

**DRAFT**

**ATTACHMENT 1:**

**PROJECT DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**THE CITY OF SEATTLE,  
A WASHINGTON MUNICIPAL CORPORATION**

**AND**

**HISTORICAL SOCIETY OF SEATTLE AND KING COUNTY,  
A WASHINGTON NONPROFIT CORPORATION,**

**DATED: \_\_\_\_\_, 2009**



## TABLE OF CONTENTS

	Page
<b>ARTICLE 1 Recitals</b> .....	1
<b>ARTICLE 2 Effective Date; Incorporation of Documents and Materials;</b>	
<b>Definitions</b> .....	1
Section 2.1 Effective Date .....	1
Section 2.2 Incorporation of Documents and Materials .....	1
Section 2.3 Definitions.....	1
<b>ARTICLE 3 General Provisions</b> .....	3
Section 3.1 Scope.....	3
Section 3.2 Basic Relationship of Development Agreement Parties.....	3
Section 3.3 Schedule.....	4
Section 3.4 Parking Planning.....	5
<b>ARTICLE 4 Capital Budget and Funding</b> .....	5
Section 4.1 Capital Budget .....	5
Section 4.2 City Direct Funding and Other City-Related Support .....	5
Section 4.3 MOHAI Funding.....	6
<b>ARTICLE 5 Project Design and Construction</b> .....	7
Section 5.1 Construction Management.....	7
Section 5.2 Requirements for Construction.....	7
Section 5.3 Required General Public Amenities.....	8
Section 5.4 Design Review and Approval; Consistent Capital Budget .....	8
Section 5.5 Project Commencement Actions Timeline; Notice to Proceed .....	9
Section 5.6 Project Management and Coordination .....	11
Section 5.7 MOHAI Cost Overruns Responsibility and Risk Management.....	13
Section 5.8 Changes During Construction.....	14
Section 5.9 Building Pile System.....	15
<b>ARTICLE 6 Maritime Heritage Group and Related Matters</b> .....	16
Section 6.1 Maritime Heritage Group; City Responsibilities .....	16
Section 6.2 MOHAI Participation.....	16
Section 6.3 Wawona Preservation Memorandum of Agreement.....	16
<b>ARTICLE 7 Indemnification and Dispute Resolution</b> .....	17
Section 7.1 Indemnification .....	17
Section 7.2 Limitation of Indemnification Obligation.....	17
Section 7.3 Waiver of Indemnity; Indemnities Negotiated .....	18
Section 7.4 Dispute Resolution.....	18
<b>ARTICLE 8 Miscellaneous</b> .....	19
Section 8.1 Amendments .....	19
Section 8.2 Authority.....	19
Section 8.3 Binding Effect; No Assignment.....	19
Section 8.4 Consents and Approvals .....	19
Section 8.5 Construction.....	19
Section 8.6 Counterparts.....	20



Section 8.7	Cumulative Remedies .....	20
Section 8.8	Force Majeure .....	20
Section 8.9	Governing Law; Venue.....	20
Section 8.10	Integration .....	20
Section 8.11	Limitation on Third Party Rights .....	20
Section 8.12	No Partnership .....	20
Section 8.13	No Waiver.....	20
Section 8.14	Notices .....	21
Section 8.15	Severability .....	22
Section 8.16	Termination of Agreement.....	22
Section 8.17	Time of Essence .....	22

- Exhibit A – June, 2009 Design Development Documents
- Exhibit B – Form of Quit Claim Deed
- Exhibit C – Joinder Agreement
- Exhibit D – Project Timeline
- Exhibit E – Capital Budget
- Exhibit F – City Improvements to Lake Union Park
- Exhibit G – Agency and Contribution Agreement
- Exhibit H – Fundraising Plan



**THIS PROJECT DEVELOPMENT AGREEMENT** ("Agreement") is dated as of \_\_\_\_\_, 2009 and is by and between THE CITY OF SEATTLE (the "City"), a first class city organized under the laws of the State of Washington, and THE HISTORICAL SOCIETY OF SEATTLE AND KING COUNTY, a Washington nonprofit corporation doing business as the Museum of History and Industry ("MOHAI").

**ARTICLE 1**  
**Recitals**

The following facts and circumstances form the background of this Agreement:

1. In satisfaction of the requirements of Council Resolution Number 31011, the City Council, on September 29, 2008, adopted Resolution Number 31092 that approved specific principles to be reflected in binding agreements between the City and MOHAI providing for the development and operation of MOHAI's new regional history museum at the Armory Building in Lake Union Park.

2. The City and MOHAI have determined that several agreements are necessary and appropriate for memorializing the relationship between the City and MOHAI for undertaking the Armory Building museum project, specifically including but not limited to a Project Development Agreement addressing the funding, design and construction of the Project, and a long-term lease of the Armory Building or the Armory Building site, as applicable.

**ARTICLE 2**  
**Effective Date; Incorporation of Documents and Materials; Definitions**

Section 2.1 Effective Date. This Agreement will be effective upon the date when both of the following conditions are satisfied: (a) the City Council has authorized this Agreement; and (b) this Agreement is executed by authorized representatives of the City and MOHAI.

Section 2.2 Incorporation of Documents and Materials. The following documents and materials are attached as exhibits to this Agreement and by this reference are incorporated into this Agreement:

- Exhibit A: June, 2009 Design Development Documents
- Exhibit B: Form of Quit Claim Deed
- Exhibit C: Form of Joinder Agreement
- Exhibit D: Project Timeline
- Exhibit E: Capital Budget
- Exhibit F: City Improvements to Lake Union Park
- Exhibit G: Agency and Contribution Agreement
- Exhibit H: Fundraising Plan

Section 2.3 Definitions. The following terms shall have the respective meanings set forth below for all purposes of this Agreement.



(a) “Armory Building” means the former Naval Reserve Armory located in Lake Union Park.

(b) “Building Pile System” means the pile system providing support for the Armory Building.

(c) “Development Agreement Parties” means the City and MOHAI.

(d) “Finance Director” means the Finance Director of the City of Seattle or his functional successor.

(e) “Lease” means the Lease for the Armory Building at Lake Union Park by and between the City, as landlord, and MOHAI or, if the Armory Building has been conveyed to the Tax Credit Entity and a Joinder Agreement executed as required under Section 3.2.3, the Ground Lease for the Armory Building site at Lake Union Park by and between the City, as landlord, MOHAI and the Tax Credit Entity.

(f) “Maritime Heritage Group” (also known as the Maritime Heritage Partnership) means that group of maritime heritage organizations including MOHAI as well as other maritime heritage organizations such as the Center for Wooden Boats, Northwest Seaport and the Virginia V Foundation, organized and managed by the City to collaborate on cultural, educational and recreational maritime-related activities at South Lake Union.

(g) “MOHAI” means the Historical Society of Seattle and King County doing business as the Museum of History and Industry. If the Armory Building has been conveyed to the Tax Credit Entity and a Joinder Agreement executed as required under Section 3.2.3, “MOHAI” means MOHAI or the Tax Credit Entity, as applicable.

(h) “Museum” means an integrated, publicly accessible regional history museum with exhibits and programs devoted primarily to the history, culture, industry, commerce and maritime heritage of the Puget Sound region and the Pacific Northwest, including related space for meeting and educational functions, book store/gift shop and café.

(i) “Notice to Proceed” means the notice provided by MOHAI to the Project general contractor to commence construction upon satisfaction of the requirements of Section 5.5.

(j) “Parking Plan” means the plan developed by the Superintendent under Section 3.4.

(k) “Parks Department” means the Department of Parks and Recreation of the City of Seattle.

(l) “Project” means the restoration of the Armory Building as represented in the Design Development Documents dated June, 2009 by LMN Architects, attached hereto as Exhibit A.



(m) “Project Commencement Date” means that date when all of the following have occurred (i) the Lease becomes effective; (ii) MOHAI issues its Notice to Proceed; and (iii) if MOHAI has secured a firm commitment from a tax credit investor on terms reasonably acceptable to MOHAI, the date the Armory Building is conveyed to the Tax Credit Entity.

(n) “Superintendent” means the Superintendent of the Department of Parks and Recreation of the City of Seattle or his functional successor.

(o) “Tax Credit Entity” means the Washington limited liability company formed and controlled by MOHAI that would be eligible to claim or convey to others the right to claim federal historic rehabilitation tax credits with respect to the renovation of the Armory Building.

### **ARTICLE 3 General Provisions**

Section 3.1 Scope. MOHAI will substantially restore the Armory Building consistent with applicable historic preservation guidelines and transform it into a new regional history museum at an estimated total cost of approximately Forty Five Million Four Hundred Thousand Dollars (\$45,400,000) (in 2010 dollars), consisting of two components. The components include: (a) Armory Building restoration (the “Project”), including shell and core rehabilitation, comprehensive building systems upgrades, access and circulation improvements, and achieving life safety code compliance, expected to cost (in 2010 dollars) approximately Thirty Million Two Hundred Thousand Dollars (\$30,200,000), inclusive of design costs, permit fees and other soft costs; and (b) Museum installation, including exhibitry design, fabrication and installation, expected to cost (in 2010 dollars) approximately Fifteen Million Two Hundred Thousand Dollars (\$15,200,000). The Project shall be designed to achieve Leadership in Energy and Environmental Design (LEED) certification at the 2009 Silver level or greater, under the U.S. Green Building Council’s Rating System. The Project will include exhibit galleries in the large open volume of the building that also will serve the community as a space for large gatherings and events. Traditional museum support spaces such as classrooms and a retail store; amenities including a café and restrooms available to both visitors to Lake Union Park and Museum patrons; and work space for MOHAI and Parks staff also will be provided. The Project is represented in Design Development Documents dated June, 2009 by LMN Architects, attached hereto as Exhibit A. The Project will continue to evolve through its design, negotiations with MOHAI’s general contractor, permitting and construction. As a result, Project design will be subject to the Development Agreement Parties’ continuing review and approval, as provided herein.

Section 3.2 Basic Relationship of Development Agreement Parties. MOHAI will be responsible for the design, development and construction of the Project as more specifically provided in this Agreement. Following completion of the Project and placing the Armory Building in service, MOHAI will relocate to and operate or cause to be operated the publicly accessible Museum at the Armory Building. The Development Agreement Parties each bring substantial resources and commitments to the Project. Together with other maritime heritage



organizations already resident at South Lake Union, MOHAI will participate in a Maritime Heritage Group to be organized and managed by the City.

3.2.1 Project Development Agreement. The Development Agreement Parties' rights, responsibilities and obligations during design, development and construction of the Project are delineated in this Agreement.

3.2.2 Lease. The Development Agreement Parties' long term rights, responsibilities and obligations during operation of the Museum at the Armory Building will be reflected in the Lease. Under the Lease, MOHAI will be obligated to provide enumerated public benefits in the operation of the Museum. Subject to Section 3.2.3, the Lease will allocate responsibilities between the City and MOHAI for routine and long term maintenance of the Armory Building and the underlying Building Pile System that supports it. Parking and access will be addressed as will management of the Maritime Heritage Group. The Lease also will provide for continued use of MOHAI's Montlake location by MOHAI until it is demolished by the State for or otherwise becomes unavailable as a result of expansion of SR 520 construction.

3.2.3 Federal Historic Rehabilitation Tax Credits. The City and MOHAI intend to secure the right to claim federal historic rehabilitation tax credits for the Project. In order for the Project to be eligible for such credits, the City must convey ownership of the Armory Building to the Tax Credit Entity (either directly or indirectly through MOHAI). The Parties concur that such conveyance will be accomplished via direct deed from the City to the Tax Credit Entity. If MOHAI has secured a firm commitment from a tax credit investor on terms reasonably acceptable to MOHAI and upon satisfaction of the conditions precedent to the issuance by MOHAI of its Notice to Proceed as provided in Section 5.5, the City, prior to the start of Project construction, will convey ownership of the Armory Building. Such conveyance will be by quit claim deed substantially in the form attached as Exhibit B, which, in addition to conveying ownership of the building, will restrict its use to museum and related purposes and also incorporates the requirements of the historic preservation covenant included in the deed by which the United States conveyed the property to the City in 2000. The City agrees to execute any additional documents reasonably necessary to effect and otherwise cooperate in such conveyance. In such event, the City, MOHAI and the Tax Credit Entity will execute the Ground Lease for the Armory Building site and the City, MOHAI and the Tax Credit Entity will execute a Joinder Agreement substantially in the form provided in Exhibit C under which the Tax Credit Entity joins in and assumes MOHAI's rights and obligations under this Development Agreement. MOHAI agrees to require the Tax Credit Entity to execute the Ground Lease and the Joinder Agreement. In the event MOHAI is unable to secure a commitment from a tax credit investor on reasonably acceptable terms or determines it will not need to pursue tax credits in order to secure approval to issue its Notice to Proceed under Section 5.5, the City and MOHAI will execute a Lease for the Armory Building and land and no Joinder Agreement will be needed.

Section 3.3 Schedule. MOHAI shall use its best efforts to start construction of the Project within one (1) year from the completion of the Lake Union Park Phase II renovations being completed by the City, but in no event later than January 1, 2013, unless compensation from the expansion of SR 520 by MOHAI is substantially delayed and the Development



Agreement Parties agree to extend that deadline. The current "Project Timeline" is attached hereto as Exhibit D. The Project Timeline remains subject to change.

Section 3.4 Parking Planning. The Superintendent, in consultation with MOHAI and other organizations resident at Lake Union Park and the Seattle Parks Foundation, shall complete an initial Parking Plan addressing use of the North Parking Lot proximate to the Armory Building and general public parking resources for the use of visitors to Lake Union Park, the Museum and other facilities resident at the Park. The initial Parking Plan shall be completed by the date MOHAI issues its Notice to Proceed. The Parking Plan shall be consistent with MOHAI's parking easement rights under Section 1.5.2 of the Lease and its right to use of other parking resources under Section 1.7 of the Lease. Although MOHAI understands the Parking Plan will be developed through a collaborative process involving the other organizations resident at Lake Union Park and the Seattle Parks Foundation, the Development Agreement Parties agree that the initial Parking Plan and successor Parking Plans must be reasonably acceptable to MOHAI in recognition of its relative size and need for access to parking. The Development Agreement Parties agree that the Parking Plan may be incorporated as a feature of the Operations and Maintenance Plan the Superintendent is required to develop under the City's agreement with the Seattle Parks Foundation regarding Lake Union Park.

In addressing use of the North Parking Lot and the use of other public parking currently available on site, the initial and successor Parking Plans should be developed consistent with principles or considerations that take into account factors such as (a) total staff required for operation of the respective tenant facilities; (b) capital investment in the respective cultural facilities in or immediately adjacent to Lake Union Park; (c) general public attendance, excluding special events, based on uniformly applied standards; and (d) public attendance at special events, based on uniformly applied standards. Recognizing that City owned and managed public parking is at a premium on site at Lake Union Park and in its vicinity, the City will work with MOHAI, the maritime heritage community, and the Seattle Parks Foundation to maximize City owned, controlled and managed parking conveniently located for visitors to Lake Union Park and amenities located there or nearby. The City will consult with MOHAI and other Lake Union Park Tenants on Lake Union Park public parking availability, expansion and management and develop, implement and periodically review and update its Parking Plan.

#### **ARTICLE 4**

##### **Capital Budget and Funding**

Section 4.1 Capital Budget. The current Capital Budget ("Capital Budget") is attached hereto as Exhibit E. The Capital Budget remains subject to change and the Development Agreement Parties' continuing review and approval, as provided herein.

Section 4.2 City Direct Funding and Other City-Related Support. The following represent the City's contributions to and support for the Project:

(a) The City contributed certain funds toward MOHAI's purchase of the WSCTC Property. As a condition of releasing its restrictions and security interest in the WSCTC Property, the City required that One Million Two Hundred Twenty-Seven Thousand



Eight Hundred Fifteen Dollars and Twelve Cents (\$1,227,815.12) of the sale proceeds, representing the City's original outstanding contributions plus interest to the date of the sale, be restricted for use by MOHAI for project capital costs associated with the development within the City of a new museum, construction of which may not begin later than June 30, 2017.

(b) The City has undertaken utility upgrades (identified in the attached Exhibit F) and other improvements to the Armory Building and surrounding portions of Lake Union Park that are directly or indirectly beneficial to development of the Museum in the Armory Building.

(c) The City will assign to MOHAI all of its share of compensation for acquisition and/or condemnation by the Washington State Department of Transportation ("WSDOT") of the MOHAI building at, and certain other real property interests in, MOHAI's Montlake Location, as provided in the Agency and Contribution Agreement between the City and MOHAI and attached hereto as Exhibit G (the "Condemnation Agreement").

(d) The funds identified in Sections 4.2.1(a) and (c) shall become available for use and expenditure by MOHAI when MOHAI receives approval to issue its Notice to Proceed with construction of the Project as provided in Section 5.5.

(e) Possible Recovery of Funding by City. As provided in the Release of Covenant and Easement between the City and MOHAI dated September 27, 2007, in the event that MOHAI does not commence construction of a new regional history museum within the City by June 30, 2017, MOHAI will return to the City the City's funds described in Section 4.2.1(a), plus all accrued interest. MOHAI will return to the City some or all of the funds described in Section 4.2.1(c) under the circumstances described in the Condemnation Agreement.

### Section 4.3 MOHAI Funding.

#### 4.3.1 MOHAI Funds and Fundraising.

(a) MOHAI shall use its best efforts to secure additional county, state and federal funds for the Project, in recognition of the fact that the Museum is of regional significance.

(b) As reflected in Exhibit E, the Capital Budget currently totals Forty Five Million Four Hundred Thousand Dollars (\$45,400,000) to complete both the Armory Building restoration and the Museum installation, to be provided from all available sources, including the City and other City-related funding identified in Section 4.2. MOHAI will be responsible for securing the balance of funding needed to fully fund the Capital Budget, increased or decreased as appropriate resulting from scope, design and schedule changes and any cost overruns, all as provided herein. MOHAI's fundraising commitment shall be increased to reflect the additional cost of any financing necessary to ensure the availability of funding as needed during construction of the Project (above the projected cost of any such financing reflected in the Capital Budget). MOHAI agrees to use its best efforts to secure commitments from private individuals, corporations and foundations, as well as governmental sources (other



than the City) for such funds on a schedule consistent with its Fundraising Plan, attached hereto as Exhibit H. MOHAI's success in achieving its fundraising objectives shall be evaluated by the City Finance Director when making his or her determinations under Section 5.5.2(b). Such evaluation shall include review of MOHAI's private sector donor pledges, pledge payment experience and such other relevant information the Finance Director may reasonably require. MOHAI's private sector donor pledges will be reviewed by the Finance Director under procedures to protect the confidentiality of donors and MOHAI donor-related information to the extent possible. MOHAI will submit to the Finance Director a copy of the pledges in a form acceptable to the Finance Director, with donor names verified by the Finance Director but omitted from the copy submitted. The Finance Director will approve a pledge if it is from a person or entity of substantial net worth in relation to the amount pledged and the Finance Director knows of no reason why the pledge will not be honored.

4.3.2 Historic Rehabilitation Tax Credits; Conveyance of Armory Building. MOHAI agrees to use its best efforts to secure federal historic rehabilitation tax credits for the Project as a feature of the resources MOHAI will bring to it, as more particularly described in Section 3.2.3 and the City agrees to use its best efforts to assist MOHAI, as necessary, in securing federal historic rehabilitation tax credit financing for the Project.

