, understanding this Lease, agrees to assume and be bound by all of the Tenant's obligations and covenants under this Lease, the same as if it were the original Tenant hereunder, and the proposed date of assignment, transfer or grant of an option therefor. Tenant shall also provide any financial, corporate or other information regarding the proposed assignment or the assignee/transferee, demonstrating the assignee's ability to perform the Tenant's obligations under the Lease, including information evidencing the managerial, operational and financial wherewithal of the assignee or transferee, as

reasonably requested by Landlord (all of the aforementioned documents are collectively referred to as the “**Transfer Documents**”).

16.2.4 Any assignment or transfer made in violations of this Section 16.2 shall be null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease.

Section 16.3 Subletting.

16.3.1 Unless the sublease sought to be entered into is (i) a Permitted Rental Agreement as defined under Section 16.4, or (ii) to an entity that controls, is controlled by or is under common control with Tenant (collectively, an “**Exempt Sublease**”), Tenant shall not sublet the whole or any part of the Premises, nor grant an option for sublease for the whole or any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall consent to a proposed sublease or grant of an option for sublease if such use is consistent with the permitted uses of the Premises set forth in Section 1.3 in this Lease. If Landlord shall give its consent to any sublease, this Section 16.3 shall nevertheless continue in full force and effect and no further sublease shall be made without Landlord’s consent. No sublease authorized under this Section 16.3 shall relieve or release the Tenant from any obligation or responsibility required of the Tenant under this Lease. Landlord agrees to enter into non-disturbance and attornment agreements with commercial subtenants upon commercially reasonable terms if requested to do so.

16.3.2 Except with respect to an Exempt Sublease, if Tenant desires to sublease, or grant an option for sublease, for the whole or part of the Premises, or any portion of this Lease or any interest therein, Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of sublease, or grant of an option therefor, to a third party. The notification shall include to a full disclosure of the monetary payment or any other consideration involved, the proposed date of the sublease, and a copy of the sublease agreement between the Tenant and new tenant. Tenant shall also provide any financial, corporate or other information regarding the proposed sublease or the subtenant reasonably requested by Landlord.

16.3.3 Any sublease made in violations of this Section 16.3 shall be null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease.

Section 16.4 Permitted Rental Agreements. Notwithstanding anything to the contrary elsewhere in this Lease, Tenant shall have the unrestricted right at any time and from time to time to enter into, or as applicable, cause its affiliated subtenant to enter into (1) a sublease for operation of the Child Care Unit as a childcare facility, including any Sublease with El Centro de la Raza as operator of the Child Care Unit and any associated temporary occupancy agreement; (2) a sublease for the operation of the Retail Unit consistent with any of the uses permitted hereunder; and (3) the Comfort Station Sublease (each, a “**Permitted Rental Agreement**”), all without the necessity of obtaining Landlord’s prior consent thereto or

approval thereof. All Permitted Rental Agreements shall be subject and subordinate to this Lease and in no event shall the term of any Permitted Rental Agreement extend beyond the expiration date of the Term of this Lease. Upon any earlier expiration or termination of this Lease, all then-effective Permitted Rental Agreements shall, at Landlord's election, likewise terminate.

ARTICLE 17

RELEASE AND INDEMNIFICATION

Section 17.1 Releases. This Lease is made upon the express condition that except as specifically set forth herein, Landlord is to be free from and Tenant assumes the risk of all liability and claims for damage, loss, cost or expense by reason of any injury, loss or theft of any property in or from the Premises or the improvements or by reason of any injury to any person or persons, including Tenant, or any property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes whatsoever, in, upon or in any manner connected with the Premises or the improvements or with the sidewalks, approaches, and entrances adjacent to the Premises, during the term of this Lease or any extension or renewal thereof or any occupancy hereunder. Without limiting the generality of the foregoing, Landlord and the Landlord Parties shall not be liable for any loss or damage to persons or property resulting from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any cause, whether the said damage or injury results from conditions arising upon the Premises, the adjacent property or from other sources or places regardless of whether the same is inaccessible to Tenant, except to the extent caused by the negligent acts and omissions of Landlord or any Landlord Party.

Section 17.2 Indemnification. Notwithstanding any other provision of this Lease, the Tenant hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Landlord) the Landlord and the other Landlord Parties from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees and expenses), arising directly or indirectly, in whole or in part, out of the use of and operations at the Premises, including but not limited to: (1) any claims for personal injury or property damage made by Landlord, any Landlord Party, or any third party; and (2) any act or omission by Tenant or any Tenant Parties in connection with the Premises. Notwithstanding the foregoing, the foregoing indemnification obligations by Tenant shall not extend or apply to the negligent acts and omissions of Landlord or any Landlord Party. In addition, if any contractor or subcontractor that performed any construction work for the Tenant or the Tenant's affiliates on the Project asserts any claim against the Landlord on account of any damage alleged to have been caused by the Tenant or the Tenant's affiliates, their members, partners, officers, commissioners, directors, affiliates (other than Landlord), agents or employees, or their

construction contractors, then the Tenant shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Landlord shall be allowed, the Tenant shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith. Tenant hereby waives for itself and its employees any immunity to which it or they may be entitled under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify Landlord and the Landlord Parties, which waiver has been mutually negotiated by the Parties. In the event it is determined that RCW 4.24.115 applies to this Lease, Tenant agrees to defend, hold harmless, and indemnify Landlord to the maximum extent permitted thereunder. These indemnities shall survive the termination of this Lease.

Section 17.3 Miscellaneous. Tenant's indemnity obligations under this Article 17 are in addition to, and separate from, Tenant's indemnity obligations under Article 14 of this Lease regarding Hazardous Materials and environmental compliance. Tenant's indemnity obligations under this Article 17 do not include Hazardous Materials and environmental compliance.

