

ORDINANCE No. 117014

COUNCIL BILL No. 109984

122

The City of Seattle

REPORT

AN ORDINANCE relating to the Seattle Indian Services Commission; authorizing the City to provide a guaranty or other security in support of not to exceed Six Million Dollars (\$6,000,000) in tax-exempt bonds to be issued by the Commission; establishing the terms and conditions under which the City will provide such guaranty or other security; and authorizing an agreement between the City and the Commission with regard to the acquisition of real property for the expansion of the Leschi Center.

Honorable President:

Your Committee on Finance Budget Management to which was referred the within Council Bill No. 109984 report that we have considered the same and respect

fully recommend that the same be adopted as amended.

Full Council Vote

COMPTROLLER FILE NO.

Introduced:	DEC 6 1993	By:	WEEKS
Referred:	DEC 6 1993	To:	FINANCE, BUDGET, MANAGEMENT & PERSONAL COMMITTEE
Referred:		To:	
Referred:		To:	
Reported:	JAN 18 1994	Second Reading:	JAN 18 1994
Third Reading:	JAN 18 1994	Signed:	JAN 18 1994
Presented to Mayor:	JAN 18 1994	Approved:	JAN 21 1994
Returned to City Clerk:	JAN 21 1994	Published:	
Vetoed by Mayor:		Veto Published:	
Passed over Veto:		Veto Sustained:	

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122
34

The City of Seattle--Legislative Department

REPORT OF COMMITTEE

Date Reported
and Adopted

Honorable President:

Your Committee on FINANCE BUDGET MANAGEMENT & PERSONNEL

to which was referred the within Council Bill No. 10998A

report that we have considered the same and respectfully recommend that the same:

No Recommendation (~~is~~) on ENGINEERS BILL 2-D (~~is~~) (TW,AL)

Full Council Vote 7-0

Committee Chair

Indian Services
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WEEKS
FINANCE, BUDGET, MANAGEMENT & PERSONNEL COMMITTEE
ending JAN 18, 1994
JAN 18, 1994
JAN 21, 1994
ended:
ended:

1 SLC:bj;
2 January 18, 1994
3 Indian5.Ord

4 ORDINANCE 117014

5 AN ORDINANCE relating to the Seattle Indian Services Commission;
6 authorizing the City to provide a guaranty or other security
7 in support of not to exceed Six Million Dollars (\$6,000,000)
8 in tax-exempt bonds to be issued by the Commission;
9 establishing the terms and conditions under which the City
10 will provide such guaranty or other security; and authorizing
11 an agreement between the City and the Commission with regard
12 to the acquisition of real property for the expansion of the
13 Leschi Center.

14 WHEREAS, the Seattle Indian Services Commission (hereinafter, the
15 "Commission") was chartered pursuant to Chapter 3.110 of the
16 Seattle Municipal Code ("SMC") (Ordinance 103387 as amended),
17 and RCW 35.21.730 et seq., to provide effective,
18 comprehensive, and coordinated planning, services, acti-
19 vities, and programs that will meet the unique needs of the
20 many Native American residents who are scattered throughout
21 the City; and

22 WHEREAS, the City has previously guaranteed bonds of the
23 Commission which were issued to build the Leschi Center, a
24 public health facility for Native American residents of
25 Seattle; and

26 WHEREAS, the Commission has executed an option to acquire real
27 property near the Leschi Center to expand the facilities of
28 the Seattle Indian Health Board and for administrative
29 offices, community meeting space, and related parking; and

30 WHEREAS, in order to obtain affordable financing to acquire the
31 land and construct the facility, the Commission has requested
32 the City's guarantee or other security in support of the
33 payment of principal of and interest on the Commission's
bonds, NOW THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council hereby makes the following findings:

It is in the best interests of the City and its citizens for the Seattle Indian Services Commission (the "Commission") to expand the Seattle Indian Health Board facilities located at the Leschi Center to serve the poor and infirm as well as provide other facilities to serve the urban Seattle Native American community. The Commission has executed an option to buy land to do so and has presented to the City pro formas demonstrating the Commission's financial capacity to retire the debt required for

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1 this acquisition and for the construction of an appropriate
2 facility.

3 The Commission, on its own, is unable to acquire financing
4 for the needed public purpose on terms and conditions that make it
5 economically and financially feasible. The pledge by the City of
6 its full faith and credit to guarantee payment or to provide other
7 security for the payment of the principal of and interest on bonds
8 of the Commission in an amount not to exceed Six Million Dollars
9 (\$6,000,000) will significantly reduce the costs of Commission
10 borrowing and thereby enable the Commission to meet its debt
11 service requirements. The Commission will derive funds for the
12 repayment of its bonds from the lease of the acquired property and
13 other sources available to it.