## **ARTICLE 5**

### **Project Design and Construction**

Section 5.1 Construction Management. Subject to the requirements of this Agreement, MOHAI shall undertake and be responsible for the management of all aspects of the design and construction of the Project. MOHAI shall engage and manage, without limitation, project managers, architects and other design professionals and a general contractor with the expertise and experience necessary to successfully complete the project. In conducting any construction work on the premises, MOHAI shall cause all work to be done in a good and workmanlike manner and shall comply with or cause compliance with all laws. MOHAI shall obtain or cause to be obtained and maintain in effect, as necessary, all building permits, licenses and other governmental approvals that may be required in connection with such work. MOHAI shall complete construction of the Project substantially consistent with the Final Project Design, except as specifically provided herein. MOHAI shall use its good faith best efforts to resolve issues that may arise during construction to avoid material or other changes to the Final Project Design that would require the approval of the Superintendent by, among other measures, applying contingency funding available within the Project component of the Final Capital Budget; adjusting the Project Timeline; reducing costs through permissible changes to the Final Project Design and other means; and, as needed, committing additional funds to supplement the Project component of the Final Capital Budget.

Section 5.2 Requirements for Construction. In managing the Project, MOHAI shall ensure that the Project and its general contractor and others as appropriate comply with the following requirements:

- (a) MOHAI shall require that its general contractor for the Project:
  - (i) complies with prevailing wages requirements as if the Project were a public work for



purposes of RCW 39.12; and (ii) participates in the construction trades apprenticeship program, endeavoring to achieve fifteen percent (15%) utilization of apprentices;

(b) The Project will be subject to the affirmative efforts and nondiscrimination requirements under SMC 20.42 and the equal benefits requirements under SMC 20.45; and

(c) The Project component of the Capital Budget will include at least One Hundred Fifty Thousand Dollars (\$150,000) to provide public art as part of the Project. The public art may be incorporated as a component of the Armory Building restoration. The selection of public art shall follow a process agreed to between MOHAI and the City's Office of Arts & Cultural Affairs or that office's successor. It is expected that the Office of Arts & Cultural Affairs will have some representation on the review and selection panel MOHAI will convene and use in the art selection process. If necessary, the public art, its location and display shall be subject to such reviews and approvals as may be required under any applicable agreements regarding Lake Union Park.

(d) Upon completion of construction of the Project, MOHAI shall apply for Leadership in Energy and Environmental Design (LEED) certification at the 2009 silver level or higher, under the U.S. Green Building Council's Rating System.

(e) MOHAI shall ensure that the Project is free of construction-related liens or other obligations before it is put in service as a Museum, subject to MOHAI's right to contest any liens.

Section 5.3 Required General Public Amenities. The Project Design shall include the following elements (the "Required General Public Amenities"), the use and operation of which shall be addressed in the Lease:

(a) A meeting room space available for community use by South Lake Union neighborhood groups.

(b) Work space for occasional use by MOHAI staff and City staff.

(c) Museum café, including public restrooms serving Museum visitors and Lake Union Park users, accessible to the public without paying admission to the Museum.

Section 5.4 Design Review and Approval; Consistent Capital Budget.

5.4.1 Design Review and Approval. Sequential, major phase design documents shall be subject to review and approval by the Superintendent, which approval shall not be unreasonably denied or delayed. Upon the Superintendent's approval of the Project's fifty percent (50%) construction documents, MOHAI may submit the Project for its building permit. Such documents shall constitute the "Final Project Design" for purposes of this Agreement. Evolution of the Project design is subject to the parallel evolution of a consistent Project component of the Capital Budget at each major design phase. The Capital Budget updated for consistency with the Final Project Design shall constitute the "Final Capital Budget" for



purposes of this Agreement. The Project component of the Final Capital Budget shall include appropriate contingencies consistent with industry standards.

5.4.2 Signage. The Museum may be identified by signage affixed on the Armory Building and located elsewhere on its leased premises. Initial signage for the Armory Building and leased premises shall be incorporated in the Project design and shall be subject to the review and approval of the Superintendent in the context of review and approval of the design as provided in Section 5.4.1. The Project design may also include features or fixtures necessary for the display and support of temporary promotional or informational signage such as banners and flags.

5.4.3 Exterior Display of Artifacts. As provided in the Lease, MOHAI is permitted to display artifacts and associated identifying and interpretative information outside the Armory Building in Lake Union Park, subject to the review and approval of the Superintendent. The Development Agreement Parties shall collaboratively prepare a protocol establishing a mutually acceptable process for the review and approval of artifact display and siting. Artifacts to be on display when the Museum initially opens to the public shall be proposed by MOHAI and timely reviewed for approval by the Superintendent such that the artifacts may be installed and interpreted prior to the Museum's opening.

#### Section 5.5 Project Commencement Actions Timeline; Notice to Proceed.

5.5.1 Project Commencement Actions Timeline. The Lease shall take effect and, if MOHAI has secured a firm commitment from a tax credit investor on terms reasonably acceptable to MOHAI, the Armory Building shall be conveyed to the Tax Credit Entity (the "Project Commencement Actions") upon completion of the following process and timeline:

(a) After the effective date of one or more City ordinances approving and authorizing execution of this Agreement and the Lease, and consenting to a settlement with WSDOT regarding its acquisition of the Montlake Location and authorizing provision to MOHAI of the proceeds from such acquisition as provided in the Condemnation Agreement, MOHAI may notify the City of the date it has determined as the Project Commencement Date. MOHAI shall provide such notification no earlier than July 1, 2010 and no later than six (6) months prior to the determined Project Commencement Date.

(b) MOHAI's notification to the City of the Project Commencement Date shall be accompanied by a comprehensive Project update including information sufficient to enable the Superintendent and Finance Director to begin review of MOHAI's progress toward satisfying the preconditions to MOHAI's issuance of its Notice to Proceed, as provided in Section 5.5.2.

(c) Upon receipt of MOHAI's notification, the City shall promptly notify current Armory Building tenants that such tenants may be required to vacate Armory Building premises occupied by them not later than two (2) weeks prior to the Project Commencement Date.



(d) No later than two (2) months prior to the Project Commencement Date, MOHAI shall confirm its determination of the Project Commencement Date and provide the City with any additional information relevant to the City's review of MOHAI's progress toward satisfying the preconditions to MOHAI's issuance of its Notice to Proceed, as provided in Section 5.5.2, specifically including current information on MOHAI's fundraising efforts. Upon receipt of such confirmation, the City shall provide a final notification to current Armory Building tenants that such tenants are to vacate Armory Building premises occupied by them not later than two (2) weeks prior to the Project Commencement Date. As soon as practical following receipt of such confirmation and completion of their review of MOHAI's additional information, the Superintendent and Finance Director shall provide their respective concurrences or determination required under Section 5.5.2 or, if any such are being withheld, work with MOHAI to address any concerns in order to preserve the Project Commencement Date. The Superintendent and Finance Director shall provide their respective concurrences and determination as soon as possible after resolving any such concerns.

(e) As tenants vacate Armory Building premises, the Parks Department will remove any remaining personal property. Two (2) weeks prior to the Project Commencement Date, representatives of MOHAI and the Parks Department will: (i) inspect the premises to confirm they are free and clear of tenants and tenants' and the Parks Department's personal property; and (ii) confirm arrangements for final cleaning of the Armory Building by the Parks Department and final inspection by MOHAI and the Parks Department prior to the Project Commencement Date. Representatives of MOHAI and the Parks Department also will inspect the construction staging area adjacent to the Armory Building to be subject to a construction easement under the Lease to confirm its pre-construction condition and establish the standard for restoration by MOHAI following completion of construction.

(f) Upon the Project Commencement Date, assuming the Superintendent and Finance Director have provided their respective concurrences and determination required under Section 5.5.2, the Project Commencement Actions shall occur.

(g) If, for any reason, any or all of the Project Commencement Actions identified in this Section 5.5.1 do not occur on the Project Commencement Date, the Development Agreement Parties shall work to resolve any impediments to such actions and establish the earliest possible mutually acceptable future date or dates on which any such remaining actions may take place.

5.5.2 MOHAI may issue its Notice to Proceed to its general contractor after January 1, 2011 upon receipt of the following:

(a) Concurrence by the Superintendent that the Project component of the Final Capital Budget is sufficient to complete the Final Project Design, based on his review of the most recent project cost estimates provided by MOHAI;

(b) The determination of the Finance Director, based on his review of the status of MOHAI's fundraising efforts against its Fundraising Plan, that MOHAI has timely access to sufficient funds from all available sources, including the City and other City-related



funding identified in Section 4.2, as well as additional funding from private individuals, corporations and foundations and public sources other than the City, to fully fund the Project (approximately \$30,200,000) and, when reasonably needed, consistent with the current Project Timeline, exhibitry (approximately \$15,200,000); and

(c) Concurrence by the Superintendent and the Finance Director that (i) MOHAI's general contractor has agreed to a guaranteed maximum price for construction of the Project as represented in the Final Project Design and consistent with the Project component of the Final Capital Budget; and (ii) MOHAI's contract with its general contractor provides for the requirements for construction under Sections 5.2 and 5.7.

Section 5.6 Project Management and Coordination.

(a) Project Manager and Coordinator. At least thirty (30) days prior to issuing its Notice to Proceed, MOHAI shall notify the Superintendent of the identity of the MOHAI construction contractor's project manager ("Project Manager") by name and such person's business and home telephone numbers, and the Parks Department shall provide to MOHAI comparable contact information for the Parks Department project coordinator ("Project Coordinator"). In the event either such person is replaced, the party making such change in personnel shall provide notice to the other no later than the effective date of such replacement, including such replacement's name and business and home telephone numbers.

(b) Project Construction Meetings. MOHAI's Project Manager shall keep the Parks Department Project Coordinator informed of the time and place of each regular and special project construction meeting to enable the Parks Department Project Coordinator to attend, become informed about the status of the Project, participate in discussions and present the Parks Department's position with respect to matters being discussed. The MOHAI Project Manager shall also participate in such separate meetings with the Parks Department Project Coordinator and, at the Superintendent's option, with the Superintendent's designee, as may be scheduled by the Parks Department Project Coordinator with at least three (3) days' prior notice.

(c) Status Reports. Within seven (7) days after the receipt by MOHAI of any project construction meeting minutes, MOHAI shall deliver a copy of each of the same to the Parks Department Project Coordinator.

(d) Minimization of Adverse Impacts. MOHAI shall protect from damage or destruction all private and public property on or in the vicinity of the construction premises that is not scheduled for repair, replacement or removal. All Project-related demolition, construction, alteration, addition, improvement and other activity or work performed by or for MOHAI on the construction premises shall be carried out in a manner that minimizes any adverse impact on City property and the use thereof by the City or third parties, as well as on any private property in the vicinity of the Project. (For purposes of this requirement, the term "property" includes land, trees, shrubbery and landscaping, irrigation facilities, drainage, survey markers and monuments, buildings and structures, conduits and pipes, meters, fences, pavements, curbs, driveways, sidewalks, and other property of any description, excluding the Armory Building and the premises subject to the Lease, except for the Public Use Area.) MOHAI shall prepare for the



Superintendent's reasonable review and approval a plan for construction fencing, including routes for temporary pedestrian access around the construction site, before mobilization work begins. MOHAI shall work with the Parks Department Project Coordinator to schedule construction activity to minimize construction impacts such as noise, dust and fumes, to the extent practicable.

(e) Waste Disposal. MOHAI shall secure and provide within the construction premises, appropriately sized containers for the collection of all waste materials, debris and rubbish associated with the Project. MOHAI shall keep the work site and all adjacent property free from the accumulation of waste materials, rubbish and windblown debris associated with the Project and, on a daily basis, shall dispose of all flammable, hazardous and toxic materials generated by or otherwise associated with the Project. Storage and disposal must be in accordance with applicable Federal, State and local laws, fire codes and regulations. All waste materials, debris and rubbish generated by or otherwise associated with the Project shall be disposed of legally at disposal areas away from the Park. Upon the completion of the Project, MOHAI shall ensure that the construction premises and the roadways and walkways immediately surrounding the construction premises are cleaned to the reasonable satisfaction of the Parks Department Project Coordinator; and that all tools, equipment and surplus materials, and waste materials, debris and rubbish associated with the Project have been removed from the construction premises.

(f) Restoration. MOHAI shall be responsible for full restoration of all Parks Department property and improvements, excluding the Armory Building and the premises subject to the Lease, except for the Public Use Area, solely or to the extent attributable to MOHAI's construction activity to a condition equal to or better than prior to MOHAI's use of such Parks Department property, including full repair to or replacement if reasonably determined necessary by the Parks Department. MOHAI agrees to warrant (or to assign contractor warranties for) the repair or replacement of such Parks Department property or improvements for a period of one (1) year from the date of MOHAI's of completion of MOHAI's construction activity at the Park. MOHAI shall repair damage to or replace Parks Department property within thirty (30) calendar days of the occurrence of damage solely or to the extent attributable to MOHAI's construction activity to said improvements, unless an alternate deadline is approved by the Superintendent or repair or replacement should occur at a later date to ensure that additional damage would not occur during the normal course of MOHAI's construction activity. MOHAI and the Parks Department will jointly inspect any such damage; evaluate the extent of the damage attributable to MOHAI's construction activity; and provide such documentation as may be necessary and useful to determining appropriate repairs or replacements to redress it. MOHAI shall provide to the Parks Department a video of pre-existing site conditions prior to mobilization, including areas along the Park's access drive, and all Park property adjacent to the MOHAI project site.

(g) Costs. MOHAI and the Parks Department shall each bear their own costs of performing their respective responsibilities under this Section 5.6.



Section 5.7 MOHAI Cost Overruns Responsibility and Risk Management.

5.7.1 Cost Overruns.

(a) Funds required for any net increases in the Project component of the Final Capital Budget necessary to complete the Project substantially consistent with the Final Project Design (as potentially modified under this Agreement) shall be provided by MOHAI from sources other than the City, except as specifically provided herein. MOHAI's responsibility for cost overruns includes responsibility for those due to unforeseen conditions that need to be addressed in order for the Project to proceed, including any unforeseen preexisting conditions related to the Building Pile System, but only to the extent such conditions can be remedied with resources available within the Project component of the Final Capital Budget. Upon discovery of an unforeseen condition that must be addressed in order for the Project to proceed, MOHAI will notify the Superintendent. MOHAI will evaluate ways to resolve any such conditions to the extent necessary for the Project to proceed and determine the cost of doing so. In addressing such additional cost, MOHAI may, among other measures, apply contingency funds within the Project component of the Final Capital Budget, make modifications to the Final Project Design, and apply such additional funds that MOHAI, in its sole discretion, determines to provide to increase the Project component of the Final Capital Budget. MOHAI will keep the Superintendent apprised of its work and advise him or her of its plans for addressing such conditions, specifically including any proposed changes in the Final Project Design requiring his or her approval under Section 5.8. In the event MOHAI concludes that it lacks the resources to address any such unforeseen conditions and that, as a result, it will not be able to complete the Project, it will so notify the Superintendent. The Development Agreement Parties will cooperate in developing and implementing a plan to suspend or terminate the Project. If the Project is so terminated before completion, MOHAI shall (i) return ownership or control of the Armory Building and its site to the City in no worse overall condition than it was in at the inception of the Project and suitable for uses consistent with its prior use as a general purpose community event center; (ii) return to the City some or all of the funds described in Section 4.2.1(c) under the circumstances described in the Condemnation Agreement, net of Project construction costs expended as of the date of termination, including the costs of restoration as required herein; and (iii) be responsible for all transaction costs arising out of or relating to the termination.

(b) MOHAI's responsibility for cost overruns notwithstanding, the City shall bear financial responsibility for any direct or indirect cost increases associated with changes to the Project that the City requests after the Superintendent approves the Final Project Design (excluding permitting or other regulatory requirements).

5.7.2 Retainage and Bonding. MOHAI shall establish retainage at not less than five percent (5%) of its contractor's guaranteed maximum price and shall require bonding by its contractor to the extent warranted, in its judgment and discretion after consultation with the Superintendent.

5.7.3 Insurance Requirements. In addition to the insurance obligations under the Lease, MOHAI shall obtain or cause to be obtained insurance in the following forms and



with the limits of not less than those stated; with the City named as an additional insured, unless MOHAI and the City modify these requirements:

(a) Professional Liability Insurance. Architect's and engineer's professional liability insurance covering the architect with a minimum limit of Two Million Dollars (\$2,000,000) for each claim.

(b) Commercial General Liability. Commercial general liability insurance for the architect and the general contractor with minimum combined single limits of Two Million Dollars (\$2,000,000) for the architect and Two Million Dollars (\$2,000,000) for the general contractor for each occurrence. The policy shall include without limitation coverage for bodily injury, broad form property damage, personal injury (including but not limited to coverage for contractual and employee acts), blanket contractual, owner's and contractor's protective liability, and products and completed operations. Further, the policy for the general contractor shall include without limitation coverage for the hazards commonly referred to as "XCU" and shall contain a severability of interests provision. The products and completed operations coverage for the general contractor shall extend for three (3) years past the commencement of the Lease.

(c) Automobile Liability. Automobile liability insurance for the architect and general contractor with a combined single limit for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) each occurrence with respect to vehicles assigned to or used in the construction of the Project.

(d) Contractor's Equipment. Contractor's equipment insurance for the architect and general contractor covering owned, non-owned, leased equipment used in connection with construction of the Project. With the approval of MOHAI, the architect and the general contractor may self-insure owned, non-owned or leased equipment.

(e) Builder's Risk. Builder's risk insurance with a limit of liability consistent with the requirements of MOHAI's general contractor contract. The coverage shall be written on all risk of direct damage basis and shall include coverage for fire and physical loss or damage from flood and earthquake. Builder's risk insurance shall cover construction at the site, at any off-site storage location, if appropriate, and while in transit, any and all materials, equipment, machinery, tools and supplies, including buildings and all temporary structures to be used in or incidental to the fabrication, erection, testing or completion of the Project.

5.7.4 Liens. MOHAI will pay or cause to be paid all sums payable by them on account of any labor performed or materials furnished in connection with any work performed on the Project. MOHAI will use its good faith best efforts to discharge, by bond or otherwise, any mechanic's or materialman's lien filed against the premises for work claimed to have been done for, or materials claimed to have been furnished to MOHAI, within thirty (30) days after filing.

Section 5.8 Changes During Construction. Any material change to the Final Project Design requires the approval of the Superintendent, which approval shall not be unreasonably withheld or delayed. A material change represents a major departure from the Final Project



Design including but not limited to elimination or addition of a significant element or feature; discernible or functional alteration in the quality or projected performance of any significant feature or system; or any significant change in the use or appearance of any major space or component. Any changes in the Required General Public Amenities required under this Agreement and as represented in the Final Project Design shall require the approval of the Superintendent.

Section 5.9 Building Pile System.

(a) MOHAI Responsibilities During Construction. If MOHAI elects to reinforce or add to the Building Pile System so as to provide support for any increased load associated with the Project, such work (as to the initial installation) will be at MOHAI's expense. In addition to MOHAI's responsibility under Section 5.7.1 for unforeseen preexisting conditions related to the Building Pile System that need to be addressed in order for the Project to proceed, MOHAI shall be responsible for the cost to repair measurable damage to the Building Pile System or Armory Building that the City can demonstrate was caused by the MOHAI Project and is determined to exist based on surveys as provided herein. MOHAI will inform the Superintendent of any damage to the Building Pile System incurred during construction and the measures it proposes to take to repair such damage, which measures shall be subject to the Superintendent's reasonable approval. MOHAI will confirm that such repairs have been completed. MOHAI also will survey the position of the Armory before issuing its Notice to Proceed and provide the survey results to the Superintendent.