ARTICLE 18

MISCELLANEOUS PROVISIONS

Section 18.1 Entire Agreement. This Lease (and the Exhibits hereto), together with the Existing Project Agreements, contain the entire agreement and understanding between Landlord and Tenant concerning the subject matter of this Lease, and supersede all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by Landlord or Tenant concerning the Property, Premises, or Project or the other matters which are the subject of this Lease. The Parties acknowledge that each Party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting Party shall not be employed nor applied in the interpretation of this Lease.

Section 18.2 Governing Law; Choice of Venue; Attorneys' Fees. The interpretation, construction and enforcement of this Lease, and all matters relating hereto, shall be governed by the laws of the State of Washington without giving effect to its conflicts of law rules or choice of law provisions. Subject to matters governed by the Dispute Process pursuant to Article 19 below, any judicial proceeding brought by either of the Parties against the other Party or any dispute arising out of this Lease, the Premises, or the Project, or any matter relating thereto, shall be brought in the Superior Court of the State of Washington (in King County), or in the United States District Court for the Western District of Washington. In that regard, each Party hereby waives any defense of inconvenient forum and any bond or other security that might otherwise be required of the other Party with respect to such choice of judicial forum. If any legal action or other proceeding is commenced to enforce or interpret any provision of, or otherwise relating to, this Lease, the substantially losing Party shall pay the substantially prevailing Party's actual expenses incurred in the investigation of any claim leading to the proceeding, preparation for and participation in the proceeding, any appeal or other post judgment motion, and any action to enforce or collect the judgment including contempt, garnishment, levy, discovery and bankruptcy. For purposes of this Section 18.2 "expenses"

include, without limitation, court or other proceeding costs and experts' and attorneys' fees and their expenses. The phrase "substantially prevailing Party" shall mean the Party who is determined in the proceeding to have primarily prevailed or who prevails by dismissal, default or otherwise.

Section 18.3 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.

Section 18.4 Severability. The provisions of this Lease are intended to be severable and enforced to the maximum extent permitted by law. If for any reason any provision of this Lease shall be held invalid, illegal or unenforceable in whole or in part, then that provision shall be ineffective only to the extent of the invalidity, illegality or unenforceability, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions of the Lease. The unaffected portion and provisions of the Lease will be enforced to the maximum extent permitted by law.

Section 18.5 Further Assurances. From and after the date of this Lease, Landlord and Tenant, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease, provided that the same may be done at no material cost to the Party receiving such request; and provided further, that where this Lease provides for specific forms of or limitations on such further instruments, the Parties shall abide by the same.

Section 18.6 References; Construction. Unless otherwise indicated, (1) all section and exhibit references are to the sections and exhibits of this Lease, and (2) all references to days are to calendar days. The Exhibits hereto are incorporated herein by this reference; provided that in the event of any conflict or inconsistency between this Lease and any of the Existing Project Agreements, the terms and provisions of this Lease shall control. Whenever under the terms of this Lease the time for performance of a covenant or condition falls upon a Saturday, Sunday or State of Washington holiday, such time for performance shall be extended to the next business day. The headings used in this Lease are provided for convenience only and this Lease shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

Section 18.7 Intentionally Omitted.

Section 18.8 Intentionally Omitted.

Section 18.9 Intentionally Omitted.

Section 18.10 Rights Cumulative; Amendments and Waivers. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity. No addition to or modification of this Lease shall be effective unless set forth in writing and signed by the Party against whom the addition or modification is sought to be enforced and accompanied by the prior written consent of the Leasehold Mortgagees. The Party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by the other Party unless made in writing and signed by the waiving Party. No delay or failure to require performance of any provision of this Lease shall constitute a waiver of that provision. Any waiver granted shall apply solely to the specific instance expressly stated.

Section 18.11 Notices. All notices, demands, approvals, and other communications provided for in this Lease shall be in writing and shall be effective (1) upon receipt when personally delivered to the recipient at the recipient's address set forth below; (2) when received by United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth below, or when such receipt is rejected; (3) one (1) business day after deposit with a recognized overnight courier or delivery service; or (4) when electronically transmitted (including email or facsimile) to the email address or facsimile number set forth below. A Party disputing delivery or receipt of email notice shall have the burden of proving that the email notice was not delivered or received or both. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or federal or state legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. A Party may change its address or other contact information by giving notice as specified in this Section 18.11.

If to Landlord: King County Metro Transit Department
Attn: Director of Capital Division, Metro Transit Department
201 South Jackson Street
KSC-TR-0415
Seattle, WA 98104-3856

With a copy to: Facilities Management Division
Real Estate Services Section
201 South Jackson Street
KSC-FMD-0XXX
Seattle, WA 98104-3856

With a copy to: King County Prosecuting Attorney Office
Attn: Chief Civil Deputy Prosecuting Attorney
W400 King County Courthouse
516 Third Avenue
Seattle, WA 98104

If to Tenant: Northgate Retail LLC
c/o Community Roots Housing
1620 – 12th Ave., Suite 205
Seattle, WA 98122
Attn: Thea Munchel, Vice President, Real Estate Development

With a copy to: Kantor Taylor PC
1200 5th Avenue, Suite 1910
Seattle, WA 98101
Attn: Mark Kantor

If to Lender(s): Bank of America, N.A.
4500 Amon Carter Blvd., 2nd Floor
Fort Worth, TX 76155
TX2-979-02-22
Attn: Construction Servicing (Real Estate) Loan Administration
Manager

Copy to: Buchalter, a Professional Corporation
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017
Attn: Michael Williamson, Esq.
Re: Northgate Apartments (B0965-0747)

Section 18.12 Counterparts. This Lease may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Lease to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

Section 18.13 Time of Essence. Time is of the essence in the performance of the Parties' respective obligations under this Lease, and no notice of a Party's intent to require strict compliance with the deadlines set forth in this Lease is required.

Section 18.14 No Third-Party Beneficiaries. Except for Leasehold Mortgagees with respect to rights, powers and interests granted to them hereunder, nothing in this Lease, express or implied, is intended to confer any rights or remedies under or by reason of this Lease on any person other than the Parties to it, nor is anything in this Lease intended to relieve or discharge

any obligation of any third person to any Party hereto or give any third person any right of subrogation or action over or against any Party to this Lease.