14 The City Council concludes that the most appropriate method
15 of assisting the Commission in furtherance of its public purpose
16 is to pledge its full faith and credit to guarantee or otherwise
17 provide security for the payment of the principal of and interest
18 on the bonds issued by the Commission.

19 Such guarantee or provision of security shall be provided in
20 the manner hereinafter set forth in an agreement substantially in
21 the form contained in Exhibit A. The City Council hereby further
22 finds and declares that the expenditure of public funds for the
23 acquisition of such real property pursuant to this ordinance is
24 for a public and a strictly municipal purpose.

25 Section 2. If he finds it to be in the best interest of the
26 City to do so, the Mayor is authorized to execute, on behalf of
27 the City, an agreement with the Seattle Indian Services
28 Commission, a public corporation chartered by the City,
29 substantially in the form contained in Exhibit A hereto. The
30 Mayor is further authorized to execute such ancillary agreements
31 as are necessary and appropriate to carry out the transactions
32 contemplated in Exhibit A. Should no Agreement satisfactory to
33 the Mayor be signed by the Commission on or before March 31, 1994,

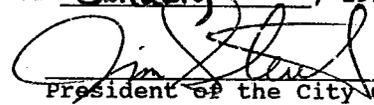
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1 these authorizations shall automatically be void and of no force
2 or effect unless an extension is approved by the Mayor.

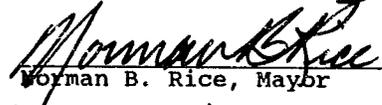
3 Section 3. Any acts consistent with and prior to the
4 effective date of this ordinance are hereby ratified and
5 confirmed.

6 Section 4. This ordinance shall take effect and be in force
7 thirty days from and after its passage and approval, if approved
8 by the Mayor; otherwise it shall take effect at the time it shall
9 become a law under the provisions of the City Charter.

10 Passed by the City Council the 18 day of January,
11 1997, and signed by me in open session in authentication of its
12 passage this 18 day of January, 1997.

13
14 
President of the City Council

15 Approved by me this 21 day of January, 1997.

16
17 
Norman B. Rice, Mayor

18 Filed by me this 21 day of January, 1997.

19
20 
Deputy Clerk

21 (SEAL)

22 Published _____
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RECEIVED OMB

MAY 19 1994

Ord. 117014

FILED
CITY OF SEATTLE
91 MAY 24 PM 1:25
CITY CLERK

COOPERATION AGREEMENT

between

THE CITY OF SEATTLE

and

THE SEATTLE INDIAN SERVICES COMMISSION

Effective Date: March 1, 1994

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- B. Pro Forma Budget
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- D. Description of Public Facility
- E. Deed of Trust

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**COOPERATION AGREEMENT
BETWEEN
THE CITY OF SEATTLE
AND
THE SEATTLE INDIAN SERVICES COMMISSION**

THIS COOPERATION AGREEMENT is effective as of the 1st day of March, 1994, between **THE CITY OF SEATTLE**, a municipality, and **THE SEATTLE INDIAN SERVICES COMMISSION**, a public corporation chartered by the City, to facilitate financing for the purchase of real property and the construction, management and operation of a public health facility thereon.

A. RECITALS.

These facts and principles form the background of this Agreement:

1. The City, by Ordinance 117014, passed January 18, 1994 has found that there exists a need for a new public facility as described in Exhibit D hereto (the "Public Facility") at the site described in Exhibit A hereto (the "Site") to serve the poor and infirm as well as the urban Seattle Native American community, and the City has the authority to serve the poor and infirm as well as the Native American community by facilitating the establishment of the Public Facility at the Site.

2. The Commission was chartered pursuant to the Revised Code of Washington (RCW), Chapter 35 (RCW 35.21.730, et seq.) and Seattle Municipal Code (SMC), Chapter 3.110 (Ordinance 103387, as amended) to provide effective, comprehensive, and coordinated planning, services, activities, and programs that will meet the unique needs of the many Native American residents who are scattered throughout the City.

3. The purposes of the Commission and the public interest will be served by the construction of the Public Facility.

4. By Resolution No. 94-2, adopted March 16, 1994 (the "Bond Resolution"), the Commission has approved the issuance and sale of its Special Obligation Bonds, Series 1994 in an aggregate principal amount of not-to-exceed \$6,000,000 (the "Bonds") to finance the acquisition of the Site and construction of the Public Facility, and for the management and operation of the Public Facility on the Site and for certain other matters in connection therewith and this Agreement.