In order to determine whether movement of the Armory Building has occurred as a result of the Project, MOHAI will again survey the position of the Armory Building both upon Project completion and contemporaneously with the issuance of a certificate of occupancy for the Museum. MOHAI will provide results of both subsequent surveys to the Superintendent. If movement has occurred during construction that exceeds the normal tolerance of survey instruments and procedures (three eighths of one inch – 3/8"), the Development Agreement Parties will evaluate its significance and resolve how to address any resulting material problems related to the ability of the Building Pile System to support the Armory Building for its intended use for Museum and related purposes. To the extent that the Project was responsible for such unanticipated movement and the Parties conclude that such movement materially affects the ability of the Building Pile System to support the Armory Building for its intended use for Museum and related purposes, MOHAI will pay for the remedial measures the Parties determine are necessary and appropriate to address it.

(b) City Responsibilities Following Construction. Following completion by MOHAI of the survey of the position of the Armory Building contemporaneously with the issuance of the certificate of occupancy for the Museum and the completion of any remedial measures that the Development Agreement Parties may have determined necessary under Section 5.9(a), and subject to the provisions of the Lease regarding damage and destruction (i) the City will be exclusively responsible for the condition of the Building Pile System and for maintaining it in a safe and sound condition, capable of supporting the Armory Building for its use for Museum and related purposes for the duration of its use as such; and (ii) the City will address, at no cost to MOHAI, any conditions that impair the ability of the Building Pile System



to support the Armory Building for its intended use for Museum and related purposes for the duration of its use as such. Notwithstanding the foregoing, with respect to any (a) alterations to the Armory Building or Premises that affect the Building Pile System; or (b) specific changes or additions to exhibitry reasonably likely to affect the Building Pile System, either of which are undertaken after issuance of the certificate of occupancy for the Museum, MOHAI and the Superintendent shall reasonably determine the measures, if any, to be undertaken in conjunction with such alteration or exhibitry change or addition described in clauses (a) or (b) above that are needed to enable the Building Pile System to continue to support the Armory Building for its intended use for Museum and related purposes. MOHAI shall at its expense, complete such measures as a component of its alteration or exhibitry change or addition. MOHAI also will inform the Superintendent of any damage to or adverse affects on the Building Pile System incurred during the construction of any alteration or exhibitry change or addition described in clauses (a) or (b) above, together with the measures it proposes to take to repair any such damage, which measures shall be subject to the Superintendent's reasonable approval. MOHAI will confirm that such repairs have been completed. All such measures or repairs shall be the property of the City upon their completion and shall thereafter be considered part of the Building Pile System (and be maintained, repaired or replaced by the City as required herein).

## **ARTICLE 6**

### **Maritime Heritage Group and Related Matters**

Section 6.1 Maritime Heritage Group; City Responsibilities. Within six (6) months of the effective date of this Agreement, the Superintendent will organize, at the City's expense, an affiliation among the City, MOHAI and other maritime heritage organizations, including those also resident at South Lake Union such as the Center for Wooden Boats, Northwest Seaport and the Virginia V Foundation. The Maritime Heritage Group will be documented through agreements between the various organizations and the City establishing the basis for an ongoing collaboration on cultural, educational and recreational maritime-related activities. The Development Agreement Parties envision an integrated museum and historic ship visitor experience that enhances Lake Union Park, the historic ships wharf and encourages knowledge and support for the preservation of the region's diverse history, particularly including its maritime history. The Superintendent will be responsible for management, at the City's expense, of the Maritime Heritage Group, consistent with its responsibility for managing or providing for the management of the historic ships wharf, except for those portions of such wharf subject to the MOHAI's use under the Lease.

Section 6.2 MOHAI Participation. MOHAI will cooperate with and participate in the Maritime Heritage Group. MOHAI will enter into collaborative agreements as desirable and appropriate with other participants in such Maritime Heritage Group relating to, among other things, marketing, programming, and reasonable shared use of appropriate regional history museum facilities for public accommodations (such as ticketing, merchandizing, and way-finding facilities).

Section 6.3 Wawona Preservation Memorandum of Agreement. MOHAI will cooperate in the implementation of the Wawona Preservation Memorandum of Agreement,



including good faith consideration of options for preservation of components of the vessel for display in the regional history museum.

**ARTICLE 7**  
**Indemnification and Dispute Resolution**

Section 7.1 Indemnification.

(a) MOHAI Indemnification. To the fullest extent permitted by law, MOHAI shall indemnify, defend (using counsel acceptable to the City) and hold the City, its officers, agents, employees and elected officials (collectively, the "City Indemnified Parties") harmless from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City's actual and reasonable personnel and overhead costs and attorneys' fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever arising out of the Project, including, but not limited to, claims resulting from, arising out of, or connected with the following: (i) the acts or omissions of MOHAI, its employees, agents, officers, affiliates, contractors, guests or invitees throughout the course of the Project; (ii) MOHAI's breach of this Agreement; or (iii) construction of the Project. MOHAI's defense and indemnity obligations extend to claims brought by its own employees and MOHAI's foregoing obligations are specifically and expressly intended to act as a waiver of MOHAI's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to the City Indemnified Parties and to the extent necessary to provide the City Indemnified Parties with a full and complete defense and indemnity.

(b) City Indemnification. To the fullest extent permitted by law, the City shall indemnify, defend (using counsel acceptable to MOHAI) and hold MOHAI, its board members, employees, agents, officers, contractors, guests or invitees throughout the course of the Project (collectively, "MOHAI Indemnified Parties") harmless from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including MOHAI's actual and reasonable personnel and overhead costs and attorneys' fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever resulting from, arising out of, or connected with the City's breach of this Agreement. The City's defense and indemnity obligations extend to claims brought by its own employees and the City's foregoing obligations are specifically and expressly intended to act as a waiver of the City's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to MOHAI Indemnified Parties and to the extent necessary to provide MOHAI Indemnified Parties with a full and complete defense and indemnity.

Section 7.2 Limitation of Indemnification Obligation.

(a) Limitation of MOHAI's Obligation. To the extent necessary to comply with RCW 4.24.115 as in effect on the date of this Agreement, MOHAI's obligation to indemnify the City for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Project (i) shall not apply to damages caused by or resulting

from the sole negligence of the City Indemnified Parties; and (ii) to the extent caused by or resulting from the concurrent negligence of (A) the City Indemnified Parties and (B) MOHAI, its board members, agents, contractors, officers, affiliates, employees, guests or invitees shall apply only to the extent of the negligence of MOHAI, its board members, agents, contractors, officers, employees, guests or invitees; PROVIDED, HOWEVER, the limitations on indemnity set forth in this Section shall automatically and without further act by either the City or MOHAI be deemed amended so as to remove any of the restrictions contained in this Section 7.2(a) no longer required by then applicable law.

(b) Limitation of City's Obligation. The City's obligation to indemnify MOHAI shall not apply to (i) damages caused by or resulting from the sole negligence of MOHAI Indemnified Parties; and (ii) to the extent caused by or resulting from the concurrent negligence of (A) MOHAI Indemnified Parties and (B) the City, its agents, contractors, officers and employees shall apply only to the extent of the negligence of the City, its agents, contractors, officers, or employees; PROVIDED, HOWEVER, the limitations on indemnity set forth in this Section shall automatically and without further act by either the City or MOHAI be deemed amended so as to remove any of the restrictions contained in this Section 7.2(b) no longer required by then applicable law.

Section 7.3 Waiver of Indemnity; Indemnities Negotiated. The City and MOHAI agree that the foregoing indemnities specifically include, without limitation, claims brought by any of the Development Agreement Parties' employees against any other such party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH DEVELOPMENT AGREEMENT PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE ANY OTHER SUCH PARTY WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH SUCH PARTY AND ITS EMPLOYEES, TO THE EXTENT OF THEIR NEGLIGENCE. THE CITY AND MOHAI ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

Section 7.4 Dispute Resolution. In the event of a dispute regarding this Agreement, the Development Agreement Parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The Development Agreement Parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the Superintendent and the Executive Director of MOHAI. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. MOHAI and the City agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally between the City (one-half) and MOHAI (collectively, one-half).

**ARTICLE 8**  
**Miscellaneous**

Section 8.1 Amendments. This Agreement may not be effectively amended, changed, modified or altered, except by an instrument in writing duly executed by the City and MOHAI (or their successors in title) upon passage of an ordinance by the City Council.

Section 8.2 Authority. Each Development Agreement Party hereto warrants that it has the authority to enter into this Agreement and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Agreement, warrant that they have the authority to bind the respective parties.

Section 8.3 Binding Effect; No Assignment. This Agreement shall inure to the benefit of and shall be binding upon the Development Agreement Parties and their successors. This Agreement may not be assigned without the written consent of the Development Agreement Parties, except for possible joinder of the Tax Credit Entity under Section 3.2.3.

Section 8.4 Consents and Approvals. In any instance when any Development Agreement Party's consent or approval is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Whenever the consent of City, the Finance Director or the Superintendent to any act to be performed under this Agreement, MOHAI must obtain the consent or approval expressly for purposes of this Agreement, regardless of whether a consent or approval shall have been granted by the City in its regulatory, public utility, or other capacity. No permission, consent, or approval of the City, the Finance Director or the Superintendent contained herein or given pursuant to this Agreement is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with applicable laws, regulations, ordinances or codes, nor shall any such consent or approval be construed to authorize any failure to comply with any of the foregoing.

Section 8.5 Construction. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

(a) Words describing the singular number shall include the plural number and vice versa, except where otherwise indicated.

(b) All references herein to particular articles, sections or exhibits are references to articles, sections or exhibits of this Agreement, unless otherwise expressly stated.

(c) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) This Agreement shall not be construed as if it had been prepared by one of the Development Agreement Parties, but rather as if all Development Agreement Parties had prepared it.



Section 8.6 Counterparts. This Agreement may be executed in counterparts for the convenience of the Development Agreement Parties, and such counterparts shall together constitute one Agreement.

Section 8.7 Cumulative Remedies. The rights and remedies that any Development Agreement Party may have under this Agreement or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

Section 8.8 Force Majeure. Except as otherwise expressly provided in this Agreement, time periods for any Development Agreement Party's performance under any provisions of this Agreement shall be extended for periods of time during which such performance is prevented due to circumstances beyond such party's reasonable control, including without limitations, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of God, unforeseen site conditions, casualty, war or other strife.

Section 8.9 Governing Law; Venue. This Agreement is governed by and shall be construed in accordance with the substantive laws of the State of Washington and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Agreement shall be brought in the Superior Court of the State of Washington in and for King County.

Section 8.10 Integration. Together with the Lease and the Condemnation Agreement, this Agreement contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein.

Section 8.11 Limitation on Third Party Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Development Agreement Parties any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Development Agreement Parties.

Section 8.12 No Partnership. Nothing contained in this Agreement shall create any partnership, joint venture or other relationship between MOHAI and the City.

Section 8.13 No Waiver. Failure of any Development Agreement Party to complain of any act or omission on the part of the other, no matter how long the failure may continue, shall not constitute a waiver of any rights under this Agreement. No waiver by any Development Agreement Party of any breach of any provisions of this Agreement shall be deemed a waiver of a breach of any other provision of this Agreement or consent to any subsequent breach of any other provision. If any action of any Development Agreement Party requires the consent or approval of another, consent or approval given on one occasion shall not be deemed a consent to or approval of that action on any other occasion. No extension of time for performance of any



obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

Section 8.14 Notices. All notices, demands or requests that may or are required to be given by any Development Agreement Party to another under this Agreement shall be given in writing and delivered personally, or sent by U.S. certified mail, postage prepaid, return receipt requested, or nationally recognized overnight air carrier, and addressed to City's address or MOHAI's address, as follows:

If to the City:           The City of Seattle  
Department of Finance  
600 Fourth Avenue, Sixth Floor  
PO Box 94747  
Seattle, WA 98124-4747  
Attn: Director  
Telephone: (206) 684-0503  
Fax: (206) 233-0022  
Email: dwight.dively@seattle.gov

And:                        The City of Seattle  
Department of Parks and Recreation  
100 Dexter Avenue North  
Seattle, WA 98109  
Attn: Superintendent  
Telephone: (206) 684-8022  
Fax: (206) 233-7023  
Email: timothy.gallagher@seattle.gov

Copy to:                 Helaine Honig  
The City of Seattle  
Law Department  
600 Fourth Avenue, 4<sup>th</sup> Floor  
Seattle, WA 98104  
Telephone: (206) 684-8222  
Fax: (206) 984-8284  
Email: helaine.honig@seattle.gov

If to MOHAI:             Museum of History and Industry  
McCurdy Park  
2700 – 24<sup>th</sup> Avenue East  
Seattle, WA 98112-2099  
Attn: Executive Director  
Telephone: (206) 324-1685, ext. 32  
Fax: (206) 324-1346  
Email: leonard.garfield@seattlehistory.org



Copy to: Gerry Johnson  
K&L Gates LLP  
925 Fourth Avenue, Suite 2900  
Seattle, WA 98104-1158  
Telephone: (206) 623-7580  
Fax: (206) 623-7022  
Email: gerry.johnson@klgates.com

Notices shall be deemed to have been given upon receipt or attempted delivery where delivery is not accepted. Any Development Agreement Party may change its address and/or those receiving copies of notices upon written notice given to the other.

Section 8.15 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, then that provision and the remainder of this Agreement shall continue in effect and be enforceable to the fullest extent permitted by law. It is the intention of the Development Agreement Parties that if any provision of this Agreement is capable of two constructions, one of which would render the provision void, and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

Section 8.16 Termination of Agreement. Unless otherwise stated herein, this Agreement and all obligations hereunder shall terminate when the Project receives its final certificate of occupancy, except that the provisions of Sections 3.4, 4.2(e), 5.7.1(a), 7.1, 7.2 and 7.3 survive the expiration or termination of this Agreement.

Section 8.17 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

[signatures on next page]



City:

CITY OF SEATTLE, a Washington  
municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
City of Seattle Assistant City Attorney

MOHAI:

HISTORICAL SOCIETY OF SEATTLE  
AND KING COUNTY, a Washington  
nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**  
**JUNE, 2009 DESIGN DEVELOPMENT DOCUMENTS**  
**[TO BE PROVIDED]**



**EXHIBIT B**

**FORM OF QUIT CLAIM DEED**

After Recording Return to:

K&L Gates LLP  
925 Fourth Avenue  
Suite 2900  
Seattle, WA 98104  
Attn: Shannon Skinner

**QUIT CLAIM DEED  
(Improvements Only)**

GRANTOR: CITY OF SEATTLE

GRANTEE: \_\_\_\_\_, a \_\_\_\_\_

Legal Description:

Abbreviated Form: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Additional Legal is on Exhibit 1 attached to document

Assessor's Tax Parcel ID No. \_\_\_\_\_



The GRANTOR, CITY OF SEATTLE, a Washington municipal corporation for and in consideration of Ten and 00/100 Dollars (\$10), conveys and quit claims to \_\_\_\_\_, the building and improvements only located on the following described real estate, situated in the County of King, State of Washington, together with all after acquired title of the grantor(s) therein:

See Exhibit 1 attached hereto and incorporated herein by this reference.

Subject to the covenants set forth on Exhibit 2 attached hereto.

This Deed does not convey title to the land described on Exhibit 1 or the Building File System and is a conveyance of buildings and improvements only.

Dated \_\_\_\_\_, 2009.

**GRANTOR:**

CITY OF SEATTLE, a Washington municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

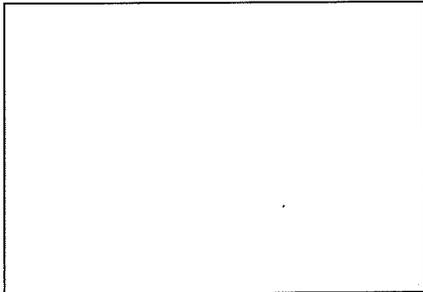
**GRANTEE:**  
[Tax Credit Entity]

By: \_\_\_\_\_

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 he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of the City of Seattle to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_



(Use this space for notarial stamp/seal)

\_\_\_\_\_  
Notary Public  
Print Name \_\_\_\_\_  
My commission expires \_\_\_\_\_



**Exhibit 1**

**LEGAL DESCRIPTION**

Lots 9 through 12, inclusive, Block 74, all in Lake Union Shore Lands,

Situate in the City of Seattle, County of King, State of Washington.

Together with the eastern one-half of Terry Avenue adjoining the foregoing described property, upon the vacation thereof by the City of Seattle.



**Exhibit 2**

**COVENANTS**

1. **Museum Use.** This deed is given pursuant to that certain Project Development Agreement between Grantor and Grantee dated \_\_\_\_\_, 2009. Pursuant to the Project Development Agreement, following this conveyance of the building and improvements (collectively the "Armory Building") to Grantee, Grantee will cause the Armory Building to be renovated and placed into service as a regional history museum. In accepting this conveyance, Grantee covenants to Grantor that, after the renovations to the Armory Building are complete and it is placed into service, the Armory Building will be used only for the purpose of operating as a regional history museum (the "Museum") with a focus on maritime heritage, whose exhibits and programs are devoted primarily to the history, culture, industry or commerce of the Puget Sound region and the Pacific Northwest, including ancillary purposes, unless Grantor consents to a change in such uses. Ancillary purposes shall include without limitation café and gift shop, administrative, storage, meetings, back of house operations and functions and events hosted, sponsored or permitted by Grantee or the operator of the Museum or uses permitted pursuant to the Ground Lease of even date herewith between Grantor and Grantee, a memorandum of which is recorded contemporaneously herewith.

2. **Federal Deed Covenants.** Grantee acknowledges that the Armory Building is subject to the covenants running with the land imposed by Quit Claim Deed from the United States of America, acting by and through the Department of the Navy, to Grantor, recorded on September 1, 2000 under AFN 20000901000377, records of King County Washington, and agrees to comply with all obligations imposed on the owner of the Armory Building thereunder.

3. **Binding Nature of Covenants.** The foregoing covenants are binding servitudes on Grantee, its heirs, successors and assigns, in perpetuity.



**EXHIBIT C**  
**JOINDER AGREEMENT**  
**[SEE ATTACHED]**

## EXHIBIT D

### PROJECT TIMELINE

**Major Milestones.** The major milestones for development of the project are summarized below.

Major Milestones	
Intake for Master Use Permit	9/22/2008
Schematic Design Complete	9/29/2008
Issue Design Development Drawings	6/8/2009
Master use Permit Issued	7/6/2009
Issue Construction Documents	5/13/2010
Building Permit Issued	8/19/2010
Start Construction	1/3/2011
Construction Complete/Commence Exhibits	2/3/2012
Exhibit Installation Complete/Commence Soft Opening	9/14/2012
Museum Open	November 2012



**EXHIBIT E**  
**CAPITAL BUDGET**

Capital Budget Summary	Total	Project Budget	Exhibit Budget
Design	3,493,898	3,493,898	
Construction	23,147,218	23,147,218	
Legal, Utilities, Startup	385,000	385,000	
Project Administration/Real Estate Advisory	1,010,319	1,010,319	
Furniture, Fixtures and Equipment	234,975	234,975	
Exhibits	15,158,673		15,158,673
Information Technology, Communications and Security	148,404	148,404	
Capital Project Reserves	1,852,649	1,852,649	
<b>Totals</b>	<b>45,431,136</b>	<b>30,272,463</b>	<b>15,158,673</b>



## EXHIBIT F

### CITY IMPROVEMENTS TO LAKE UNION PARK

As part of the development of Lake Union Park Phase II, the City will make certain utility upgrades to the Armory Building utility infrastructure to facilitate the renovation of the Armory Building as a regional history museum. Except as noted herein, the City shall install all utilities as shown on the Lake Union Park Phase 2 "Construction Drawings" dated April 5, 2008.