Section 18.15 Commissions; Indemnity. Neither Landlord nor Tenant is represented by a broker in this transaction. Each Party represents to the other party that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the negotiation or execution of this Lease. Each Party hereby indemnifies and agrees to protect, defend and hold harmless the other Party from and against all liability, cost, damage or expense (including, without limitation, attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying Party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying Party. This Section 18.15 is intended to be solely for the benefit of the Parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a Party to this Lease.

Section 18.16 Memorandum of Lease. This Lease shall not be recorded, but the Parties hereto shall execute an Amended and Restated Memorandum of Lease in the form attached hereto as **Exhibit D** and Tenant shall cause the same to be recorded at its expense in the real property records of King County, Washington. Tenant agrees to execute, within ten (10) days after written demand from Landlord, an appropriate release and/or cancellation instrument, in proper form for recordation, acknowledging the expiration or earlier termination of the Lease.

Section 18.17 Relationship of Parties. Nothing contained in this Lease shall be construed to create, nor shall either Party represent the existence of, a partnership, a joint venture, an association, a corporation, a trust or other entity, nor to constitute either Party the agent of the other.

Section 18.18 Intentionally Omitted.

Section 18.19 Non-publicity. Except for those matters that must be disclosed to perform the commitments of Tenant under this Lease, and except as otherwise provided by applicable law, Tenant agrees that no press releases concerning the transactions provided for in this Lease shall be made by Tenant without the prior written consent of Landlord. The provisions of this Section 18.19 shall survive any termination of this Lease. Notwithstanding the foregoing, Landlord and Tenant acknowledge that the existence of this Lease and certain of its terms will become public. Further, the provisions of this Section 18.19 shall not be applicable to Tenant with respect to information that becomes public through parties other than Tenant, including information that may become public through information requests directed at Landlord and information that may become public as part of Landlord's internal approval processes. Finally, Landlord acknowledges that Tenant may disclose the terms of this Lease for the purposes of financing the Project.

Section 18.20 Force Majeure. The Parties hereby acknowledge and agree that the times set forth in this Lease shall not be subject to delay, except to the extent a Force Majeure Event has

occurred, and then only as provided in this Section. For purposes of this Lease, a “**Force Majeure Event**” shall mean any delay due to war, insurrection, riots, civil disturbances, floods, fires, casualties, earthquakes, tsunamis, acts of God, acts of the public enemy, epidemics, quarantine restrictions of more than three (3) consecutive calendar months in duration, any actions by any Governmental Authorities beyond a Party’s reasonable control (other than issuance or an appeal of any permits, approval, or other entitlements); provided, however, any financial inability, or an economic downturn as the result of any of the foregoing or any other cause, shall not be deemed a Force Majeure Event. A Force Majeure Event shall not toll or extend the Expiration Date.

Section 18.21 Waiver of Jury Trial. LANDLORD AND TENANT IRREVOCABLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT UNDER THIS LEASE, THE ENFORCEMENT OF THIS LEASE, TENANT’S USE OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF INJURY OR DAMAGE ARISING BETWEEN LANDLORD AND TENANT, OR ANY ACTIONS OF LANDLORD IN CONNECTION WITH OR RELATING TO THE ENFORCEMENT OF THIS LEASE.

Section 18.22 Acceptance of Service of Process. In the event that Landlord or a Landlord Party commences any legal action against Tenant, service of process on Tenant shall be made by personal service upon Tenant, or in such manner as may be provided by law, and shall be valid whether made within or without the State of Washington.

Section 18.23 Nondiscrimination. Tenant, on behalf of itself and its successors and assigns, as a part of the consideration hereof, does hereby covenant and agree to comply with all civil rights and anti-discrimination requirements of federal, state and local laws applicable to the Premises, including, without limitation, Chapter 49.60 RCW. Tenant 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 Chapter 12.16, as now codified and as hereafter amended. Tenant 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, King County Charter Section 840, 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 this Lease and may result in ineligibility for further agreements between the Parties.

ARTICLE 19
DISPUTE RESOLUTION AND RELATED MATTERS

Section 19.1 Certain Matters Not Subject to Dispute Resolution. The following matters are not subject to dispute resolution under Section 19.2 of this Lease: (1) Any dispute or matter involving any action by Landlord that seeks repossession of the Premises as part of Landlord's remedy, whether by unlawful detainer, or ejectment, or otherwise; (2) any action by Landlord seeking an injunction or temporary restraining order; (3) any action for the collection of Rent; (4) any matter related to Landlord's assertion that the Tenant is in uncured default under this Lease; or (5) any matter arising out of or related to eminent domain proceedings against the Premises or the Project by any governmental entity.

Section 19.2 Certain Disputes Subject to Dispute Resolution. Disputes that are not excluded from dispute resolution under Section 19.1 shall be subject to dispute resolution under this Section 19.2.

19.2.1 Landlord and Tenant agree to communicate regularly to discuss matters arising under this Lease and to prevent disputes from arising. Except as otherwise provided, the Parties agree further to use their best efforts to resolve any disputes arising under this Lease using good-faith negotiations through the following Dispute Process:

Step One. Landlord and Tenant or their designees shall confer and attempt to resolve the dispute within ten (10) business days of written notification by either Party.

Step Two. In the event Landlord and Tenant or their designees are unable to resolve the dispute within ten (10) business days as provided in Step One, either Party may refer the dispute to Landlord's and Tenant's authorized representatives or their respective designees. They shall confer and attempt to resolve the dispute within five (5) business days of receiving the referral.

Step Three. In the event Landlord's and Tenant's authorized representatives or their respective designees are unable to resolve the dispute within five (5) business days as provided in Step Two, either Party may refer the dispute to Landlord's Metro General Manager and such representative as designated for this purpose by Tenant. They shall confer and attempt to resolve the dispute within five (5) business days after receiving the referral.