5. The Commission has secured an option from Kenneth and Chiao-Hsueh Hong, the owners of the Site, to purchase the Site.

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6. The City Council, in the Ordinance, has authorized the City to unconditionally guarantee the payment of the principal of and interest on the Bonds.

7. The City Council in the Ordinance has authorized the Mayor to execute this Agreement on behalf of the City.

8. The Commission has held a public hearing with respect to the Public Facility and the Bonds and has transmitted a summary thereof to the Mayor of the City.

9. This Agreement is the culmination of negotiations and discussions between the City and the Commission regarding the terms and conditions under which the City will provide its unconditional payment obligation with respect to the Bonds as set forth herein and other duties and functions of each of the parties.

B. DEFINITIONS.

The words hereinafter defined shall throughout this Agreement have the meanings set forth in this Section:

"Agreement" means this agreement between the City and the Commission.

"Arbitrage and Tax Certification" means the certificate executed by the Commission pertaining to the calculation and payment of and Rebate Amount with respect to the Bonds.

"Bond Counsel" means Preston Thorgrimson Shidler Gates & Ellis or any other firm of nationally recognized bond counsel selected by the Commission.

"Bond Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Bond Resolution" means the resolution of the Commission authorizing the issuance and sale of the Bonds.

"Bonds" means the Seattle Indian Services Commission Special Obligation Bonds, Series 1994, to be issued by the Commission pursuant to the Bond Resolution, the Ordinance and this Agreement in an aggregate principal amount of not to exceed \$6,000,000.

"Capital Reserve Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Capital Reserve Amount" means the amount the Commission has budgeted in each Fiscal Year to provide for the replacement of capital facilities at the Project.

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"City" means The City of Seattle, Washington, a city of the first class of the State of Washington.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

"Commission" means the Seattle Indian Services Commission or its successors, created by the City pursuant to RCW Ch. 35.21 and SMC Ch. 3.110, and chartered to transact business and exercise its powers.

"Committee" means the oversight committee established pursuant to the Ordinance and this Agreement.

"Debt Service Account" means the special Account of the Commission established pursuant to this Agreement and the Bond Resolution.

"Debt Service Payment Date" means the dates on which the principal of and interest on the Bonds is due and payable as provided in the Bond Resolution.

"Debt Service Reserve Account" means the special account of the Commission established pursuant to this Agreement and the Bond Resolution.

"Debt Service Reserve Requirement" means one-half the maximum aggregate annual amount of principal of and interest on the Bonds.

"Deed of Trust" means the Deed of Trust to be executed by the Commission in favor of the City upon issuance of the Bonds.

"Depository" means Key Bank of Washington, a national banking association.

"Depository Agreement" means the depository agreement with respect to the Bonds between the Depository and the Commission.

"Fiscal Year" means the fiscal year of the Commission.

"Lease" means the lease or leases for the use of the Public Facility between the Commission and its tenants.

"Legislative Authority" means the Mayor and the City Council of the City.

"OMB" means the Office of Management and Budget of the City, or its functional successors.

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"Operation and Maintenance Reserve Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Operations and Maintenance Expense" means all necessary expenses incurred by the Commission in causing the Public Facility to be operated and maintained in good repair, working order and condition. Operation and Maintenance Expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs and a properly allocated share of charges for insurance and all other expenses incidental to the operation of the Public Facility, including pro rata budget charges of the Commission's administration expense where such charges represent a reasonable distribution and share of actual costs, but shall exclude depreciation, transfer of moneys to any other funds of the Commission, expenses subject to reimbursement by tenants and the payments into the Bond Fund hereinafter provided for.

"Ordinance" means Ordinance 117014 of the City, passed January 8, 1994, authorizing the Mayor of the City to execute this Agreement and authorizing the City's unconditional payment obligation as set forth herein.

"Outstanding" means, with respect to the Bonds, an obligation that has not yet been paid or redeemed or for which payment has not been provided.

"Project" means the work or undertaking by the Commission, including planning, financing, design, purchase, acquisition, development, construction, or equipping of the Public Facility at the Site and all work on undertakings related thereto, pursuant to this Agreement.

"Project Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution into which a portion of the proceeds from the Bonds to be used for the Project shall be deposited.

"Project Revenues" means all of the Lease and other revenues paid to the Commission resulting from the operation of the Public Facility.

"Public Facility" means the completed Project as described in Exhibit D hereto.