- **General Utility Upgrades:** All new utilities will be installed underground.
- **Water Supply Line:** In lieu of the 3" service line shown on the drawing U-3.1 extending from the 6" meter adjacent to the existing pump house, the City shall install a new 6" water line (from the SPU meter to the Armory Building). The City has elected not to replace the existing 8" water main from Valley Street to the SPU meter. Responsibility for the maintenance of that line shall remain exclusively with the City.
- **Water Meter:** The SPU meter jointly serves the irrigation for the Park and the Armory Building. The Museum shall install its own sub-meter inside the Armory Building to allow the parties to monitor water usage by the Museum and shall cooperate on developing a mutually agreeable system for payment of water charges.
- **Fire Hydrants:** The two hydrants adjacent to the Armory Building will not be relocated as part of the Phase II work. The Museum plans to relocate both of these as part of the Armory Building renovation.
- **Fire Department Connection:** An existing Fire Department Connection (FDC) near the north end of Terry Avenue serves the north wharf area. This FDC will be re-located by the Museum. Final location will be approved by both the Parks Department and Seattle Fire Department.
- **Sewer:** Installation of a new sewer lift station and force main serving the Armory Building. In addition, the City shall install a side sewer stub that extends from the lift station under the Terry Avenue walk, capped, marked, and ready for the future tie-in by the Museum. Peak rate of sewer effluent from the Museum and pump capacity by the Park system will be coordinated between the Parks Department and Museum design teams.
- **Electrical:** Removal of all overhead lines and installation of a new underground vault servicing the Armory Building. The City shall install a new 1600A service serving the Armory Building. The panels serving the Armory Building shall be separately metered.
- **Communications:** The City shall install all communications infrastructure as shown on the Phase II plans including four (4) 4" conduits from Valley Street to the telecommunication manholes at the south side of the North Parking Lot. The use of two



of these shall be reserved for the exclusive use of the Museum. The City shall also install four (4) 4" conduits and three (3) 2" conduits from the manholes on the south side of the North Parking Lot to a point within the Armory Building. The use of two of the 4" conduits and one of the 2" conduits shall be reserved for the exclusive use of the Museum.



**EXHIBIT G**

**AGENCY AND CONTRIBUTION AGREEMENT**

**[SEE ATTACHED]**



**EXHIBIT H**  
**FUNDRAISING PLAN**  
**[SEE ATTACHED]**



**EXHIBIT A**  
**DESIGN DEVELOPMENT DRAWINGS**

**Museum of History & Industry**  
**100% Design Development Drawings**  
**LMN Architects**

**GENERAL**

A000	COVER SHEET	June 8, 2009
A001	GENERAL PROJECT INFO AND DRAWING INDEX	June 8, 2009
A002	CODE INFORMATION	June 8, 2009
A003	LIFE SAFETY DIAGRAMS	June 8, 2009
A004	TOPOGRAPHICAL AND LEVEL 1 SURVEYS	June 8, 2009

**ARCHITECTURAL**

A100	DEMOLITION SITE PLAN	June 8, 2009
A110	DEMOLITION PLAN - FOUNDATION PLAN	June 8, 2009
A111	DEMOLITION PLAN-LEVEL 1	June 8, 2009
A112	DEMOLITION PLAN-LEVEL 2	June 8, 2009
A113	DEMOLITION PLAN-LEVEL 3	June 8, 2009
A114	DEMOLITION PLAN-LEVEL 4	June 8, 2009
A121	DEMOLITION RCP-LEVEL 1	June 8, 2009
A122	DEMOLITION RCP-LEVEL 2	June 8, 2009
A123	DEMOLITION RCP-LEVEL 3	June 8, 2009
A124	DEMOLITION RCP-LEVEL 4	June 8, 2009
A150	SITE PLAN	June 8, 2009
A151	ENLARGED PLAN AND SECTIONS LOADING DOCK/CANOPY	June 8, 2009
A201	FLOOR PLAN-LEVEL 1	June 8, 2009
A202	FLOOR PLAN-LEVEL 2	June 8, 2009
A203	FLOOR PLAN-LEVEL 3	June 8, 2009
A204	FLOOR PLAN-LEVEL 4	June 8, 2009
A205	ROOF PLAN	June 8, 2009
A300	BUILDING ELEVATIONS	June 8, 2009
A301	BUILDING ELEVATIONS	June 8, 2009
A400	BUILDING SECTIONS	June 8, 2009
A401	BUILDING SECTIONS	June 8, 2009
A402	BUILDING SECTIONS	June 8, 2009
A410	WALL SECTIONS	June 8, 2009
A411	WALL SECTIONS	June 8, 2009
A412	WALL SECTIONS	June 8, 2009
A413	WALL SECTIONS	June 8, 2009
A420	EXTERIOR DETAILS	June 8, 2009
A430	ROOF DETAILS	June 8, 2009
A431	ROOF DETAILS	June 8, 2009
A500	ENLARGED PLANS AND SECTIONS-ROOF TERRACE	June 8, 2009
A510	ENLARGED RESTROOM PLANS, RCP AND ELEVATIONS	June 8, 2009
A511	ENLARGED RESTROOM PLANS, RCP AND ELEVATIONS	June 8, 2009
A512	ENLARGED RESTROOM PLANS, RCP AND ELEVATIONS	June 8, 2009
A513	ENLARGED CAFÉ PLANS, RCP & ELEVATIONS	June 8, 2009
A514	ENLARGED CAFÉ PLANS, RCP & ELEVATIONS	June 8, 2009
A520	ENLARGED PLAN & SECTION - ELEVATOR	June 8, 2009
A521	ENLARGED PLAN & SECTION- STAIR 1A, 1B	June 8, 2009
A522	ENLARGED PLAN & SECTION - STAIR #2	June 8, 2009
A523	ENLARGED PLAN & SECTION - STAIR #3	June 8, 2009
A524	ENLARGED PLAN & SECTION - STAIR #4 and #5	June 8, 2009
A600	PARTITION SCHEDULE	June 8, 2009
A610	DOOR SCHEDULE	June 8, 2009



**EXHIBIT A**  
**DESIGN DEVELOPMENT DRAWINGS**

A611	RELITE AND WINDOW TYPES	June 8, 2009
A620	INTERIOR ELEVATIONS	June 8, 2009
A621	INTERIOR ELEVATIONS	June 8, 2009
A622	INTERIOR ELEVATIONS	June 8, 2009
A623	INTERIOR ELEVATIONS	June 8, 2009
A624	INTERIOR ELEVATIONS	June 8, 2009
A625	INTERIOR ELEVATIONS	June 8, 2009
A626	INTERIOR ELEVATIONS	June 8, 2009
A627	INTERIOR ELEVATIONS	June 8, 2009
A628	INTERIOR ELEVATIONS	June 8, 2009
A629	INTERIOR ELEVATIONS	June 8, 2009
A640	INTERIOR DETAILS	June 8, 2009
A701	REFLECTED CEILING PLAN- LEVEL 1	June 8, 2009
A702	REFLECTED CEILING PLAN- LEVEL 2	June 8, 2009
A703	REFLECTED CEILING PLAN- LEVEL 3	June 8, 2009
A704	REFLECTED CEILING PLAN- LEVEL 4	June 8, 2009
A710	CEILING DETIALS	June 8, 2009
A800	ROOM FINISH SCHEDULE	June 8, 2009

**STRUCTURAL**

S101	GENERAL STRUCTURAL NOTES	June 8, 2009
S102	GENERAL STRUCTURAL NOTES	June 8, 2009
S201	LEVEL 1 FOUNDATION PLAN	June 8, 2009
S202	LEVEL 2 FRAMING PLAN	June 8, 2009
S203	LEVEL 3 FRAMING PLAN	June 8, 2009
S204	LEVEL 4 FRAMING PLAN	June 8, 2009
S205	ROOF FRAMING PLAN	June 8, 2009
S301	TYPICAL CONCRETE DETAILS	June 8, 2009
S501	TYPICAL METAL DECK DETAILS	June 8, 2009
S502	TYPICAL STEEL DETAILS	June 8, 2009
S503	METAL FRAMING DETAILS	June 8, 2009
S504	FLOOR FRAMING DETAILS	June 8, 2009
S505	ROOF FRAMING DETAILS	June 8, 2009

**MECHANICAL**

M001	MECHANICAL LEGEND, GENERAL NOTES AND DRAWING INDEX	June 8, 2009
M002	SEC COMPLIANCE AND SCHEDULES	June 8, 2009
M003	EQUIPMENT SCHEDULES	June 8, 2009
M100	UNDER PIER PLAN-MECHANICAL DEMOLITION	June 8, 2009
M101	FLOOR PLAN LEVEL 1 - MECHANICAL DEMOLITION	June 8, 2009
M102	FLOOR PLAN LEVEL 2 - MECHANICAL DEMOLITION	June 8, 2009
M103	FLOOR PLAN LEVEL 3 - MECHANICAL DEMOLITION	June 8, 2009
M104	FLOOR PLAN LEVEL 4 - MECHANICAL DEMOLITION	June 8, 2009
M105	ROOF PLAN - MECHANICAL DEMOLITION	June 8, 2009
M200	UNDER PIER PLAN-PLUMBING	June 8, 2009
M201	LEVEL 1 PLAN- PLUMBING	June 8, 2009
M202	LEVEL 2 PLAN- PLUMBING	June 8, 2009
M203	LEVEL 3 PLAN- PLUMBING	June 8, 2009
M204	LEVEL 4 PLAN- PLUMBING	June 8, 2009
M301	LEVEL 1 PLAN- HVAC	June 8, 2009
M302	LEVEL 2 PLAN- HVAC	June 8, 2009
M303	LEVEL 3 PLAN- HVAC	June 8, 2009
M304	LEVEL 4 PLAN- HVAC	June 8, 2009
M401	LEVEL 1 PLAN- HVAC PIPING	June 8, 2009
M402	LEVEL 2 PLAN- HVAC PIPING	June 8, 2009
M403	LEVEL 3 PLAN- HVAC PIPING	June 8, 2009
M404	LEVEL 4 PLAN- HVAC PIPING	June 8, 2009
M501	LEVEL 1 PLAN- FIRE PROTECTION	June 8, 2009



**EXHIBIT A**  
**DESIGN DEVELOPMENT DRAWINGS**

M502	LEVEL 2 PLAN- FIRE PROTECTION	June 8, 2009
M503	LEVEL 3 PLAN- FIRE PROTECTION	June 8, 2009
M504	LEVEL 4 PLAN- FIRE PROTECTION	June 8, 2009
M601	DETAILS	June 8, 2009
M701	CHILLED WATER DIAGRAM	June 8, 2009
M702	VRF SYSTEM DIAGRAM	June 8, 2009
M703	CONTROL DIAGRAM	June 8, 2009
M704	CONTROL DIAGRAM	June 8, 2009
M705	HEATING WATER FLOW DIAGRAMS	June 8, 2009
M801	DETAILS AND DIAGRAMS	June 8, 2009
M802	DETAILS AND DIAGRAMS	June 8, 2009

**ELECTRICAL**

E000	SYMBOLS AND ABBREVIATIONS	June 8, 2009
E201	LEVEL 1 PLAN- POWER	June 8, 2009
E202	LEVEL 2 PLAN- POWER	June 8, 2009
E203	LEVEL 3 PLAN- POWER	June 8, 2009
E204	LEVEL 4 PLAN- POWER	June 8, 2009
E205	ROOF PLAN- POWER	June 8, 2009
E301	LIGHTING PLAN - LEVEL 1	June 8, 2009
E302	LIGHTING PLAN - LEVEL 2	June 8, 2009
E303	LIGHTING PLAN - LEVEL 3	June 8, 2009
E304	LIGHTING PLAN - LEVEL 4	June 8, 2009
E401	SYSTEMS PLAN - LEVEL 1	June 8, 2009
E402	SYSTEMS PLAN - LEVEL 2	June 8, 2009
E403	SYSTEMS PLAN - LEVEL 3	June 8, 2009
E404	SYSTEMS PLAN - LEVEL 4	June 8, 2009
E601	LEVEL 1- ELECTRICAL DEMOLITION PLAN	June 8, 2009
E602	LEVEL 2- ELECTRICAL DEMOLITION PLAN	June 8, 2009
E603	LEVEL 3- ELECTRICAL DEMOLITION PLAN	June 8, 2009
E604	LEVEL 4- ELECTRICAL DEMOLITION PLAN	June 8, 2009
E605	ROOF- ELECTRICAL DEMOLITION PLAN	June 8, 2009
E701	TELECOM DETAILS	June 8, 2009
E702	TELECOM DETAILS	June 8, 2009
E703	TELECOM PATHWAYS AND GROUNDING RISER	June 8, 2009
E704	TELECOM COOPER AND OPTICAL FIBER BACKBONE	June 8, 2009
E705	TELECOM DETAILS	June 8, 2009
E801	ELECTRICAL DETAILS AND ENLARGED KITCHEN PLAN	June 8, 2009
E901	POWER ONE LINE DIAGRAM	June 8, 2009

**FLOOR SERVICE**

FS1.1	FLOOR PLAN AND SCHEDULE	June 8, 2009
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## EXHIBIT C

### JOINDER AGREEMENT

Joinder Agreement made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2009, by and between THE CITY OF SEATTLE (the "City"), a first class city organized under the laws of the State of Washington, THE HISTORICAL SOCIETY OF SEATTLE AND KING COUNTY, a Washington nonprofit corporation doing business as the Museum of History and Industry ("MOHAI") and \_\_\_\_\_, LLC ("Tax Credit Entity"), a Washington limited liability company.

### RECITALS

The following facts and circumstances form the background of this Agreement:

1. The City and MOHAI executed the Project Development Agreement dated \_\_\_\_\_, 2009 (the "Project Development Agreement") addressing the funding, design and construction of a regional history museum in the former Naval Reserve Armory Building in Lake Union Park.
2. Under the Project Development Agreement, the City and MOHAI commit to use their respective best efforts to secure federal historic rehabilitation tax credits for the museum project.
3. The Project Development Agreement also provides that if MOHAI has secured a firm commitment from a tax credit investor on terms reasonably acceptable to MOHAI, that a number of actions will be taken to access such credits, specifically including conveyance of the Armory Building to the Tax Credit Entity and the execution of a Joinder Agreement by the Tax Credit Entity under which the Tax Credit Entity joins in and assumes MOHAI's rights and obligations under the Project Development Agreement.
4. MOHAI has secured a firm commitment from the tax credit investor acceptable to it and, consequently, the City, MOHAI and the Tax Credit Entity wish to execute this Joinder Agreement as required under the Project Development Agreement.

### AGREEMENTS

1. Joinder. The Tax Credit Entity hereby joins with the City and MOHAI, as a Party under the Project Development Agreement dated \_\_\_\_\_, to the same extent and with the same effect as if the Tax Credit Entity had executed the Project Development Agreement as an original party thereto, and hereby assumes, jointly and severally with MOHAI, all of the rights and obligations of MOHAI under the Project Development Agreement, as well as any rights and obligations specifically reserved for the Tax Credit Entity per se under such Project Development Agreement.



2. No Release. Nothing in this Agreement shall be construed as a release of MOHAI from any of its obligations under the Project Development Agreement, and MOHAI hereby confirms and reaffirms its obligations under the Agreement.

CITY OF SEATTLE

By \_\_\_\_\_  
Its \_\_\_\_\_

MUSEUM OF HISTORY AND INDUSTRY

By \_\_\_\_\_  
Its \_\_\_\_\_

TAX CREDIT ENTITY

By \_\_\_\_\_  
Its \_\_\_\_\_



EXH G

**AGREEMENT REGARDING ASSIGNMENT OF  
ACQUISITION/CONDEMNATION PROCEEDS**

**This Agreement Regarding Assignment of Acquisition/Condemnation Proceeds** (this “Condemnation Agreement”) is by and between The City of Seattle (the “City”), a Washington municipal corporation, acting through its Department of Parks and Recreation (“Parks”), and the Historical Society of Seattle and King County, a Washington nonprofit corporation doing business as the Museum of History and Industry (“MOHAI”).

**RECITALS**

The following facts and circumstances form the background of this Condemnation Agreement:

A. Since 1914, MOHAI has been collecting, preserving and presenting the history of the Pacific Northwest and, in doing so, has generated broad public appreciation for our region’s diverse cultural, social and economic history.

B. Pursuant to that certain agreement by and between MOHAI and the City dated January 18, 1950, MOHAI financed and constructed the first phase of its facility upon City-owned land at McCurdy Park.

C. There have been four subsequent expansions and MOHAI presently uses facilities consisting of museum buildings (collectively, the “MOHAI Facility”), landscaping and other improvements related to museum access and parking (the “Other Improvements”).

D. The MOHAI Facility and Other Improvements occupy approximately 182,468 square feet of land as depicted on Exhibit A to this Condemnation Agreement (the “MOHAI Use Area”) and are located on the grounds of two City-owned parks, McCurdy Park and East Montlake Park and other City land, as well as on adjacent property owned by the Arboretum Foundation.



E. The Washington State Department of Transportation (“WSDOT”), the Federal Highway Administration and the Central Puget Sound Regional Transit Authority (“Sound Transit”) are planning the SR-520 bridge replacement project (the “SR 520 Project”), which will require the demolition of the MOHAI Facility and Other Improvements, the use of the MOHAI Use Area on a temporary basis and ultimately the permanent acquisition of some or all of the MOHAI Use Area.

F. MOHAI began to explore other options for its facilities based on its concerns about the long-term viability of the MOHAI Use Area as MOHAI’s permanent home given its location adjacent to SR 520 and the likelihood that the SR 520 Project would require MOHAI’s relocation.

G. To this end, the City and MOHAI have identified another City-owned property, the former Naval Reserve Armory at Lake Union Park (the “Armory”), as an appropriate site for MOHAI’s primary public venue and on October 2, 2006, the City Council adopted Resolution Number 30917, which supported and encouraged negotiations between Parks and MOHAI to investigate the development of the Armory for that purpose.

H. On September 29, 2008, following the parties’ due diligence activities with respect to the viability of the Armory as MOHAI’s primary public venue, the City Council adopted Resolution Number 31092, which provides specific principles that Parks and MOHAI must incorporate into binding agreements addressing the development and operation of a new regional history museum at the Armory.

I. Resolution Number 31092 also provides that the City will contribute certain compensation it receives from WSDOT in conjunction with the SR 520 Project’s effects on the MOHAI Facility and Other Improvements and the MOHAI Use Area to MOHAI’s development



of the Armory facilities and will assign the authority to negotiate with WSDOT for the amount of that compensation to MOHAI, subject to the City's approval of any final agreement with WSDOT.