Before initiating a step described above, each Party shall notify the other with the name and contact information of person designated to act on behalf of the respective Party.

19.2.2 If the Parties are unable to resolve the dispute using the process set forth in Steps One through Three above, the Parties may, by agreement, choose to submit the matter to a non-binding mediator. The Parties shall share equally in the cost of the mediator.

19.2.3 As to matters that are subject to dispute resolution under this Section 19.2 neither Party shall have the right to seek relief in a court of law until and unless Steps One through Three above are exhausted. At all times during the course of such dispute resolution efforts, the Parties agree to continue to perform their respective responsibilities under this Lease with due diligence.

19.2.4 The Parties agree that as between them, applicable statutes of limitation or statutes of repose shall be tolled while the Parties implement the dispute resolution process set forth in this Section 19.2.

19.2.5 For the avoidance of doubt, the dispute resolution procedures and requirements set forth in this Article 19 shall not apply to the Leasehold Mortgagees.

ARTICLE 20 EXHIBITS

Section 20.1 List of Exhibits. The following Exhibits are attached to this Lease and are incorporated herein by reference:

- A. Legal Description of the Property
- A-1. Site Plan
- B. Legal Description of the Premises
- C. Form of Ground Lessor Estoppel
- D. Form of Amended and Restated Memorandum of Ground Lease
- E. Copy of Due Diligence Agreement
- F. Copy of Development Agreement
- G-1 Intentionally Omitted
- G-2 Intentionally Omitted
- G-3 Intentionally Omitted
- H. Conceptual Illustration of Potential Future Uses and Development on Parcels Adjacent to the Premises
- I. Comfort Station Sublease
- J. Updated Development & Milestone Schedule

[Signatures on Following Page]

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

LANDLORD:

KING COUNTY, a home rule charter and Washington political subdivision:

By: _____

Name: _____

Title: _____

Approved as to form for King County:

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

TENANT:

NORTHGATE RETAIL LLC,
a Washington limited liability company

By: Community Roots Housing,
a Washington public corporation
Its: Manager

By: _____
Name: Christopher Persons
Title: Chief Executive Officer

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

STATE OF WASHINGTON

COUNTY OF KING

ss:

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE RETAIL LLC, a Washington

A&R Ground Lease - Commercial

limited liability company, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington,
residing at _____
My appointment expires _____

Exhibit A

Legal Description of the Property

PARCEL Y OF BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

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Exhibit A-1

Site Plan

[attached]

Exhibit B

Legal Description of the Premises

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

PARCEL A:

UNITS 2, 3 AND 4, [NORTHGATE], A CONDOMINIUM, ACCORDING TO DECLARATION THEREOF RECORDED [____], UNDER KING COUNTY RECORDING NO. [____], AND AMENDMENT(S) THERETO; SAID UNITS ARE LOCATED ON SURVEY MAP AND PLANS FILED IN VOLUME [___] OF CONDOMINIUMS, AT PAGES [___] THROUGH [___], IN KING COUNTY, WASHINGTON.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AS CREATED BY BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL C:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND UTILITIES AS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR PRIVATE ACCESS AND UTILITIES RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000733, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL D:

A NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO BUILD AREAS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000734, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL E:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO BUILD AREA CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000735, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL F:

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A NON-EXCLUSIVE EASEMENT FOR CRANE BOOM, ACCESS, STAGING AND CONSTRUCTION OF IMPROVEMENTS AS CREATED BY CONSTRUCTION EASEMENT AGREEMENT RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000736, RECORDS OF KING COUNTY, WASHINGTON.

A&R Ground Lease - Commercial

Exhibit C

Form of Ground Lessor Estoppel

[attached]

Exhibit D

Form of Amended and Restated Memorandum of Ground Lease

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

Facilities Management Division
Real Estate Services Section
500 4th Avenue Suite 830
KSC-FMD-0830
Seattle, WA 98104

AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE

Grantor: KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle, as "Landlord"

Grantee: NORTHGATE RETAIL LLC, a Washington limited liability company, as "Tenant"

Legal Description: [Units 2, 3 and 4, Volume _____ of Condominiums, Pages _____]

Assessor's Tax Parcel ID#: 322604-9325

RECITALS

A. Landlord and Tenant have entered into that certain Amended and Restated Ground Lease for Commercial Space dated _____ (the "**Effective Date**") (together with all amendments, substitutions, replacements and renewals thereto from time to time, collectively, the "**Lease**"), pursuant to which Landlord has leased to Tenant and Tenant has leased from Landlord those certain condominium units more particularly described on **Exhibit "A"** attached hereto (the "**Premises**"); and

B. Pursuant to the Lease, the parties have agreed to execute and Tenant shall at its sole expense record this Amended and Restated Memorandum of Ground Lease (this "**Memorandum**") against the Premises in the real property records of King County, Washington (the "**Records**"). Each of Landlord and Tenant are sometimes referred to hereinafter individually as a "**Party**" and collectively as the "**Parties**."

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AGREEMENT

NOW, THEREFORE, in consideration of the Lease and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Incorporation of Recitals; Capitalized Terms. The foregoing Recitals shall be incorporated as though fully set forth herein. Any capitalized terms not defined in this Memorandum shall have the meanings ascribed thereto in the Lease.
2. The Lease. Landlord has leased to Tenant, and Tenant has leased from Landlord, pursuant to the terms and conditions of the Lease, the Premises.
3. Lease Term. The Term of the Lease is a period of seventy-five (75) years, commencing on the Effective Date defined in the Lease and expiring on December 21, 2098, unless sooner terminated in accordance with the Lease.
4. Assignments, Subleases, and Other Transfers Restricted. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into the Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 of the Lease (Leasehold Mortgages), and except in connection with Permitted Rental Agreements described in Article 16 of the Lease, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, mortgage, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in the Lease or the Premises (any of the foregoing, a "Transfer") without Landlord's prior written consent in each instance, which consent may be withheld in Landlord's sole and absolute discretion except as otherwise provided in Article 16 of the Lease, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease and no cure provision shall apply.
5. Additional Provisions. The Lease contains additional rights, terms and conditions not enumerated in this instrument.
6. Purpose and Intention; Conflict. This Memorandum is executed for the purpose of recordation in the Records, and is not intended, and shall not be construed, to define, limit or modify the Lease. This Memorandum creates no leasehold or other estate with respect to the Premises and this Memorandum documents no leasehold or other estate other than the leasehold estate that was created with respect to the Premises by the Lease. This Memorandum shall be governed in all respects solely by the Lease and all of the provisions thereof. In the event of any inconsistency between the provisions of this Memorandum and the Lease, the provisions of the Lease shall control.