"Rebate Amount" means the amount, if any, determined to be payable with respect to the Bonds by the Commission in accordance with Section 148(f) of the Code.

"Revenue Fund" means the special fund established by the Commission pursuant to this Agreement and the Bond Resolution.

"Site" means the real property, together with all appurtenances, as more fully described in Exhibit A hereto.

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C. OBLIGATIONS OF THE PARTIES.

1. City.

a. Payment Obligations. The City hereby unconditionally obligates itself to make payments to the Depository for deposit into the Bond Fund as provided below in amounts sufficient, together with other funds available therefore, to make scheduled payments of principal of and interest on the Bonds, the aggregate principal amount of which shall not exceed \$6,000,000. The City covenants and agrees, for so long as any Bonds are outstanding and unpaid, that each year it will include in its budget and levy an ad valorem tax, within and as a part of the tax levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation, which together with all other moneys of the City that may legally be used and that the City may apply for such purposes, will be sufficient to satisfy its obligation to make payments with respect to the Bonds as provided herein. The registered owners of the Bonds shall be express beneficiaries of this unconditional payment obligation.

b. Procedure in Event of Insufficient Revenues.

(i) In the event that the amount of funds in the Debt Service Reserve Account falls below the Debt Service Reserve Requirement, the City shall, upon notice provided pursuant to the Depository Agreement and 30 days prior to the next Debt Service Payment Date, cause to be deposited into the Debt Service Reserve Account an amount of money equal to the amount necessary to restore the amount of funds in the Debt Service Reserve Account to the Debt Service Reserve Requirement. Such amounts shall be deposited by the City directly with the Depository in accordance with the Depository Agreement.

(ii) If, for any reason, prior to a Debt Service Payment Date the amount on hand in the Debt Service Account and the Debt Service Reserve Account (and the Sinking Fund Account but only with respect to the principal of Term Bonds as defined in the Bond Resolution), after taking into account transfers to be made from the Capital Reserve Fund in accordance with the Bond Resolution, is inadequate to make scheduled payments of principal of and interest on the Bonds on such Debt Service Payment date, the Commission or the Depository shall immediately so notify the City and the Committee, and the City shall pay to the Depository the amount necessary to make up such deficiency no later than the scheduled Debt Service Payment Date. Notification to the City shall be made no later than 30 days prior to the scheduled Debt Service Payment Date.

(iii) Any amounts expended by the City pursuant to this Agreement shall be deemed a loan to the Commission, and the Commission shall be obligated to repay such amounts from Project Revenues in accordance with Section 3.C. hereof and other funds lawfully available to the Commission for such purpose including revenues, monies and assets available to the Commission from sources or activities other than the Project, with interest payable at an annual rate equal to the cost of funds to the City at the time of such expenditure or the annualized earnings rate of the City's general fund, whichever is greater.

c. Tax Exemption. The City hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other moneys or obligations of the Commission or the City which may be deemed to be proceeds of such Bonds pursuant to Section 148(a) of the Code which will cause the Bonds to be "arbitrage bonds" within the meaning of said Section and said regulations. The City will comply with the applicable requirements of Section 148(a) of the Code throughout the term of the Bonds. The City covenants that it will not act or fail to act in a manner which will cause the Bonds to be considered obligations not described in Section 103(a) of the Code.

The City will take no actions and will make no use of the proceeds of the Bonds, or any other funds, that would cause the Note or any Bonds to be treated as a "private activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in subsection (a) of said Section 103, other than a "qualified 501(c)(3) bond" within the meaning of Section 145 of the Code, unless the tax exemption thereof is not affected.

d. Non-Impairment. The Commission is relying on this Agreement, and in particular, the unconditional obligations of the City provided for herein, to issue the Bonds and proceed with the Project. The City shall not take any action which impairs the Commission's authority to issue and sell the Bonds pursuant to this Agreement. To the extent legally required to prevent impairment of the City's obligations hereunder, the City shall reserve and designate for purposes of providing for the unconditional obligation of the City specified herein a portion of its general obligation debt capacity permitted to cities without a vote in accordance with Chapter 39.36 RCW, equal to the maximum principal amount of the Bonds and, upon issuance thereof, such reservation may be reduced to equal the outstanding principal amount thereof.