### AGREEMENT

Now, therefore, the parties agree as follows:

1. Conditional Assignment. The City hereby assigns to MOHAI, subject to review and approval by the City as provided in Section 6, all compensation that the City receives from WSDOT for the following:

- (a) The MOHAI Facility and Other Improvements; and
- (b) WSDOT's temporary use of the MOHAI Use Area, as depicted in Exhibit A, to the extent owned by the City.

2. Limitation on Scope. Nothing in this Condemnation Agreement affects the parties' rights with respect to the following:

- (a) The City's rights to negotiate for and receive the residual fee value and any other compensation associated with the MOHAI Use Area (net of the compensation available to MOHAI under Section 1(b));
  - (b) The City's rights to real property, improvements and other interests outside of the MOHAI Use Area;
  - (c) The City's rights (outside of the context of condemnation) to receive compensation to mitigate for the SR 520 Project's impacts on park land, whether in the form of cash compensation for replacement of any lost park land or conveyance of replacement property;
- and



(d) MOHAI's right to relocation benefits and other compensation to which MOHAI is entitled under state or federal law as a result of being displaced by the SR 520 Project.

3. MOHAI Authority. MOHAI is hereby granted exclusive authority to negotiate with WSDOT for the compensation for the property interests identified in Section 1 above. MOHAI, at its own cost and expense, shall be solely responsible for conducting all negotiations with WSDOT for the compensation associated with such interests. MOHAI's authority under this Condemnation Agreement is personal to MOHAI and may not be contracted or further delegated or assigned without the City's consent. Notwithstanding the foregoing, MOHAI may employ attorneys, architects, engineers, surveyors, appraisers and such other consultants as MOHAI reasonably determines to be necessary in order to establish the value of the property interests identified in Section 1 and negotiate with WSDOT, all at MOHAI's own cost and expense.

4. Arboretum Foundation. The City owns the MOHAI Facility, a portion of which is located on Arboretum Foundation property. The City agrees to support MOHAI's efforts to secure 100% of the compensation for the MOHAI Facility.

5. Hold Harmless for WSDOT. If required by WSDOT, the City shall agree to indemnify, defend, and hold WSDOT, its officers, agents and employees harmless from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses arising out of adverse claims to ownership of the MOHAI Facility, specifically including claims related to the portion thereof located on land owned by the Arboretum Foundation. MOHAI, however, shall reimburse the City for any amount the City actually pays WSDOT under the terms of this indemnity. In the event any such claim is made by WSDOT, the City and MOHAI will enter



into a joint interest agreement committing the City to vigorous, good faith defense against such claim; addressing other matters such as mutual cooperation and support; and reserving to MOHAI the right to prior approval of any settlement of any such claim that would trigger payment by MOHAI under its reimbursement obligation, which approval shall not be unreasonably withheld.

6. City Approval. Acceptance of any offer of settlement or other award from WSDOT; final assignment of proceeds to be paid to MOHAI for WSDOT's acquisition of the property interests identified in Section 1; and transfer to WSDOT of the property interests that are the subject of a proposed settlement must be approved by the Seattle City Council, by ordinance. Before conditionally accepting any such offer of settlement or other award from WSDOT, MOHAI shall obtain the consent of the Mayor or his or her designee (collectively, the "Mayor") for such settlement, which consent shall not be unreasonably withheld, conditioned or denied. All settlement offers shall clearly enumerate the interests for which compensation is being paid and the total compensation for each such interest, including the cost per square foot for all real property interests being acquired. At the Mayor's request, MOHAI shall deliver such supporting documentation as the Mayor may reasonably request. Following the Mayor's provision of his consent to the settlement and upon MOHAI's request, the Mayor will prepare and transmit to the City Council the legislation necessary for the acceptance of the proposed settlement; the final assignment to MOHAI of the proceeds from such settlement; and the transfer to WSDOT of the property interests that are the subject of the proposed settlement.

7. Use of Settlement Proceeds. The proceeds paid to MOHAI under this Agreement for the property interests identified in Section 1 shall be reserved for capital costs associated with replacing the functions and facilities at its Montlake location including but not limited to those



facilities and functions included in the proposed Armory project. If the proceeds paid to MOHAI, together with MOHAI's other resources available for and dedicated to the project, are sufficient to enable it to undertake the Armory project, it shall do so as soon as practicable following receipt of such proceeds. In the event MOHAI (having sufficient proceeds and other resources to enable it to undertake the Armory project) has not started construction at the Armory by June 30, 2017 or the proceeds and other resources are insufficient so that the Armory project is no longer feasible, MOHAI will return to the City the proceeds paid to MOHAI except for that portion of such proceeds MOHAI would have received in its own right, if any, together with accrued interest from the date MOHAI receives such proceeds until repaid. If proceeds are to be returned to the City, the portion to be retained by MOHAI as the amount it would have received in its own right, if any, shall be determined pursuant to a mutually acceptable process.

8. Reporting. MOHAI will provide monthly briefings to the City regarding the progress of negotiations with WSDOT in such format and containing such information as the City may request. The briefings will cover all issues related to the valuation, negotiation or documentation of the compensation for the property interests identified in Section 1. MOHAI also will make materials related to such briefings (including but not limited to the materials specified in Section 13) available to the City at the City's request. The scope and distribution of any materials shall be consistent with maintaining privilege status for such materials, provided that in the event of a disagreement between the City and MOHAI concerning the scope of such reports, the City's determination shall be final.

9. Litigation. If MOHAI does not reach a settlement with WSDOT, MOHAI also is granted exclusive authority to participate, at its own cost and expense, in any condemnation action brought by the State with respect to the interests described in Section 1 above. The City



and MOHAI shall reasonably cooperate with each other in the preparation for and conduct of such litigation by, without limitation, sharing valuation information and making witnesses available to the other party.

10. Duration of Condemnation Agreement. This Condemnation Agreement shall expire on July 1, 2012 if, by such date, MOHAI and WSDOT have not (a) agreed upon a final offer of settlement or other award for compensation for the property interests identified in Section 1; or (b) commenced a dispute resolution process including mediation, arbitration or litigation to resolve the amount of compensation due under Section 1. However, if MOHAI and WSDOT have agreed upon a final offer of settlement or other award for such compensation or such a dispute resolution process has been commenced and receipt by MOHAI of such compensation from WSDOT has been delayed such that MOHAI has been unable to start construction at the Armory by July 1, 2012, this Condemnation Agreement shall remain in effect until such date determined by the mutual consent of the parties. MOHAI's repayment obligation under Section 7 and MOHAI's rights to that portion of such proceeds MOHAI would have received in its own right shall not be affected by the expiration or termination of this Condemnation Agreement.

In addition, the City may terminate this Condemnation Agreement under any of the following circumstances:

(a) MOHAI refuses to permit the City adequate access to relevant books, records and other materials as provided herein;

(b) Breach of this Condemnation Agreement by MOHAI, specifically including derogation of the City's rights reserved under Section 2; or



(c) Material breach by MOHAI of its obligation under this Condemnation Agreement to act in good faith and deal fairly with the City.

11. Indemnity.

(a) MOHAI shall indemnify and hold harmless the City from and against any loss, damage, liability or claim suffered, incurred by, or asserted against the City arising out of, in connection with or based upon any act or omission by MOHAI relating in any way to this Condemnation Agreement or its services under this Condemnation Agreement, so long as MOHAI has acted in bad faith or with negligence.

(b) City shall indemnify and hold harmless MOHAI from and against any loss, damage, liability or claim suffered, incurred by, or asserted against MOHAI arising out of, in connection with or based upon any act or omission by the City relating in any way to this Condemnation Agreement, so long as the City has acted in bad faith or with negligence.

12. Confidentiality. To the extent allowed by law, MOHAI and the City shall maintain the confidentiality of all information and material either party receives from the other party pertaining to negotiating strategy or property valuation.

13. Books and Records; Audit. While performing under this Condemnation Agreement and for at least six (6) years after its termination or expiration, MOHAI shall keep, in King County, Washington, separate, accurate, complete and auditable records that document the basis for determining the value of the property interests described in Section 1. Such records shall include, without limitation, appraisals, purchase and sale agreements, deeds, easements and escrow instructions. MOHAI shall permit the City, from time to time as the Mayor or City Auditor deems necessary, to inspect, audit and copy such relevant records and those of any other person or entity that has performed work in connection with or related to the MOHAI's activities



hereunder, unless such records are protected from review by the City under attorney/client privilege. MOHAI shall ensure that any subcontract, agreement or other arrangement under which any other person or entity is permitted to perform work in connection with or related to the MOHAI's activities under this Condemnation Agreement provides that the relevant work product of any such person or entity is subject to the City's right to inspect, audit or copy, unless such work product is protected from review by the City under attorney/client privilege. Notwithstanding anything in this Agreement to the contrary, MOHAI agrees that it will produce to the City upon request and will not assert, as against the City, any privilege with respect to the work product of all architects, engineers, surveyors, appraisers and other similar consultants that MOHAI engages to carry out its obligations under this Agreement, if such work product was produced in the regular course of their business activities under this Agreement.

14. Governing Law; Venue. This Condemnation Agreement shall be governed by and construed in accordance with Washington law. Except as otherwise required by applicable law, any action under this Condemnation Agreement shall be brought in King County Superior Court.

15. Notices. All notices, certificates or other communications shall be in writing and shall be deemed given on the business day on which the same have been transmitted by facsimile or electronic mail with a telephone call by sender immediately to follow transmittal and an affirmative confirmation of receipt from recipient, whether verbal or electronic, or on the business day following the day on which the same have been sent using same day or overnight delivery via a commercial messenger or courier service that guarantees next day delivery.



If to the City:

The City of Seattle  
Department of Parks and Recreation  
100 Dexter Avenue North  
Seattle, WA 98109  
Attn: Superintendent  
Telephone: 206-684-8022  
Fax: 206-233-7023  
Email: [timothy.gallagher@seattle.gov](mailto:timothy.gallagher@seattle.gov)

The City of Seattle  
Law Department  
PO Box 94769  
Seattle, WA 98124-4769  
Attn: Helaine Honig  
Telephone: 206-684-8200  
Fax: 206-684-8284  
Email: [helaine.honig@seattle.gov](mailto:helaine.honig@seattle.gov)

If to MOHAI:

Museum of History and Industry  
McCurdy Park  
2700 – 24<sup>th</sup> Avenue East  
Seattle, WA 98112-2099  
Attn: Executive Director  
Telephone: (206) 324-1685, ext. 32  
Fax: (206) 324-1346  
Email: [leonard.garfield@seattlehistory.org](mailto:leonard.garfield@seattlehistory.org)

cc: B. Gerald Johnson  
K&L Gates LLP  
925 Fourth Avenue, Suite 2900  
Seattle, WA 98104-1158  
Telephone: (206) 623-7580  
Fax: (206) 623-7022  
Email: [gerry.johnson@klgates.com](mailto:gerry.johnson@klgates.com)

Either party may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

16. Entire Agreement. This Condemnation Agreement contains the entire agreement of the parties and supersedes any prior written or oral agreements with respect to the matters described herein.



17. Severability. If any provision of this Condemnation Agreement is held to be unenforceable for any reason, the remainder of the Condemnation Agreement shall nevertheless remain in full force and effect.

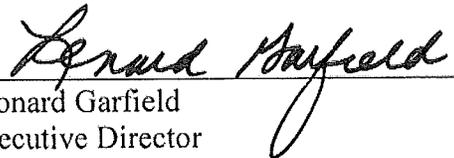
18. Counterparts. This Condemnation Agreement may be executed in counterparts.

19. Survival of Provisions. The provisions of Sections 11 and 13 shall survive the expiration or earlier termination of this Condemnation Agreement.

CITY OF SEATTLE DEPARTMENT OF  
PARKS AND RECREATION

MUSEUM OF HISTORY AND INDUSTRY

By   
Timothy Gallagher  
Superintendent

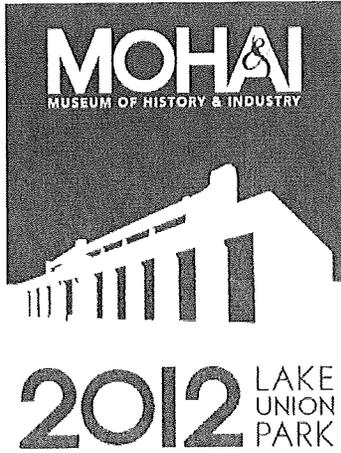
By   
Leonard Garfield  
Executive Director

Date 6/16/09

Date 6/09/09







**EXHIBIT H:  
FUNDRAISING PLAN**

**Table of Contents**

**Overview of MOHAI at Lake Union Park Campaign**

Campaign Case Statement ..... 3

Project and Campaign Budget ..... 7

Project and Campaign Timeline ..... 9

**Campaign Leadership and Strategy**

Campaign Leadership Organizational Chart ..... 11

Campaign Committee and Task Force Chairs ..... 12

Campaign Leadership and Project Team ..... 13

Campaign Assumptions..... 16

PR/Marketing Strategy..... 18

**Fundraising Strategy**

Profile of Gifts Needed to Raise \$25 Million..... 22

Campaign Attitudes ..... 23

Profile of Gifts by Constituent Group ..... 25

Campaign Fundraising Plan Summary ..... 26

Donor Recognition and Permanent Naming Opportunities ..... 30

Current Fundraising Report ..... 32

**Appendices and Additional Resources**

Board Resolution of Support ..... 34

Campaign Gift Summary ..... 35

Possible Schedule for Five-Year Pledges..... 37

Possible Schedule for Three-Year Pledges..... 37

Sample Pledge Form ..... 38



Committee Job Descriptions ..... 39

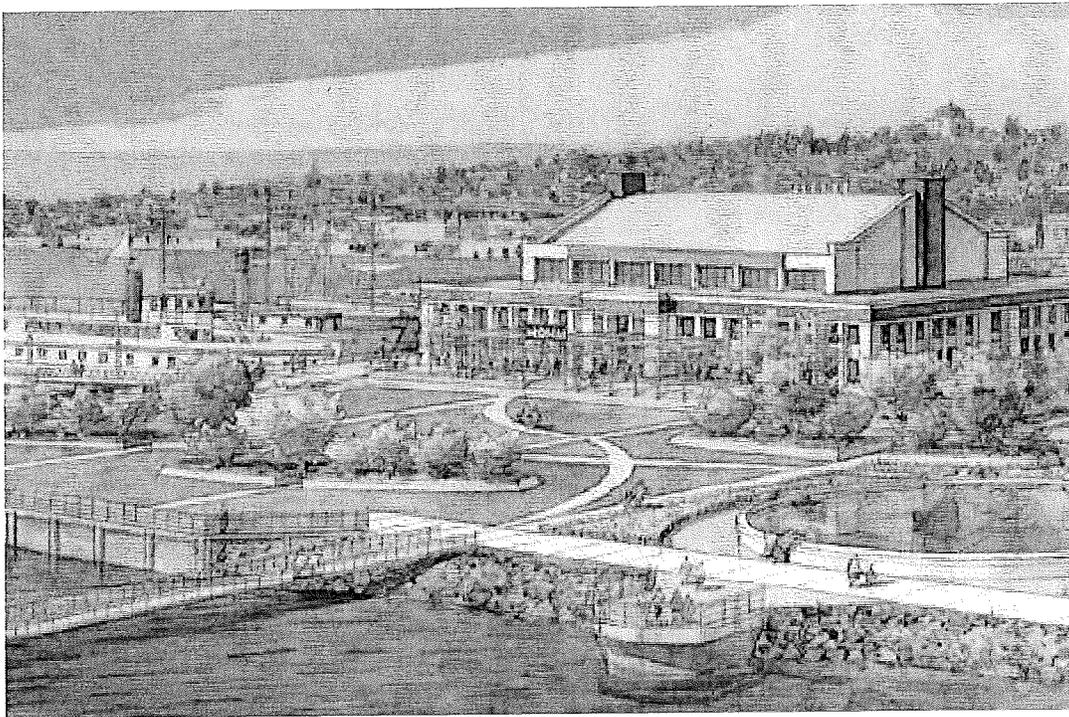


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**Overview of  
MOHAI at Lake Union Park  
Campaign**

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### The Campaign for MOHAI at Lake Union Park

Seattle is forever reinventing itself. Now it's MOHAI's turn.

#### **Announcing a capital campaign to relocate, redesign and revitalize MOHAI at Lake Union Park.**

In 2012, the Museum of History & Industry (MOHAI) relocates to the Naval Reserve Building in Lake Union Park. As one of the nation's fastest growing cities, Seattle has a unique, vibrant history that has shaped our region's culture and contributed to our rising prominence on the world stage. The faster we grow and absorb global influences, the more important it is that we understand the value of our own heritage, and ultimately, who we are. The new MOHAI at Lake Union Park ties our community together through the sharing of stories and experiences that foster the entrepreneurial spirit, progressive mindset and passion for innovation that make us distinctly Seattle.

MOHAI's move to Lake Union Park builds on the successes realized in more than half a century in our current location. The new MOHAI is not simply about creating new exhibits, but about giving visitors a fresh historical perspective. After all, history is about what happens every day and MOHAI helps visitors view current events in terms relevant to their own lives.

By inspiring people to engage with Seattle's past and present in new ways, MOHAI is reborn at Lake Union Park as a museum better suited to help shape the city's future.

*The measure of the new MOHAI's success is not whether people come away merely understanding Seattle's past. It is whether people depart feeling more deeply committed to being part of Seattle's future.*

**Moving to a community of great historical significance and opportunity.**

In 2000, the U.S. Navy deeded the property known today as Lake Union Park to Seattle Parks and Recreation. Thanks in large part to the tireless efforts of the nonprofit Seattle Parks Foundation, Lake Union Park has quickly become a focal point for community activities, particularly those offered by the maritime and heritage organizations already successfully engaged with the public.

Centrally located just north of downtown Seattle, this 12-acre waterfront park offers MOHAI the advantages of becoming more accessible to existing patrons while simultaneously attracting new visitors. Seattle is known for its water and natural beauty and MOHAI at Lake Union Park lets visitors explore the city's history in a setting typifying the outdoor appeal of our region.

Thanks to our proximity and associations with neighbors such as the Center for Wooden Boats, Northwest Seaport, the United Indians of All Tribes Foundation and other heritage organizations, MOHAI will benefit from increased exposure and foot traffic not seen in our present location. Most importantly, we intend to return the favor by creating world-class exhibits that will attract even greater attendance to Lake Union Park as a whole.

By relocating to this vibrant new location and rethinking the methods and content we use to engage visitors, MOHAI moves out of the shadows to become a historical museum of increased visibility, stature and significance to the region.

**Refurbishing a historical landmark. Reigniting MOHAI's spirit.**

Built in 1940 to train reservist recruits amid growing talk of war, the 50,000-square-foot Naval Reserve Building is an ideal fit for MOHAI's vision, offering unique architectural features and advantages not found in our location today. Instead of the low ceilings, dark hallways and cramped spaces of MOHAI's current space, suddenly we have a great hall, open ceilings ideal for hanging key artifacts overhead and an infusion of warm, natural light from the Armory's many windows.