A&R Ground Lease - Commercial

7. Cancellation of Memorandum of Lease. Unless sooner terminated by specific written agreement of Landlord and Tenant, this Memorandum shall expire and be of no further force or effect immediately, and without further action, upon the expiration or earlier termination of the Lease. To evidence such termination or expiration pursuant to this Section, each Party agrees, within five (5) business days after the written request of the other Party, to enter into and record an appropriate release and/or cancellation instrument, in proper form for recordation in the Records, acknowledging the expiration or earlier termination of the Lease (the "Cancellation"). If Tenant fails to timely deliver the Cancellation, and such failure continues for an additional five (5) business days after a second written notice, Tenant hereby appoints Landlord as Tenant's attorney-in-fact for the limited purpose to prepare, execute and record the Cancellation. This appointment shall be coupled with an interest and irrevocable.

8. Binding Effect. All of the provisions of this Memorandum shall inure to the benefit of and shall be binding upon the successors and assigns of Landlord and Tenant; provided, however, any such assignment shall be subject to the terms and conditions of the Lease.

9. Counterparts. This Memorandum may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Memorandum to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

[Signatures on Following Page]

IN WITNESS WHEREOF, this Memorandum of Ground Lease is made and entered into in multiple original counterparts on the day and year first above written.

LANDLORD:

TENANT:

KING COUNTY, a home rule charter and Washington political subdivision:

NORTHGATE RETAIL LLC, a Washington limited liability company

By: _____

By: Community Roots Housing,
a Washington public corporation

Name: _____

Its: Manager

Title: _____

By: _____

Name:

Title:

Approved as to form for King County:

By: _____

Name: _____

Title: _____

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

[acknowledgements follow]

A&R Ground Lease - Commercial

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that s/he signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, _____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington
Residing at _____
My appointment expires: _____

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE RETAIL LLC, a Washington limited liability company, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 202__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington,
residing at _____
My appointment expires _____

A&R Ground Lease - Commercial

EXHIBIT A
To

Memorandum of Ground Lease
Legal Description of the Premises

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

[insert]

Exhibit E
Due Diligence Agreement
[attached]

A&R Ground Lease - Commercial

Exhibit F
Development Agreement
[attached]

A&R Ground Lease - Commercial

Exhibit G-1

Intentionally Omitted

Exhibit G-2

Intentionally Omitted

Exhibit G-3

Intentionally Omitted

Exhibit H

Conceptual Illustration of Potential Redevelopment Sites

[attached]

Exhibit I

Comfort Station Sublease

[attached]

Exhibit J

Updated Development & Milestone Schedule

Milestone	Construction Schedule Date	Outside Date
Tenant to substantially commence construction of the Child Care Unit tenant improvements	[November 10, 2025]	[June 1, 2026]
Tenant to substantially complete construction of the Child Care Unit tenant improvements	[August 10, 2026]	[March 1, 2027]
Operator subtenant to obtain early learning center license to the Child Care Unit	[November 30, 2026]	[June 1, 2027]



King County

Dow Constantine
 King County Executive
 401 Fifth Avenue, Suite 800
 Seattle, WA 98104-1818
206-263-9600 Fax 206-296-0194
 TTY Relay: 711
www.kingcounty.gov

November 5, 2024

The Honorable Dave Upthegrove
 Chair, King County Council
 Room 1200
 C O U R T H O U S E

Dear Councilmember Upthegrove:

This letter transmits a proposed Ordinance that, if enacted, would authorize King County to amend and restate its 75-year ground lease with Bridge Housing Corporation and Community Root Housing for the creation of 232 units of affordable housing and three additional dwelling units set aside for on-site management to be located on County-owned land that is a part of the Northgate Transit Center. The proposed amendment separates the commercial aspect of the property from the affordable housing element as required by the lessee's lender.

The ground lease requires the lessee/developer to construct, manage, and operate three commercial spaces, including a comfort station for Metro operators, and a playground constructed on the first floor of the Northgate Affordable Housing Project.

Enacting this proposed Ordinance creates an independent commercial ground lease for the Northgate Affordable Housing project and provides a path to securing necessary commercial funding to complete the project.

Thank you for your consideration of this proposed Ordinance. Restating and amending the existing ground lease to create a separate commercial ground lease is a critical step in delivering a successful affordable housing project at Northgate.

If you have any questions, please contact Mark Ellerbrook, Capital Division Director, Metro Transit Department, at maellerbrook@kingcounty.gov or 206-263-9631.