In fact, in many instances windows will serve as their own exhibit feature, allowing visitors to look out upon the lakefront and Seattle landmarks such as Gas Works Park and the Space Needle, and compare what they're seeing to exhibits describing the past. The dramatic view from the fourth floor is a must-see attraction all its own, lending to an immediate sense of place.

If the old MOHAI was Seattle on a cold and dark December afternoon, the new MOHAI at Lake Union Park is Seattle on a balmy August evening with the sun setting over the Olympics — warm, memorable and inviting. We're fortunate to have the expertise of LMN Architecture, a Seattle firm that is working to help us create a memorable new space.

**Not just a move — a transformation.**

Throughout its rich history, Seattle has reinvented itself numerous times, seemingly heading in a new direction every 20 years or so. From its earliest incarnation as a lumber town hewed and gouged from the wilderness, to its enviable position today as a world leader in technology, environmental stewardship, aerospace and global health, Seattle and the surrounding Central Puget Sound region are noteworthy for their relentless and often surprising changes.



Change is occurring even today, which is why the goal for the new MOHAI at Lake Union Park is to empower people to explore Seattle's past as they discover relevant connections to their own present-day lives.

Instead of merely moving MOHAI's exhibits, we're creating new exhibits designed to redefine the way people view and interact with our local history. We want to challenge visitors to see the region — and their own relationship with it — through a new lens. MOHAI at Lake Union puts our visitors first in every exhibit we design.

**Fresh new exhibits that inform, inspire and challenge.**

Imagine walking through the doors of the new MOHAI and finding five 40-foot tall towers rising up past the second-floor mezzanine, each representing a different theme in Seattle's never-ending march to reinvent itself. The effect is both visually arresting and welcoming.

Perhaps you'll be drawn first to the tower of old-growth trees representing the Central Puget Sound's wealth of natural resources. Or maybe it will be the tower portraying all the different peoples who have helped shape the region in their own unique way. You'll also see the stories of industries such as logging, ship building and aerospace that have helped Seattle grow into a world leader. Another tower tells the story of Seattle's penchant for forward-thinking innovation and creativity, highlighted with animated sketches of the Space Needle. The final tower focuses on technology and the virtual world, marked by companies such as Microsoft and Amazon, signifying that our region's culture of intellectual curiosity is today's most valuable resource.

On the upper level you move through a narrative chronology of the region that offers surprising insights to inspire and challenge visitors to interpret Seattle in ways that are relevant to them.

The new MOHAI invites people to fully immerse themselves in the stories and artifacts in an active way. Innovative new exhibits create a dialogue with our guests by empowering them to share their opinions about Seattle's past and present-day condition. With everything from large-screen displays sharing insta-poll feedback directly from an exhibit, to links giving visitors a way to extend their experience beyond MOHAI's walls, the new MOHAI fosters dialogue so visitors are more deeply connected to their community today.

Of all the core audiences we're working to inspire at MOHAI, perhaps none is more important than the 10,000 to 15,000 K-12 students who visit each year as part of their classroom curriculum. We know that when we help students actually *feel* the region's history, they come away with a deeper appreciation for this place and for the people they share their lives with today.

To that end, our new exhibits enlist interactive computer screens, multimedia theaters and numerous other electronic tools. However, technology alone is not the answer. The new MOHAI is more about providing a personal immersion into our region's history and less about providing merely a point-and-click experience.

**Bringing people together through reflections on our past.**

The new MOHAI at Lake Union is a center for exploring and interpreting Seattle's past, present and future that is sure to be a new source of pride in our own community and beyond.



MOHAI's real civic contribution is about more than showcasing the region's cultural and economic contributions on a local and global scale. MOHAI gives visitors a rare opportunity to see how their own lives are a part of the unfolding history of the city they have come to explore.

**From urgent need comes great inspiration.**

The impetus behind MOHAI's move to Lake Union Park is the scheduled widening of SR-520 and the proposed demolition of MOHAI's current site. In anticipation of this move, we at MOHAI have been reviewing our fundamental role in the community, asking ourselves hard questions about how the museum can make greater civic contributions as we move forward.

To help redefine our role as a history museum, we first had to ask ourselves what the people of this region would lose if MOHAI ceased to exist. Is MOHAI's purpose to educate and entertain, or does it serve a deeper, more vital role in helping people form a lasting personal connection to this city and this area? If the latter, how effective is MOHAI in linking visitors to Seattle's past? Are our exhibits contemporary? Do they communicate what it was like to live here 100 or 200 years ago? And most importantly, does a visit to MOHAI effectively communicate what it means to live in Seattle *today*?

Answering these questions has led to a comprehensive plan for revitalizing how MOHAI shares the regional history of Seattle with an ever-growing population. Our goal is to reshape what it means to be the history museum of the Central Puget Sound area by giving visitors a way to define their relationship with this place and its people on their own terms. Moving to Lake Union Park is the first step in fulfilling this goal, and we ask your support in bringing this vision to life.

**Join our capital campaign to reinvent MOHAI.**

In order to open the doors to the new MOHAI at Lake Union Park in 2012 as scheduled, we need your help.

Our plans are aggressive, to be sure. First, we'll completely restore and remodel the interior of the Armory in preparation for our exhibits. As a treasured Seattle landmark, the Naval Reserve Building at Lake Union Park requires a great deal of work to bring it up to today's safety codes, and to provide other upgrades such as disability access.

Next comes the exciting work of designing, building and installing the many new exhibits destined to become hallmarks of Seattle's story for years to come. The MOHAI Board of Trustees has already approved the conceptual plans for how we will help bring the history of the region to life in ways that are relevant to every guest, whether student, long-time resident, area newcomer or out-of-town visitor.

MOHAI's third (and most immediate) challenge is raising the funds needed to complete our vision, including an increased endowment to ensure the museum's long-term sustainability. As you will see from the following tables, making the new MOHAI at Lake Union Park a reality is projected to cost \$60 million. Of that, we plan to raise \$25 million in a capital campaign.



**EXPENSES**

Item	Cost
Institutional Dev/Project Expenses	\$3,450,000
Shell and Core Improvements	\$20,058,362
FFE, Tenant Improvements	\$9,110,000
Endowment	\$8,000,000
Exhibits and Media	\$15,160,000
Jumpstart Capacity Building Campaign Initiatives	\$657,831
Campaign Expenses	\$1,750,000
Project Reserves	\$1,210,000
Operating Reserve	\$1,320,000
<b>TOTAL</b>	<b>\$60,716,193</b>

**INCOME**

Constituency	Goal	Grand Total
Montlake Compensation, Tax Credits, City	\$20,058,362	\$20,058,362
800 Pike Sale Campaign	\$15,000,000	\$15,000,000
Jumpstart Capacity Building Campaign	\$657,831	\$657,831
MOHAI at Lake Union Park Campaign	\$25,000,000	\$25,000,000
<b>TOTAL</b>	<b>\$60,716,193</b>	<b>\$60,716,193</b>

**Working to secure leadership gifts in 2009 and 2010.**

In order to begin working concurrently on the Armory remodel and the finalization of exhibit design plans, MOHAI is working to secure a significant portion of needed leadership gifts through 2010.

**Be a part of today's "Seattle Spirit."**

After Seattle's Great Fire in 1889 destroyed the mostly wood-and-canvas structures where Pioneer Square now stands, a surprising sense of optimism sprang forth, even among people who'd lost everything. City boosters bragged about the "Seattle Spirit" and the can-do attitudes of survivors rebuilding an even greater city out of more permanent brick and mortar. Creating the new MOHAI at Lake Union Park requires the same resolute spirit, and we cannot do it without your help. We hope you are as excited as we are to begin realizing the vision shared here. On behalf of the MOHAI staff and our board of trustees, thank you for your support.



## PROJECT AND CAMPAIGN BUDGET

### EXPENSES

Item	Cost
Institutional Dev/Project Expenses	\$3,450,000
Shell and Core Improvements**	\$20,058,362
FFE, Tenant Improvements	\$9,110,000
Endowment	\$8,000,000
Exhibits and Media	\$15,160,000
Jumpstart Capacity Building Campaign Initiatives	\$657,831
Campaign Expenses	\$1,750,000
Project Reserves	\$1,210,000
Operating Reserve	\$1,320,000

**TOTAL      \$60,716,193**

### INCOME

Constituency	Goal	Grand Total	Secured to Date	Balance Remaining	Pct Remaining
Montlake Compensation, Tax Credits, City	\$20,058,362	\$20,058,362	\$0	\$20,058,362	100%
<b>MOHAI @ LUP Campaign*</b>					
Board & Staff	\$1,500,000		\$1,094,500	\$405,500	27%
Foundations	\$4,500,000		\$245,000	\$4,255,000	95%
Business	\$2,250,000		\$500,000	\$1,750,000	78%
Individuals	\$12,000,000		\$195,000	\$11,805,000	98%
Government***	\$2,000,000		\$0	\$2,000,000	100%
Community Campaign	\$2,750,000		\$20,185	\$2,729,815	99%
<i>Subtotal</i>	<i>\$25,000,000</i>	<i>\$25,000,000</i>	<i>\$2,054,685</i>	<i>\$22,945,315</i>	<i>92%</i>
Jumpstart Capacity Building Campaign*	\$657,831	\$657,831	\$657,831	\$0	0%
800 Pike Investment Campaign*	\$15,000,000	\$15,000,000	\$15,000,000	\$0	0%

**TOTAL      \$60,716,193      \$17,712,516      \$43,003,677**

\* Temporary and permanent recognition will be awarded to donors and the cumulative total of all gifts to any or all three campaigns

\*\* City of Seattle Shell & Core Investment figures are only estimated at this point

\*\*\* \$335,000 pending with State of Washington



# PROJECT AND CAMPAIGN TIMELINE

	2009			2010			2011			2012			
	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul
Campaign Fundraising Initiatives	Board/Committee Gifts												
	Lead Gifts												
	Major Gifts												
	Community Gifts												
Cultivation Emphasis	Foundation & Corporate Gifts												
	Federal, State & Local Government Funds												
	Lead individual, corporate, and foundation prospects												
	Federal, State, & Local Government												
Planning Benchmarks	Major Gift Prospects												
	Broader Community												
	Design Development: 7/1/09												
	Permitting												
Exhibit Infrastructure Construction	Construction - Shell & Core 1/1/11 - 2/15/12												
	Exhibit Design and Construction												
	Exhibit Design Development												
	Board Approves GMP												
Fundraising Benchmark	20% of Goal 5/30/10												
	80% of Goal 11/1/10												
100% of Goal													



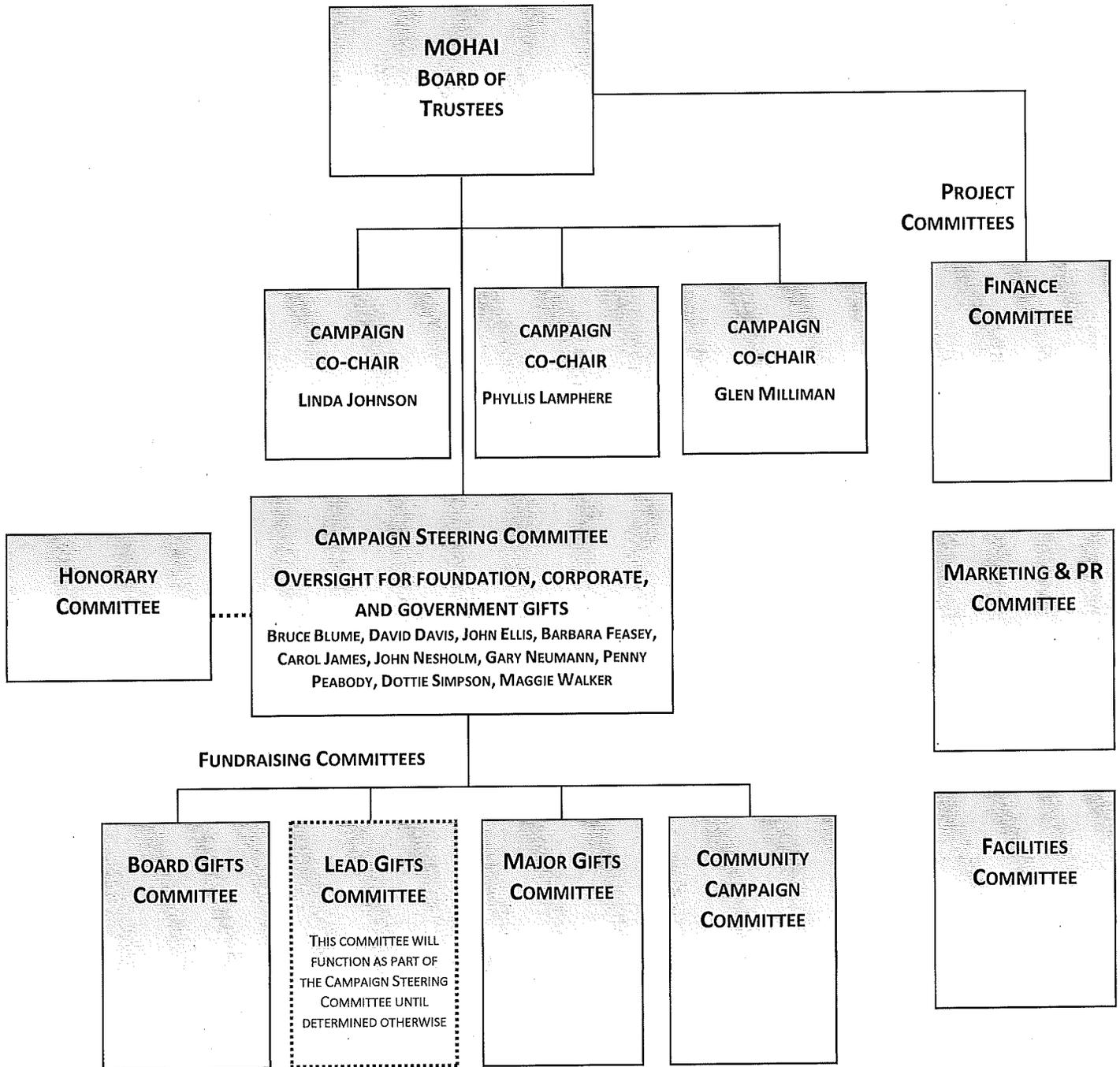
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**Campaign Leadership  
and Strategy**

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# CAMPAIGN LEADERSHIP ORGANIZATIONAL CHART



## CAMPAIGN COMMITTEE AND TASK FORCE CHAIRS

**Campaign Co-Chairs**

Linda Johnson,  
Phyllis Lamphere,  
Glen Milliman

**Board Gifts Task Force**

Gary Neumann, *Chair*

**Finance Committee**

TBD, *Chair*

**Marketing and PR Committee**

TBD, Chair

**Facilities Committee**

TBD, Chair

**Lead Gifts Committee**

TBD, Chair

**Major Gifts Committee**

TBD, Chair

**Community Campaign Committee**

TBD, Chair



## CAMPAIGN LEADERSHIP AND PROJECT TEAM

### BOARD OF TRUSTEES

Jerry Vandenberg <i>Co-President</i>	Andrew Bor
Maggie Walker <i>Co-President</i>	Sandra Boyd
Jeff Peace <i>Chairperson</i>	Adrian Hanauer
Aaron Kornblum <i>Vice President</i>	Linda Johnson
Phyllis Lamphere <i>Vice President</i>	David Jones
Don Rule <i>Vice President</i>	Eileen A. Kato
Jim Rupp <i>Vice President</i>	Susan Kernes
Van Strom <i>Vice President</i>	Susan B. Lindsay, PhD
Marcia Williams, PhD, MPH <i>Vice President</i>	Hubert Locke
Gary Neumann <i>Treasurer</i>	James Schlueter
Delney Hilan <i>Secretary</i>	Bill Stafford
	Kenton Thurman
	Col. Carl B. Lind <i>Director Emeritus</i>
	James Bell <i>Ex Officio Trustee</i>
	Chuck Fowler <i>Ex Officio Trustee</i>



**CAMPAIGN STEERING COMMITTEE**

Bruce Blume  
David Davis  
Barbara Feasey  
Carol James  
Linda Johnson  
John Nesholm  
Gary Neumann  
Penny Peabody  
Dottie Simpson  
Maggie Walker

**BOARD GIFTS TASK FORCE**

Jeff Peace  
Delney Hilen

**FINANCE COMMITTEE**

**COMMUNICATIONS COMMITTEE**

**FACILITIES COMMITTEE**

**LEAD GIFTS COMMITTEE**

**MAJOR GIFTS COMMITTEE**

**COMMUNITY CAMPAIGN COMMITTEE**



**PROJECT TEAM**

**The Collins Group:**

Kate Roosevelt, CFRE, Vice President  
Jim Hopper, CFRE, Principal  
Mandi Moshay, Project Coordinator

**MOHAI Staff:**

Leonard Garfield, Executive Director  
Elaine Èthier, Director of Institutional  
Advancement  
Darby Riley, Development Associate

**Key Consultants:**

Kathy Scanlan, Cedar River Group  
Mike Stanley, Seneca Group  
Andrea Weatherhead, Weatherhead Experience Design Group  
Sam Miller, LMN Architects



## **CAMPAIGN ASSUMPTIONS**

**Fundraising will emphasize best practices of major gifts fundraising to build the momentum needed for success.**

The campaign will be successful by acceptance and implementation of the best practices of major gifts fundraising. This means providing donors with all possible information, relying on donors to come to decisions about a gift as a result of this information, and developing relationship with donors to help ensure a continuing dialogue between MOHAI and the donor. Every donor will be treated as their own campaign with strategies, approaches, and information specifically designed around their interests and values.

**Despite current economic and political conditions, donors will still support well-conceived, significant projects that correspond to their values.**

Donors continue to support projects that correspond to their interests and values. While some donors have reduced their giving compared to a few years ago, organizations that work hard to garner support continue to attract generous gifts. MOHAI has the history and strength needed to succeed in this environment.

**High-level volunteers will lead the fundraising effort as campaign chairs and primary solicitors.**

This campaign will attract high-level volunteers willing to join board members in providing visible, effective leadership and in cultivating and soliciting donors. While counsel and staff will participate in all fundraising activities, the campaign will not succeed without enthusiastic and active volunteer participation.

**Gifts from all sources will require personal meetings for cultivation and solicitation.**

Volunteers will be required to meet with all categories of donors, whether they are individuals, corporations, or foundations. To communicate the importance of the project most effectively, volunteers will need to make their case in person, giving them the ability to respond to the potential donor's questions, demonstrate the strong leadership for the campaign, and know directly the potential donor's response.

**Solicitors will request specific amounts.**

Most donors expect and appreciate requests for a specific amount. Every effort will be made to make respectful requests based on careful research and preparation.



**Board gifts must come first.**

MOHAI's Board of Trustees must demonstrate the importance of this campaign through 100% participation and personally significant stretch gifts. This level of commitment signals the project's credibility and the unequivocal commitment of MOHAI's leadership.

**The campaign must create credible benchmarks and challenges to motivate action by volunteers and donors.**

Fundraising benchmarks will be tied to project benchmarks and challenge grant periods throughout the campaign to create credible urgency and momentum

**MOHAI has a wide range of supporters who admire its programs; they will be the most likely initial donors.**

While the campaign will undoubtedly unearth new donors, the first people to support the campaign will already be familiar with MOHAI. Identification, cultivation, and solicitation of new prospects will require time and should be undertaken by MOHAI's current leaders.