The Honorable Dave Upthegrove

November 5, 2024, 2024

Page 2

Sincerely,



for

Dow Constantine

King County Executive

Enclosure

cc: King County Councilmembers

ATTN: Stephanie Cirkovich, Chief of Staff, King County Council

Melani Hay, Clerk of the Council

Karan Gill, Chief of Staff, Office of the Executive

Penny Lipsou, Council Relations Director, Office of the Executive

Michelle Allison, General Manager, Metro Transit Department

Mark Ellerbrook, Division Director, Capital Division, Metro Transit Department

Lorraine Patterson-Harris, County Administrative Officer, Department of Executive Services (DES)

Drew Zimmerman, Acting Director, Facilities Management Division, DES

GENERAL TRANSACTION INFORMATION

Ordinance/Motion:	Approval of amended and restated commercial ground lease for TOD at Northgate			Transaction Duration:	75 years yrs
Title:	MTD			Fair Market Value:	NA
Affected Agency/Agencies:	Sarah Lovell	Date Prepared:	07/11/2024	Legal Transaction Type:	amended and restated ground
Note Prepared By:	T.J. Stutman	Date Reviewed:	11/4/2024	Fiscal Transaction Type:	stand alone ordinance
Note Reviewed By:	#REF!				
Description of Request:					

FINANCIAL IMPACTS

Part 1 - Net Present Value Analysis Results

Net Present Value to King County (all impacts): ***	NA	Net Present Value to Primary Impacted Agency (customer of transaction): ***	NA
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Part 2 - Revenue and Expenditure Impacts

As of the preparation date of this fiscal note, the impact of the above legislation on the financial affairs of King County is estimated to be as indicated below:

Revenue to: ^{2,3,5}

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Revenue Account Code and Source/Description	Sum of Revenues Prior to 2023	2023 / 2024	2025 / 2026	2027 / 2028	Sum of Outyear Impacts ²
				0		\$ -	\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -	\$ -
						\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ -	\$ -	\$ -	\$ -

Expenditures from: ^{2,3,4,5}

Appropriation Unit/Expenditure Type	Appr. Number	Department	Fund Number	Project Number	Expenditure Notes	Sum of Expenditures Prior to 2023	2023 / 2024	2025 / 2026	2027 / 2028	Sum of Outyear Impacts ²
Metro Transit Department	797	MTD	3641	1028730		\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Services Labor Costs						\$ -	\$ 3,550	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ 10,650	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)						\$ -	\$ -	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL						\$ -	\$ 14,200	\$ -	\$ -	\$ -
Real Estate Services Labor Costs						\$ -	\$ -	\$ -	\$ -	\$ -
King County Project Management						\$ -	\$ -	\$ -	\$ -	\$ -
Lease Payments/Associated O&M						\$ -	\$ -	\$ -	\$ -	\$ -
Service Costs (Appraisal, Title, Move)						\$ -	\$ -	\$ -	\$ -	\$ -
Tenant and Other Improvements						\$ -	\$ -	\$ -	\$ -	\$ -
10% Art for General Fund Transactions						\$ -	\$ -	\$ -	\$ -	\$ -
Other Transaction Costs						\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL						\$ -	\$ 14,200	\$ -	\$ -	\$ -
TOTAL						\$ -	\$ 14,200	\$ -	\$ -	\$ -

APPROPRIATION IMPACTS

As of the preparation date of this fiscal note, the impact of the above legislation on the budget appropriation of King County is estimated to be as indicated below: ¹

Appropriation Unit	Appr. Number	Department	Fund Number	Project Number	Appropriation Notes	2023 / 2024 Appropriation Change	Total 6-Year CIP Outyear Planning Level Costs
					The transaction was anticipated in the current budget; no supplemental appropriation is required.	\$ -	\$ -
						\$ -	\$ -
						\$ -	\$ -
TOTAL						\$ -	\$ -

Assumption and Additional Notes:

*** A NPV was performed when the existing ground lease was considered. This action has no fiscal impact to the county and does not change the financial terms of the ground lease.

1. If the expenditure impact equals or exceeds five percent of the fund expenditures, a copy of the most recent applicable appropriation unit financial plan is attached to this transmittal.
2. The sum of outyear impacts is provided for capital projects and agreements. This sum for revenue and expenditures includes all revenues/expenditures for the duration of the lease/other agreement or life of the capital investment.
3. This transaction does not require the use of fund balance or reallocated grant funding.
4. The transaction is not backed by new revenue.
5. A detailed explanation of how the revenue/expenditure impacts were developed is provided below, including major assumptions made in developing the values presented in the fiscal note and other supporting data:
This action of amending and restating the existing ground lease to create a separate commercial lease does not have a fiscal impact to MTD. This action is predicated on the previous action to adopt the existing ground lease for TOD at Northgate that council took action on in 2021.

Lease Property Summary

Photo of Property



Property Owner: King County Metro
Address: 301 NE 103rd Street, Seattle WA, 98125
Term: 75-year ground lease
Rent: \$1.00 per year, paid in a single payment at lease commencement
Square Footage: 48,060
Council District: One
Funding Source: 36250 - EXT L T SPACE FAC RENT
Previous Location: N/A

Offer Expiration: The offer does not expire. The original ground lease, covering both the residential and commercial elements of the project closed December 21, 2023, and remains in effect for 75 years. The developer team requested that King County bifurcate the current ground lease into two ground leases separating out the residential and commercial components of the future development to solve a funding challenge to complete the commercial space. Creating a separate commercial lease allows an additional funder, who can close the construction funding gap currently guaranteed by Community Roots Housing, to participate in the commercial project and protects the residential lenders from any

possible default due to the financing of the commercial space. Other than minor revisions necessitated by the bifurcation process, there are no material changes to the terms and conditions set forth in the original ground lease approved by Council.

Declared Surplus December 6, 2018

Lease Synopsis:

Per RFQ/C No. 1207-18-VLN issued in 2018, Metro entered into a 75-year ground lease with the development team of Bridge Housing and Community Roots Housing to redevelop the northern half of the Northgate Park and Pool lot shown on the site plan attached hereto. The development team is developing and will operate 232 units of housing affordable to households making at or below 60 percent of the area median income (AMI) and three additional units for on-site management, for a total of 235 housing units. Ten percent of the project's units are set-aside for system-connected households. The project includes a total of 10,669 sf for the childcare facility on the ground floor and its adjacent outdoor playground, a 1506 sf retail bay, and a 264 sf comfort station designed and delivered for Metro as a part of this project. This lease applies to the commercial components of the beforementioned project.

This project meets the goals of Metro's Equitable Transit Oriented Communities policy that prioritizes affordable housing outcomes on Metro property and strengthening the pedestrian-orientation of transit communities. With the opening of Northgate Link light rail immediately adjacent to the neighboring Northgate transit center, Metro believes the Park and Pool parking is no longer needed to support Metro's riders and pursuing redevelopment is the site's highest and best use.

Context

Located just eight miles from downtown Seattle, Northgate is an evolving neighborhood. Long the home of one of America's oldest malls, the neighborhood is a designated urban center and in recent years has seen new housing, community amenities, the redevelopment of the Northgate Mall property, the introduction of professional hockey facilities, and the new multi-modal transit station providing light rail, bus, bike, and pedestrian connections and a large Transit Oriented Development delivered in phases, which is anticipated to serve more than 15,000 persons per day in 2030. This affordable housing project represents the first phase of King County's Transit Oriented Development at Northgate. The project, a 235-unit mixed-use affordable housing project, includes three ground floor commercial spaces, specifically a childcare center, a comfort station for Metro drivers, and a retail space.

Rationale for transaction: The original transaction meets a stated goal of the RFQ/C to provide land at no cost for affordable housing as a part of the Transit Oriented Development strategy at the Northgate Transit Center and satisfies both King County and City of Seattle goals to locate subsidized housing proximate to frequent transit service to have a greater impact on lowering the overall cost of living for qualified households. Bifurcating the existing ground lease into two leases, residential and commercial, does not diminish the project's

success or change the project's goals. Rather, bifurcating the existing lease allows the county's original project vision to be realized by creating conditions necessary for the developer to close the construction funding gap and allows the residential funders security from any uncertainty associated with the commercial project. The project's commercial program has a funding gap currently covered by a guarantee from Community Roots Housing. Bifurcating the lease and approving the commercial lease will facilitate additional funding for the commercial piece of the project. This transaction is the first phase of a multi-phased redevelopment of King County's Northgate Transit Center properties.

Policy considerations: This project meets the goals of Metro's Equitable Transit Oriented Communities Policy, is supported by the goals of King County's Strategic Climate Action Plan, which calls out the importance of dense development and specifically affordable housing near transit as a key strategy for reaching climate goals, and delivers on the goals set forth in the establishment of King County's Transit Oriented Development Bond Fund that seeks to target housing subsidies near frequent transit service.

Political considerations: Transit Oriented Development at Northgate has been a shared goal of the City of Seattle and King County for over a decade, with affordable housing as a key component. At the RFQ/C, both City and County funders partnered to secure funds for 200+ units of affordable housing targeting households at or below 60 percent of AMI at this location. Originally, the City and King County's Department of Community and Human Services (DCHS) were each going to contribute \$10 million towards the project. Subsequently, the City determined that it did not have the authority to fund a ground lease, as compared to a fee simple project; however, DCHS and the City agreed to shift the City's \$10 million to other King County projects, which allowed DCHS to double its contribution to \$20 million. As the parties neared closing the combined ground lease, both Freddie Mac and Bank of America, two funders of the residential component of the project, expressed distress and an unwillingness to fund the project without a fully funded commercial space. The development team was still working to find commercial funders and both Freddie Mac and Bank of America were concerned that delay or inability to fully fund the commercial space could cause a whole project default. After joint problem-solving, Community Roots Housing signed a guarantee to fund the commercial project gap, but Community Roots Housing needs the commercial and residential project components split into separate leases to meet the terms required by the commercial lender which will fund the construction and release Community Roots from its guarantee. Community Roots' guarantee allowed the original lease to close and construction to begin in January 2024 while the parties bifurcated the original lease.

Community considerations or partnerships: The Northgate neighborhood supports the provision of affordable housing in the station area. There is a desire for the project to deliver active space for the community. Metro believes the ground floor childcare center meets the community's goal.

Fiscal considerations: This property's unrestricted fair market value was set by appraisal in February of 2021 at \$12.85M. The appraisal also valued the affordable housing restriction imposed by the RFQ/C and determined that the restricted land value was \$5M.

King County Metro entered into a low-cost ground lease on the basis that the County will retain long-term ownership and eventually all improvements made to the site. The value of the ground lease has been paid in full. Bifurcating the lease and creating two leases, one residential and the other commercial, does not directly affect the County. Bifurcating the existing lease provides a pathway to fully funding the commercial piece of this project and solidifying the commitments made by the low-income housing tax credit lender and the permanent lender, who have both stated that they will not provide funding without a fully funded commercial project.

CIP/operational impacts: The original ground lease reduced commuter parking at the Northgate Park and Ride lot by 186 stalls beginning in 2023 and required the relocation of ADA compliant parking stalls to the southern portion of the remaining Park and Pool lot. Bifurcating the ground lease will have no additional operational impacts.

Change in property use: The original ground lease replaced the 186 surface parking stalls available for commuter parking with 232 units of housing affordable to households making at or below 60 percent of AMI and three units for on-site management for a total of 235 units; a comfort station for Metro operators; 10,000 sf childcare center; and 1,506 sf retail bay. Bifurcating the original ground lease into a residential lease and a commercial lease has no effect on the property's use.

SEPA Review Required yes/no: No. A SEPA review was completed for the original ground lease. This bifurcation of the original ground lease into the residential and commercial ground leases is exempt from SEPA review because there is no change in use under WAC 197-11-800(5)(c).

King County Strategic Plan impact: This transaction does not affect the 235 units already under construction on the Northgate Park and Pool lot. Proceeding with this transaction allows the development team to secure a needed lender for the commercial development program and provides the residential lenders security from the commercial portion of this project, allowing the vision for the mixed-use affordable housing project to be realized. Proceeding with this transaction to add 232 affordable homes in the Northgate Station area meets two Strategic Plan goals: 1. encourage dense affordable housing near transit; and 2. reduce car trips. By locating a mixed-use, multi-family housing project adjacent to the existing Northgate Transit Center and proximate to the new Link station, this project both increases existing density and reduces car trips. Additionally, this project will be built sustainably, meeting the Evergreen Standard.