**Public awareness efforts create an excellent environment in which to raise funds; they do not attract money on their own.**

Through the efforts of the Public Relations Committee, MOHAI will have a creative and far-reaching public relations campaign to build awareness of the capital campaign. These efforts will not attract additional dollars without aggressive and continuing volunteer, staff, and campaign counsel efforts.

**MOHAI will recognize donors with naming opportunities or other permanent marks of their gifts.**

MOHAI will find appropriate ways to recognize gifts. While most people do not give gifts solely because of recognition, it provides a powerful incentive for raising gift levels.



## PR/MARKETING STRATEGY

FOCUS	RESPONSIBLE PARTY	WHEN IT IS NEEDED IN CAMPAIGN	AUDIENCE/NOTES
<b>Communication Strategy</b>			
<b>Project &amp; Campaign Budget</b>		Q2 2008	All donors Scope of campaign
<b>Communications Plan</b>	MOHAI	Q3 2008	All donors
<b>Case for Support</b>	Draft: Review:	Mid Q2 2008	<p>A comprehensive description of the campaign illustrating:</p> <ul style="list-style-type: none"> <li>• Community need</li> <li>• Movement/momentum</li> <li>• Worthiness for significant gifts</li> <li>• Once in a lifetime</li> <li>• Important community investment</li> </ul> <p>A case encyclopedia to be drawn upon for information in the development of campaign messaging and materials.</p>
<b>Communications Counsel Selection</b>	MOHAI	RFP Early Q2 2008	Firm: - WongDoody
<b>Communication Methods</b>			
<b>Campaign Theme</b> <ul style="list-style-type: none"> <li>• Positioning</li> <li>• Mark</li> </ul>	MOHAI	Q3 2008	Overall campaign: to establish MOHAI's goals as central to community needs.
<b>Campaign Design Package</b> <ul style="list-style-type: none"> <li>• Stationary, notecards, etc.</li> </ul>	MOHAI	Q3 2008	<p>All donors and leadership prospects</p> <p>Donor stewardship/moves management</p>



FOCUS	RESPONSIBLE PARTY	WHEN IT IS NEEDED IN CAMPAIGN	AUDIENCE/PURPOSE
<b>Communication Methods cont.</b>			
<b>Campaign Newsletter</b> <ul style="list-style-type: none"> <li>• Hard copy and e-news</li> <li>• Internal campaign volunteer update</li> </ul>	Themes & strategies:  Write/Produce/Distribute	Q3 2009	All volunteers, donors & prospects under cultivation  General: Information & excitement (people involved, project components, fundraising activities) Specific focus as needed
<b>Website</b> <ul style="list-style-type: none"> <li>• MOHAI Website</li> <li>• Campaign Website</li> </ul>	MOHAI	Q4 2009	All donors  Information, excitement Further research for donors Info on specific clubs in campaign Online Giving
<b>PowerPoint Presentation</b>		Q3 2009	For prospective donors, speakers bureaus, misc presentations
<b>Video / Multimedia</b>		2010/2011	All donors, audience – consider multimedia presentations citywide during “dark” move phase
<b>Event/Location Materials (flyers, banners, poster board)</b>	Strategy: Production:	Q4 2010	Specific audiences General: Information & excitement
<b>Solicitation Tools/Materials</b>			
<b>Board Decision Booklet</b>		Complete	All board members
<b>One-Pagers</b> (as leave behinds & to have available to support specific solicitations): <ul style="list-style-type: none"> <li>• Summary Case statement</li> <li>• FAQ</li> <li>• Budget</li> <li>• Timeline</li> <li>• Naming Opps.</li> <li>• Honor Roll</li> <li>• Gift Chart/Campaign Report</li> <li>• Campaign Leadership</li> <li>• Pledge Card</li> <li>• Pledge Schedule</li> <li>• Architect Drawings</li> <li>• Media articles reprints</li> </ul>	Draft: Review:	Q2 2008	All leadership & major donor prospects  Snapshot of key messages  Use in Prospectus and as stand-alone “leave behinds”  Influence giving
<b>Viewbook</b>	Design: Write:	Q2 2008	Individual lead gift prospects, will be created in a similar



	Review:		manner as the Board Decision Booklet
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FOCUS	RESPONSIBLE PARTY	WHEN IT IS NEEDED IN CAMPAIGN	AUDIENCE/PURPOSE
<b>Solicitation Tools/Materials cont.</b>			
<b>Major Gifts Brochure</b> (case, call to action)	Design: Write: Review:	Q2 2009	Prospects of >\$10K Support volunteers
<b>Community Campaign Brochure</b>	Design: Write: Review:	Q4 2010 / Q1 2011 Depending on opening	Broaden the base Simplify message Ways of giving/premiums for \$ to \$ gifts.
<b>Comprehensive Donor Recognition</b>			
<b>Campaign Mementos</b>	Strategy: Choice: Final:	TBD – not likely before mid 2011	All donors/events “Join the club” recognition Builds sense of belonging and excitement
<b>Permanent Donor Recognition: Walls</b>	Strategy: Choice: Final:	TBD ~2010 – At opening, but in cooperation with the architects/designers	All donors above \$ K Demonstrates “giving” culture Maximize gifts Public recognition
<b>Honor Roll</b>	Strategy: Production:	Q2 2009	All donors Public recognition Influence & maximize gifts
<b>Naming Opportunities</b> • Master List	Strategy: Production:	Q2 2009	Influence largest gifts



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## **Fundraising Strategy**

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**PROFILE OF GIFTS NEEDED  
TO RAISE \$25 MILLION**

<b>Gift Size</b>	<b># of Gifts Needed</b>	<b>Category Goals</b>	<b>Cumulative Goals</b>	<b>% of Total</b>
<b>Lead Gifts</b>				
\$1,000,000	6	\$6,000,000	\$6,000,000	
\$750,000	2	\$1,500,000	\$7,500,000	
\$500,000	7	\$3,500,000	\$11,000,000	
\$250,000	11	\$2,750,000	\$13,750,000	
\$100,000	22	\$2,200,000	\$15,950,000	
<b>Subtotal</b>	<b>48</b>	<b>\$15,950,000</b>	<b>\$15,950,000</b>	<b>64%</b>
<b>Major Gifts</b>				
\$75,000	18	\$1,350,000	\$17,300,000	
\$50,000	44	\$2,200,000	\$19,500,000	
\$25,000	68	\$1,700,000	\$21,200,000	
\$10,000	105	\$1,050,000	\$22,250,000	
<b>Subtotal</b>	<b>235</b>	<b>\$6,300,000</b>	<b>\$22,250,000</b>	<b>89%</b>
<b>Community Gifts</b>				
\$5,000	320	\$1,600,000	\$23,850,000	
up to \$5,000	1000+	\$1,150,000	\$25,000,000	
<b>Subtotal</b>	<b>1320+</b>	<b>\$2,750,000</b>	<b>\$25,000,000</b>	<b>100%</b>
<b>TOTALS</b>	<b>1603</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>	<b>100%</b>



## CAMPAIGN ATTITUDES

### **Key Attitudes to ensure success**

To succeed as a volunteer within a campaign, you must maintain a relentlessly upbeat attitude. Once you start thinking a campaign will fail, it will.

### **Key attitude #1: Giving is joyful**

It's easy to fall into the idea that giving is an imposition – something people do against their will and resent. But you know that isn't true...People give because it expresses their deepest values and desires. The result of a gift is joy to the person who gives.

### **Key Attitude #2: Fundraising is an ethical and admirable enterprise**

Somehow, although we gladly give money, we fear that asking for money is unethical. We think of boiler room operations and the dinner-time phone calls...however, if you ask the right way, you will never, ever have to compromise your personal ethics.

### **Key Attitude #3: People who raise money are the luckiest people in the world**

Many people think that asking for contributions will lose them friends or alienate them from their community. Fortunately, reality doesn't bear out those fears. **Men and women who raise money for community priorities become heroes, setting themselves apart as fearless, selfless and brave. They do something wonderful – create better communities.**

### **Key Attitude #4: You're not asking for yourself**

When you're part of a campaign, it is too easy to equate what you're doing with begging. In fact, you are serving only as a conduit for the organization, not acting out of self-interest.

### **Key Attitude #5: No one will do something unless they want to**

People in today's world are sophisticated about charitable giving and their own personal priorities. They won't give to something they don't believe in and they will never give more than they can afford. You are serving as a matchmaker, establishing connection between your friend and a case he might find joy in supporting. Your friend has free will and you will not lead him or her astray. *On the other hand, they can't give if they're not asked.*

### **Key Attitude #6: The Campaign is going to succeed**

If you can focus on your feeling of accomplishment at the campaign's completion and imagine the satisfaction you'll feel at having played a role in the project's success, you will do better

than if you focus on failure.

Communities band together to follow the initiative of those brave enough to lead. You provide the magic ingredient of leadership that creates a catalytic effect on others.

*Excerpted from: Capital Campaigns: A guide for board members and others who aren't professional fundraisers but will be the heroes who create a better community* Stuart R. Grover, Ph.D., © 2006



## PROFILE OF GIFTS BY CONSTITUENT GROUP

<b>CONSTITUENCY GROUP</b>	<b>GOAL</b>	<b>% OF OVERALL GOAL</b>
Board of Trustees/Staff	\$1,500,000	6%
Individuals: Lead Gifts	\$8,000,000	32%
Individuals: Major Gifts	\$4,000,000	16%
Corporations	\$2,250,000	9%
Foundations	\$4,500,000	18%
Government	\$2,000,000	8%
Community Campaign	\$2,750,000	11%
<b>TOTAL GOAL</b>	<b>\$25,000,000</b>	<b>100%</b>



## CAMPAIGN FUNDRAISING PLAN SUMMARY

### SPECIFIC STRATEGIES BY CONSTITUENCY

#### BROAD SUPPORT IS REQUIRED FOR SUCCESS

A balanced campaign relies on leveraging several different natural constituency groups with specific goals, strategies and leadership for each. The goal is to make personal contacts in order to maximize each gift commensurate with the donor's commitment to the organization's future. Progress against goals will be evaluated throughout the campaign with adjustments made as opportunities and campaign strategies are more fully formed. Fundraising goals from the following broad constituent groups reflect the total amount of gifts to be secured throughout the campaign by specific fundraising committees:

- MOHAI Board of Trustees/Staff
- Individuals
- Corporations
- Foundations
- Community Campaign
- Government

Strategies for constituent groups are listed below, including the volunteer resources needed for each strategy, and a current assessment of each:

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#### **Board/Staff**

**Goal: \$1,500,000**

**February 2008 to February 2009**

*Strategy:* Significant stretch gifts from MOHAI's Board of Trustees and senior management team will set the tone for the overall campaign. A gift from every board member signals the organization's commitment to the campaign vision and relays confidence that the fundraising effort will be successful. In fact, several foundations and corporations will not fund a capital campaign until 100 percent board giving has been achieved. To motivate stretch giving and a \$1.5 million combined goal:

- The goal will include current board members and key staff to stretch support from those closest to the organization
- Prospective donors will be encouraged to make five-year pledges to maximize their gifts
- The campaign will emphasize the importance of 100 percent participation
- All board members, regardless of gift level, are respected for their gift



*Volunteer Leadership:* The Board/Staff Campaign is being led by a volunteer committee comprised of board members and key staff.

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**Individuals: Leadership Gifts: >\$100,000**

**Goal: \$8,000,000**

**April 2009 to November 2010**

*Strategy:* In line with national fundraising trends, the campaign can expect to receive the majority of its gifts from individuals, who are the greatest source of wealth. The campaign is being designed within a tiered-fundraising model. As such, we want to secure the largest gifts early in the campaign, to ensure adequate funding is in place when construction begins. Initial solicitations will focus on gifts of \$500,000 and greater, while donors at lower levels are receiving ongoing cultivation. Opportunities for permanent naming recognition will be available to lead donors who desire it.

Prospective donor groups include:

- Seattle philanthropists
- Long-time MOHAI supporters
- Former board members
- Heritage Guild members
- Advisory Council members
- Leading civic leaders
- Multigenerational families, where appropriate, to emphasize the campaign's significant impact on the community and families

*Volunteer Leadership:* For the first year of the campaign, Lead Gifts will be solicited by the Campaign Steering Committee. At the end of the first year, at the time when emphasis may shift to Major Gifts, a specific Lead Gifts Committee who will support the campaign at a lead gift level as well as assist in securing gifts from others at a lead gift level may be separated out from the Steering Committee.

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**Individuals: Major Gifts: \$10,000 – \$99,000**

**Goal \$4,000,000**

**October 2009 to March 2011**

*Strategy:* Individuals will be personally solicited to make gifts of \$10,000 to \$99,999. Individuals at this level will represent both those with a great familiarity with MOHAI and also those less familiar but are willing to invest in MOHAI's future. Of particular interest will be developing out major gift strategies for younger donors. This will help build MOHAI's donor base and build relationships that over the long term, could leadership-gift-level donors in future fundraising campaigns for MOHAI.



*Volunteer Leadership:* Major Gifts will be solicited by the Major Gifts Committee, comprised of MOHAI volunteers as well as members of the community at large who will support the campaign at a major gift level as well as assist in securing gifts from others at a major gift level.

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**Foundations:**  
April 2008 to June 2012

**Goal \$4,500,000**

*Strategy:* The success of the foundation goal will be directly attributed to four things:

- Evidence of personal stretch commitments from the Board of Trustees;
- A solid, powerful and quantifiable case with evidence of responding to significant community needs with a cost-effective project;
- A powerful vision and;
- Most importantly, documented impact in serving diverse communities of people

Specific strategies will include building support from local and regional family foundations, leveraging relationships with individuals to build relationships with the funders. Furthermore, community campaign fundraising may benefit from a challenge grant from a larger national or regional foundation.

*Volunteer Leadership:* Support from foundations will be lead primarily by MOHAI staff, with volunteer assistance used to help open doors to foundations or individuals connected with foundations, as well as spokespersons for the campaign.

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**Corporations:**  
April 2008 to June 2012

**Goal: \$2,250,000**

*Strategy:* As the Museum of History & Industry, MOHAI tells the stories of the tremendous impact that industry has had on the Puget Sound. As they do with the annual History Makers Gala, corporations will want to participate in this campaign to celebrate their own history. Others will have a vested interest in the future of the South Lake Union area, to provide for cultural amenities and attract and retain employees. Still more corporate citizens have a vested interest in promoting a high quality of life for all residents of the Puget Sound in order to build a healthy environment for successful business. This campaign will be positioned a worthy investment with a significant return to the community. Corporate participation will be solicited with the following areas of focus:

- **Corporate Gifts:** Large and mid-size corporations alike will be approached to support this project with a leadership gift.



- **Small Businesses:** Since 80 percent of all businesses in the country are “small” businesses, small businesses will be approached through unique strategies in the major gifts and community campaign

*Volunteer Leadership:* Gifts from businesses and strategies related to cultivating and soliciting businesses with face-to-face asks will be supported by members of the Lead and Major Gifts Committees, or may be divided into a special corporate gifts solicitation committee. Further a broader appeal to small business in the South Lake Union neighborhood may have unique task force leadership during the community campaign.

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**Community Campaign:**  
January 2011 to June 2012

**Goal: \$2,750,000**

*Strategy:* The community campaign phase is designed to close the campaign with maximum community participation, “ownership” by giving, an expanded donor base, larger membership base, and a new understanding of MOHAI’s mission and goals. This campaign may be leveraged by a challenge grant to drive the completion of the campaign on time and on budget. The community campaign will pair campaign fundraising with annual fundraising through a strategic, high touch, phone-mail campaign.

*Volunteer Leadership:* A Community Campaign Committee will strategize methods of securing broad based public support for the campaign. Smaller task forces may be convened to support specific fundraising activities.

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**Government:**  
February 2008 to June 2012

**Goal \$2,000,000**

*Strategy:* Strengths for this project are the long-standing government relationships and MOHAI’s solid reputation. This project will solicit state and federal appropriations, as well as competitive state granting opportunities for cultural facilities.

In addition to the leadership-level support of the City of Seattle, we will be soliciting county, state, and federal funding.

*Volunteer Leadership:* Support from government will be lead primarily by MOHAI staff, with volunteer assistance used to help evaluate strategies, open doors to legislators, as well as spokespersons for the campaign.



# MOHAI CAPITAL CAMPAIGN

## DONOR RECOGNITION AND STEWARDSHIP POLICY

### POLICY STATEMENT

Donor recognition opportunities can build community support for the new MOHAI and help motivate people to give generously. We believe donor recognition is important for three reasons:

- As a public “thank you” to donors;
- As a motivator for the original donation and for donations in the future; and
- As a way to distinguish this project from others.

There are many opportunities for donors to give to capital and endowment campaigns. Thus, appropriate and tasteful naming opportunities can help secure donations for our effort.

We recommend that donor recognition and permanent naming opportunities reflect the mission and values of MOHAI and be discrete and subtle by nature. Donors will be given discretion in determining the appropriate language for naming opportunities they select.

**The Board of Trustees, in consultation with the Campaign Steering Committee, will have ultimate authority for approving all named gifts and may decide to decline a named gift if it is deemed inappropriate.**

**This policy, especially our goals for permanent recognition, will be reviewed with the City of Seattle to make sure they are consistent with the spirit and legal parameters established by the City.**

### DONOR STEWARDSHIP

Guidelines are being created to acknowledge campaign donors in a timely and appropriate manner, update donors on campaign/project progress, and involve donors in the MOHAI family over the long term.

One example of these guidelines follows describing steps to be taken after receipt of a campaign gift:

- written thank you note from office within 48 hours
- written thank you note or phone call from Board/Steering committee members

### Donor Recognition Values

- Honor and support the design approach/philosophy for the new location, including the historic elements of the Armory
- Convey the spirit and vision of MOHAI at Lake Union Park.
- Acknowledge the early and ongoing support of donors who supported the purchase of 800 Pike and the JumpStart Capacity Building initiative



- Convey personal commitment and history

- Demonstrate intergenerational support
- Symbolize the organization's history and permanence in the community
- Recognize that every gift is important - be inclusive
- Avoid commercialism

### BASIC OUTLINE FOR DONOR RECOGNITION OPPORTUNITIES

Gift Levels	Number of Gifts	Recognition
\$250,000 and above	26	Permanent space naming, plus all benefits listed below
\$100,000 - \$249,999	22	Permanent group recognition in a prominent space, plus all benefits listed below
\$50,000 - \$99,999	62	Permanent group recognition in a unique space, plus all benefits listed below
\$10,000 and above	173+	Permanent recognition on campaign donor wall, plus all benefits listed below (design and font size will distinguish donors at different gift levels)
\$1,000 - \$9,999	appx 1,300	Permanent recognition in a method to be determined, plus all benefits listed below
ALL DONORS		<ul style="list-style-type: none"> <li>Listing on campaign donor honor roll</li> <li>Listing in campaign newsletter</li> <li>Signage at grand opening</li> <li>Listing in special edition of Old News</li> <li>Listing in special campaign publications</li> </ul>



## Capital Campaign Funds Analysis

6/1/2009

Fund	No. Donors	Avg/Donor	No. Gifts	Avg/Gifts	Total Given	Goal	Over(Under)	%Goal
Cap Board & Staff	25	\$41,580.00	34	\$30,573.53	\$1,039,500.00	\$1,500,000.00	(\$460,500.00)	69.30%
Cap Community	4	\$5,046.24	4	\$5,046.24	\$20,184.95	\$2,750,000.00	(\$2,729,815.05)	0.73%
Cap Corporation	1	\$500,000.00	2	\$250,000.00	\$500,000.00	\$2,250,000.00	(\$1,750,000.00)	22.22%
Cap Foundations	1	\$200,000.00	1	\$200,000.00	\$200,000.00	\$4,500,000.00	(\$4,300,000.00)	4.44%
Cap Government	0	\$0.00	0	\$0.00	\$0.00	\$2,000,000.00	(\$2,000,000.00)	0.00%
Cap Ind Lead	1	\$100,000.00	2	\$50,000.00	\$100,000.00	\$8,000,000.00	(\$7,900,000.00)	1.50%
Cap Ind Major	2	\$30,000.00	3	\$20,000.00	\$60,000.00	\$4,000,000.00	(\$3,940,000.00)	1.25%
Cap. Verbal	4	\$16,250.00	4	\$16,250.00	\$65,000.00	\$0.00	\$65,000.00	0.00%
<b>GRAND TOTALS:</b>	<b>38</b>	<b>\$52,228.55</b>	<b>50</b>	<b>\$39,693.70</b>	<b>\$1,984,684.95</b>	<b>\$25,000,000.00</b>	<b>(\$23,015,315.05)</b>	<b>7.94%</b>
<b>Actual Counts:</b>	<b>37</b>	<b>\$53,640.13</b>	<b>50</b>	<b>\$39,693.70</b>				



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**Appendices and  
Additional Resources**

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## **BOARD RESOLUTION OF SUPPORT**

**ADOPTED BY THE MOHAI BOARD OF TRUSTEES - MAY 2007**

The MOHAI Board of Trustees resolves to move forward with the Lake Union Park project, and not be overly cautious nor hesitate on this project.