Equity and Social Justice impact: Proceeding with this transaction will provide 235 total additional homes, including the three units set aside for on-site management, 232 of which are to be affordable for households making at or below 60 percent of the AMI in the Northgate neighborhood of Seattle. Because this project is the redevelopment of a surface parking lot, it does not displace existing residents and is not expected to disproportionately impact low-income communities, communities of color, or limited English proficient communities at this location but rather, provides those populations with additional opportunities to live in the station areas. Locating affordable homes in the Northgate station

area will promote greater use of the transit investment our region has made and will provide residents with excellent regional access to jobs and regional services and amenities.

Energy Efficiency impact: Converting a surface parking lot to a seven-story, mixed-use building will inevitably use more energy than the existing surface parking lot does currently. The project does not include residential parking and it is expected that the future residents of the project will have the ability to use transit for most of their transportation needs, lowering their individual carbon footprints. The building itself is required to meet the Evergreen Standard, a green building standard specific to affordable housing projects.

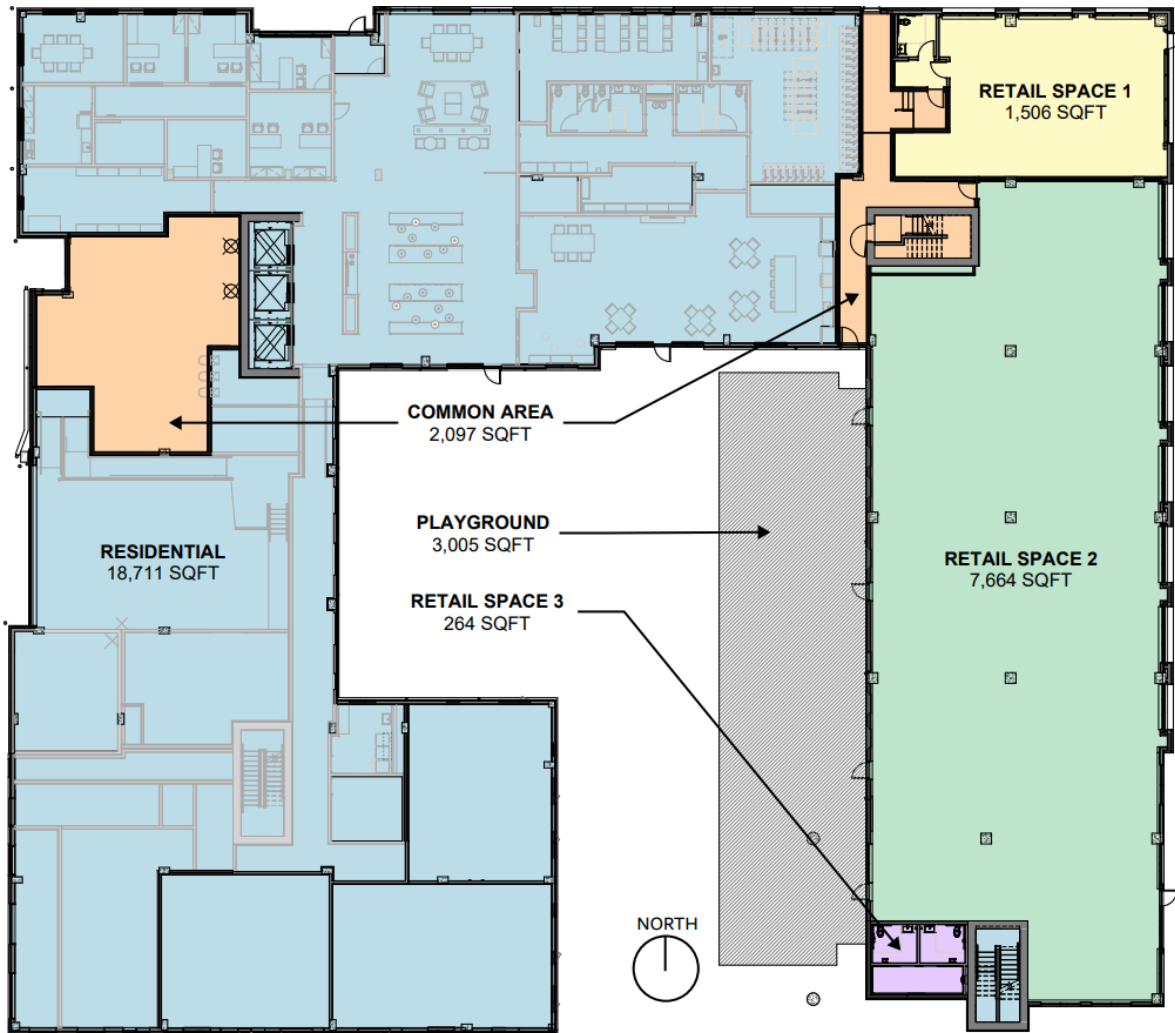
Lease Alternatives Analysis

The alternative to pursuing this transaction is:

- to leave the existing ground lease in place and rely on the developer's guarantee to self-finance the buildout of the childcare facility interior. One risk of that alternative is that if the project is not fully funded when the permanent lender, Bank of America, finances the long-term loan to the project after construction, then Freddie Mac might not underwrite that loan, potentially jeopardizing the whole project.

Vicinity View Map





- COMMON AREA
COMMON ELEMENT
- RESIDENTIAL
LOBBY & UNITS
- RETAIL SPACE 1
- RETAIL SPACE 2
- RETAIL SPACE 3
- PLAYGROUND
LIMITED COMMON ELEMENT

AREA BREAKDOWN

COMMON AREA	2,097 SQFT
RESIDENTIAL AREA	18,711 SQFT
RETAIL 1 AREA	1,506 SQFT
RETAIL 2 AREA	7,664 SQFT
RETAIL 3 AREA	264 SQFT
PLAYGROUND	3,005 SQFT
TOTAL	33,247 SQFT