## CAMPAIGN GIFT SUMMARY

Your total unrestricted pledge will be recorded, yet payment can be made or deferred in several ways as follows:

### Single Cash Gift

- Gifts can be via check or credit card

### Over Time

- Periodic payments (monthly, quarterly, semi-annually, annually)
- Up to three to five years to fulfill pledge commitment

### Gifts of Marketable Securities

- Recorded at current market value
- Immediate tax deduction based on market value for securities held longer than one year
- Avoid capital gains tax payable if you sold the stock and made a cash gift

### Employer Matched Gift

- May be combined with any of the preceding options to create a larger total gift
- All gifts are tax deductible for both you and your employer
- Corporate forms are generally available from Human Resources departments

### Planned or Deferred Gifts

- Charitable Remainder Trusts
- Life Insurance Gifts
- Should be discussed with personal financial and tax advisors
- Extremely confidential

### Stock Transfer Information

- If your broker holds the security for your account, instruct them to electronically transfer – known as “DTC” – the securities to MOHAI’s account, using the information below
- Make stock payable to: MOHAI, Tax ID# 91-0513034
- To transfer to our main account at 01-100-0274787, our DTC number is 955
- Please forward a letter regarding this stock transaction to MOHAI

Contact Elaine Ethier at 206-324-1126 ext 14 or [elaine.ethier@seattlehistory.org](mailto:elaine.ethier@seattlehistory.org) if you have any questions.



## STOCK DONATION INSTRUCTIONS

Please follow the instructions below for transferring securities to MOHAI. Contact MOHAI's Development Office at (206) 324-1126 if you have any questions.

### A) If your broker holds the security for your account, follow these steps:

- 1) Instruct your broker to electronically transfer the securities to the Museum of History & Industry's account, using the following information:

a) Make stock payable to:                      **Museum of History & Industry**  
Tax ID#: 91-0513034

b) Send stock to:                                      **Bank of America**  
Depository Trust Corporation #: **DTC Participant #955**  
Museum's Account Number:    **01-100-0274787**  
N/O Museum of History & Industry

c) Contact information for the Museum's account:  
**Bank of America**  
**Nancy L. Atkinson**  
**206-358-0912**  
[nancy.l.atkinson@bankofamerica.com](mailto:nancy.l.atkinson@bankofamerica.com)

- 2) Contact (or have your broker contact) MOHAI's Development Office at (206) 324-1126 and inform us of the transfer details (including the name of the stock and number of shares). This will help MOHAI ensure proper processing of your contribution.

**B) If you have the stock certificates in your possession**, send the unendorsed stock certificates and a signed stock power (available from your broker) *in separate envelopes* to the Museum of History & Industry, 2700 24<sup>th</sup> Ave E, Seattle, WA 98112. The gift is complete as of the postmark date of the later envelope.



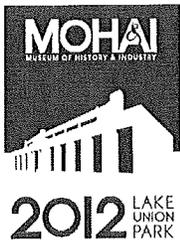
### POSSIBLE SCHEDULE FOR FIVE-YEAR PLEDGES

Gift Level	Yearly Payments/ 5 Years	20 Quarterly Payments	60 Monthly Payments
\$1,000,000	\$200,000	\$50,000	\$16,666
\$500,000	\$100,000	\$25,000	\$8,333
\$250,000	\$50,000	\$12,500	\$4,166
\$100,000	\$20,000	\$5,000	\$1,666
\$50,000	\$10,000	\$2,500	\$833
\$25,000	\$5,000	\$1,250	\$416
\$10,000	\$2,000	\$500	\$166
\$5,000	\$1,000	\$250	\$83
\$1,000	\$200	\$50	\$17

### POSSIBLE SCHEDULE FOR THREE-YEAR PLEDGES

Gift Level	Yearly Payments/ 3 Years	12 Quarterly Payments	36 Monthly Payments
\$1,000,000	\$333,333	\$83,333	\$27,778
\$500,000	\$166,667	\$41,667	\$13,889
\$250,000	\$83,333	\$20,833	\$6,944
\$100,000	\$33,333	\$8,333	\$2,778
\$50,000	\$16,667	\$4,167	\$1,389
\$25,000	\$8,333	\$2,083	\$694
\$10,000	\$3,333	\$833	\$278
\$5,000	\$1,667	\$417	\$139
\$1,000	\$333	\$83	\$28





# SAMPLE PLEDGE FORM

## CAPITAL CAMPAIGN GIFT

**DONOR INFORMATION** (please type or print)

Date: \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TELEPHONE (HOME) \_\_\_\_\_ BUSINESS \_\_\_\_\_ FAX \_\_\_\_\_ EMAIL \_\_\_\_\_

### PLEDGE INFORMATION

In consideration of the gifts of others, I (we) hereby contribute cash and/or assets to Museum of History & Industry.

I (we) pledge a total of \$ \_\_\_\_\_ enclosed \$ \_\_\_\_\_ pledged \$ \_\_\_\_\_

Please bill me beginning \_\_ and thereafter  monthly  quarterly  yearly  other \_\_\_\_\_

I (we) wish to have this donation spread over  1  2  3 years(s)  other \_\_\_\_\_

My gift will be matched by \_\_\_\_\_  
company/foundation/family.

Form enclosed  Form will be forwarded

I (we) would like information on including Museum of History & Industry in my (our) will/estate planning.

### CONTRIBUTION FORM

I (we) plan to make my (our) contribution in the form of  cash  check  charge  stock  property  other \_\_\_\_\_

Please charge my credit card (circle one) VISA / MC number \_\_\_\_\_ exp. date \_\_\_\_\_

Authorized signature \_\_\_\_\_

**LISTING** (Donors will be recognized in campaign materials unless an anonymous gift is requested).

Please use the following names(s) in all acknowledgments \_\_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

Please make checks, corporate matches, and stock transfers payable to: Museum of History & Industry  
Donations are tax-deductible to the extent allowed by the law.  
Mail your pledge to: 2700 24th Ave East, Seattle, WA 98112  
For more information, contact Elaine Èthier, Director of Institutional Advancement  
Phone (206) 324-1685x14 • fax (206) 324-1346 • elaine.ethier@seattlehistory.org • www.seattlehistory.org



## COMMITTEE JOB DESCRIPTIONS

### *CAMPAIGN STEERING COMMITTEE JOB DESCRIPTION*

**Timeline:**

**Expectations:**

Work with a team of two to three campaign co-chairs, staff, fundraising counsel, and a network of community volunteers to *lead* the capital campaign:

- Help establish and monitor campaign policies and progress
- Identify and recruit additional campaign leadership
- Play a key role in a campaign sub-committee or task force
- Identify potential donors, open doors and/or approach peers for campaign gifts
- Make a campaign gift that is of significance to you
- Maintain regular contact with staff and counsel to preserve momentum
- Be a constant, positive representative for the campaign

**Membership:**

The full steering committee consists of 15 to 20 volunteer leaders. This group will be supported by a sub-committee structure involving as many as 25 to 50 campaign volunteers.

**Time Commitment:**

The full steering committee meets monthly. Approximately 1 ½ to three hours per month is required plus fundraising calls.

**Resources:**

The campaign is professionally organized and your efforts will be fully supported:

- *Training and Direction:* The Collins Group will provide fundraising training, strategy and experienced campaign counsel to maximize the potential of every gift.
- *Details and Deadlines:* Staff will offer support for meetings, visits and follow-up to help you complete your commitments. Staff and The Collins Group will prepare you for every activity.
- *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



**BOARD GIFTS TASK FORCE**  
**JOB DESCRIPTION**

**Timeline:**

**Expectations:**

The Board Gifts Task Force leads the Board Gifts Campaign, which will set the tone and expectations for the overall campaign with 100% participation and stretch giving from board members and senior staff members. Personally significant gifts from board and senior staff members will provide the best foundation for a successful campaign by demonstrating commitment to the project and its importance to the community. Task force members will work with campaign staff and The Collins Group to:

- Shape board campaign to establish stretch goal and 100% participation
- Identify appropriate, respectful request levels for board members to reach that goal
- Make stretch campaign gifts that are significant for them
- Approach peers for stretch campaign gifts
- Be a constant, positive representative for the campaign

**Membership:**

Chair, plus five to six additional board members, the Executive Director, and an additional senior staff member.

**Time Commitment:**

15-20 hours over a four-month period for task force meetings and personal solicitations of board members and senior staff

**Resources:**

The campaign is professionally organized and your efforts will be fully supported:

- *Training and Direction:* The Collins Group will provide fundraising training, strategy, and experienced campaign counsel to assist in maximizing the potential of every gift
- *Details and Deadlines:* Campaign staff will offer full support for meetings, visits, and follow-up to help you complete your commitments
- *Confidentiality:* The task force discussions will be entirely confidential and conducted in a respectful manner



## **MARKETING AND PR JOB DESCRIPTION**

**Timeline:**

**Expectations:**

The PR/Marketing & Donor Recognition Committee will work with staff, volunteers, and professional fundraising counsel to develop gift acceptance policies and donor recognition guidelines, and guide the messages and visibility of the capital campaign in coordination with annual fundraising projects:

- Develop gift acceptance policies and donor recognition guidelines
- Advise on the development of a coordinated public relations/marketing plan to support the annual and capital fundraising drives
- Identify and recruit additional volunteers with expertise in communications, marketing, public relations, or media relations
- Advise on the development of campaign materials with an overall theme, look, and logo; including stationary items, presentation booklets, and a campaign brochure
- Identify and help approach sources for in-kind donations of related professional services and materials, for campaign and annual efforts
- Make a campaign gift that is of significance for you
- Participate in face-to-face solicitations
- Be a constant positive representative for the campaign

**Membership:**

Board committee plus two to three outside community leaders

**Time Commitment:**

Committee meetings as needed; the PR Committee chair also participates as a member of the Campaign Steering Committee which meets monthly for 1 ½ hours; additional time commitment includes one to three hours per month for solicitation calls.

**Resources:**

The campaign is professionally organized and your efforts will be fully supported:

- *Training and Direction:* The Collins Group will provide fundraising training, strategy and experienced campaign counsel to maximize the potential of every gift.
- *Details and Deadlines:* Staff will offer support for meetings, visits and follow-up to help you complete your commitments. Staff and The Collins Group will prepare you for every activity.
- *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



**FACILITIES COMMITTEE**  
**JOB DESCRIPTION**

**Timeline:**

**Expectations:**

The Building Committee will work with staff, professional project consultants, a network of community volunteers, and professional fundraising counsel to:

- **Oversee and monitor broad construction and service programming issues pertaining to the Project including;**
  - Obtaining all discretionary public approvals for the proposed project.
  - Completion of full design and building plans and permitting in a timely fashion.
  - Selection of a project manager as appropriate.
  - Implementation of the most appropriate contracting process in accordance with funding source requirements.
- **Support the work of other committees within the Campaign.**
- **Participate in and support the Campaign.**

**Membership:**

**Time Commitment:**

Committee meets monthly for 1 to 1 ½ hours during the first months and then as needed throughout completion of the building project. Some special meetings may be required to ensure timely responses to project needs.

**Resources:**

The campaign is professionally organized and your efforts will be fully supported:

- *Training and Direction:* The Collins Group will provide fundraising training, strategy and experienced campaign counsel to maximize the potential of every gift.
- *Details and Deadlines:* Staff will offer support for meetings, visits and follow-up to help you complete your commitments. Staff and The Collins Group will prepare you for every activity.
- *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



**INDIVIDUAL LEAD GIFTS COMMITTEE**  
**JOB DESCRIPTION**

**Timeline:**

**Expectations:** Work with staff, professional fund-raising counsel and a network of other community volunteers at the inception of a capital campaign to:

- Identify potential \$100,000 + donors and approach them for early campaign gifts
- Make a campaign gift that is significant for you
- Maintain regular contact with staff and counsel to preserve momentum
- Be a constant, positive representative for the campaign

**Membership:** 4 to 6 community and business leaders. The Committee is an important arm of a committee structure involving as many as 80 to 100 campaign volunteers for hands-on work.

**Time Commitment:** Committee meets semi-monthly throughout the campaign's first several months.

**Resources:** The campaign is professionally organized and your efforts will be fully supported:

- *Training and direction:* The Collins Group will provide fund-raising training, strategy, and experienced campaign counsel.
- *Details and Deadlines:* The staff and The Collins Group will offer full support and preparation for any role you play.
- *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



**INDIVIDUAL MAJOR GIFTS COMMITTEE**  
**JOB DESCRIPTION**

**Timeline:**

**Expectations:**

Work with staff, professional fund-raising counsel and a network of other community volunteers to secure gifts of \$        and up from prospective individual donors:

- Identify and approach additional committee leadership
- Work with staff and professional counsel to set strategy and goals for the individual gifts committee fund-raising drive
- Encourage other volunteers and hold them accountable for assignments
- Identify potential individual donors and approach peers for campaign gifts
- Make a campaign gift that is significant for you
- Maintain regular contact with staff and counsel to preserve momentum
- Be a constant, positive representative for the campaign

**Membership:**

Eight to ten community members

**Time Commitment:**

Committee meetings monthly from        to

**Resources:**

The campaign is professionally organized and your efforts will be fully supported:

- *Training and direction:* The Collins Group will provide fund-raising training, strategy, and experienced campaign counsel.
- *Details and Deadlines:* The staff and The Collins Group will offer full support and preparation for any role you play.
- *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



**CAMPAIGN HONORARY COUNCIL**  
**JOB DESCRIPTION**

- Timeline:** Fall 2009 – Opening (mid 2012)
- Expectations:** Contribute to the work of the standing Campaign Steering Committee, through time-limited, focused commitments that include:
- Identify potential donors, open doors and/or approach peers for campaign gifts
  - Make a campaign gift that is of significance to you
  - Be a constant, positive representative for the campaign
- Membership:** The Campaign Honorary Council consists of 15 to 20 volunteer leaders.
- Time Commitment:** The Campaign Honorary Council will meet in an informative social context up to two times per year. Approximately 1 ½ to three hours per quarter may be required, plus additional time for donor cultivation, as needed.
- Resources:** The campaign is professionally organized and your efforts will be fully supported:
- *Training and Direction:* The Collins Group will provide fundraising training, strategy and experienced campaign counsel to maximize the potential of every gift.
  - *Details and Deadlines:* Staff will offer support for meetings, visits and follow-up to help you complete your commitments. Staff and The Collins Group will prepare you for every activity.
  - *Information:* Clear, concise and attractive campaign materials will help you explain the project effectively. The professional campaign team will keep you up to date on every aspect of the project.



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CITY OF SEATTLE

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JOINDER AGREEMENT

ORIGINAL

CITY CLERK  
Joinder Agreement made and entered into this 10<sup>th</sup> day of January, 2011, by and between THE CITY OF SEATTLE (the "City"), a first class city organized under the laws of the State of Washington, THE HISTORICAL SOCIETY OF SEATTLE AND KING COUNTY, a Washington nonprofit corporation doing business as the Museum of History and Industry ("MOHAI") and MOHAI LEASING, LLC ("Tax Credit Entity"), a Washington limited liability company.

RECITALS

The following facts and circumstances form the background of this Agreement:

1. The City and MOHAI executed the Project Development Agreement dated December 17, 2009, as amended by Amendment dated November 17, 2010 (the "Project Development Agreement") addressing the funding, design and construction of a regional history museum in the former Naval Reserve Armory Building in Lake Union Park.
2. Under the Project Development Agreement, the City and MOHAI commit to use their respective best efforts to secure federal historic rehabilitation tax credits for the museum project.
3. The Project Development Agreement also provides that if MOHAI has secured a firm commitment from a tax credit investor on terms reasonably acceptable to MOHAI, that a number of actions will be taken to access such credits, specifically including conveyance of the Armory Building to the Tax Credit Entity and the execution of a Joinder Agreement by the Tax Credit Entity under which the Tax Credit Entity joins in and assumes MOHAI's rights and obligations under the Project Development Agreement.
4. MOHAI has secured a firm commitment from the tax credit investor acceptable to it and, consequently, the City, MOHAI and the Tax Credit Entity wish to execute this Joinder Agreement as required under the Project Development Agreement.

AGREEMENTS

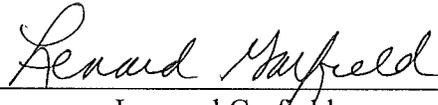
1. Joinder. The Tax Credit Entity hereby joins with the City and MOHAI, as a Party under the Project Development Agreement dated December 17, 2009, as amended by Amendment dated November 17, 2010 to the same extent and with the same effect as if the Tax Credit Entity had executed the Project Development Agreement as an original party thereto, and hereby assumes, jointly and severally with MOHAI, all of the rights and obligations of MOHAI under the Project Development Agreement, as well as any rights and obligations specifically reserved for the Tax Credit Entity per se under such Project Development Agreement.

2. No Release. Nothing in this Agreement shall be construed as a release of MOHAI from any of its obligations under the Project Development Agreement, and MOHAI hereby confirms and reaffirms its obligations under the Agreement.

CITY OF SEATTLE

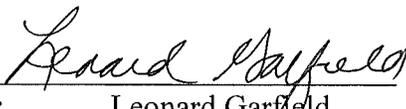
By:   
Name: CHRISTOPHER WILLIAMS  
Its: ACTING SUPERINTENDENT

THE HISTORICAL SOCIETY OF SEATTLE  
AND KING COUNTY, a Washington nonprofit  
corporation

By:   
Name: Leonard Garfield  
Its: Executive Director

MOHAI LEASING, LLC, a Washington limited  
liability company

By MOHAI Managing Member Corp., a  
Washington corporation, its sole member

By:   
Name: Leonard Garfield  
Its: Executive Director