2. Committee.

a. Purpose. The Committee shall be established for the purpose of determining substantial progress of the Project and reporting to the Legislative Authority on the progress of the Project as provided herein.

b. Composition. The Committee will consist of the City Budget Director, the City Council Finance Committee Chair and the Director of the Department of Housing and Human Services, or their respective designees.

c. Obligations. The Committee shall:

(1) Substantial Progress. Upon receipt of staff reports, determine whether the Commission is making substantial progress on the Project, using the Project budget attached hereto as Exhibit B and the construction schedule attached hereto as Exhibit C, as the standard against which to measure progress, and whether the Project is being constructed in substantial accordance with the plans and specifications for the Project.

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(2) Recommendations-Substantial Progress. Upon request of the Director of OMB, recommend appropriate action to the Legislative Authority and Commission if the Committee finds that substantial progress on the Project as described under Section C.2.c(1) above, is not being made or if the Project is not being constructed in accordance with the plans and specifications for the Project. In the event that the Committee finds that substantial progress in the Project is not being made or that the Project is not being constructed in accordance with the plans and specifications for the Project, the Committee may recommend any of the remedies provided in this Agreement or any other actions as may be appropriate to further the purposes of this Agreement.

(3) Recommendations-Other. Upon request of the Director of OMB, recommend to the Commission and the Legislative Authority, as necessary, any adjustments to the Project or amendments to this Agreement that would improve the Project, further its purposes or objectives, or reduce any difficulties encountered.

(4) Reviews. Review or cause to be reviewed monthly reports from the Commission, and any additional information the Committee might reasonably request on the cost, design, and progress of the Project.

(5) Access. Have access, at reasonable times and subject to reasonable conditions and subject to reasonable notice to all Project records, files, personnel and the Site.

d. Dissolution. The Committee shall be dissolved and shall have no further authority or responsibility without any action on the part of the City or the Committee immediately following filing of the Certificate of Completion of the Project with the Depository pursuant to the Depository Agreement.

e. Staffing. OMB shall be responsible for staffing the Committee. All notices and reports to the Committee shall be sent to the attention of OMB.

3. Commission.

a. Issue Bonds. The Commission shall issue its Bonds in accordance with the Bond Resolution and this Agreement. The Commission shall only issue Bonds in an amount not-to-exceed the amount necessary to finance the Project in accordance with Exhibit B hereof, including amounts to fund the Debt Service Reserve Account to equal the Debt Service Reserve Requirement and provide for a construction contingency, but in no event in an amount exceeding \$6,000,000. Prior to the issuance of the Bonds the City's Debt Management Policy Advisory Committee shall have a reasonable opportunity to review the dates, terms, conditions, interest rates and other features of said financing and the Commission shall have the obligation to make any changes in the terms and conditions reasonably requested by the City.

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b. Tax-Exemption. The Commission hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other moneys or obligations of the Commission or the City which may be deemed to be proceeds of such Note or Bonds pursuant to Section 148(a) of the Code which will cause the Bonds or the Note to be "arbitrage bonds" within the meaning of said Section and said regulations. The Commission will comply with the applicable requirements of Section 148(a) of the Code throughout the term of the Bonds. The Commission covenants that it will not act or fail to act in a manner which will cause the Bonds to be considered obligations not described in Section 103(a) of the Code.

The Commission will take no actions and will make no use of the proceeds of the Bonds, or any other funds, that would cause the Bonds to be treated as a "private activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in subsection (a) of said Section 103, other than a "qualified 501(c)(3) bond" (as defined in Section 145 of the Code) unless the tax exemption thereof is not adversely affected.

c. Revenue Fund and Application of Project Revenues. The Commission shall authorize and establish a special fund of the Commission known as the "Series 1994 Revenue Fund" (the "Revenue Fund"). For so long as the Bonds are Outstanding, Project Revenues shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Commission.

For so long as the Bonds are outstanding, the moneys in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Rebate Amount;

Second, to pay Operation and Maintenance Expenses;

Third, to make all payments required to be made into the Debt Service Account to pay the interest on the Bonds for which moneys shall not have been provided by income from the investment of moneys in the Bond Fund;

Fourth, to make all payments required to be made into the Debt Service Account to pay the principal of the Bonds for which moneys shall not have been provided by income from the investment of moneys in the Debt Service Account;

Fifth, to make all payments required to be made into the Debt Service Reserve Account for which moneys shall not have been provided by income from the investment of moneys in the Bond Fund;

Sixth, to make all payments required to be made to reimburse the City, including interest thereon, for payments of the principal of and interest on the Bonds made under the City's payment obligations set forth in Section C.1.a. and C.1.b. of this Agreement;

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Seventh, to make all payments required to be made into the Capital Reserve Fund for which moneys shall not have been provided by income from the investment of moneys in the Capital Reserve Fund;

Eighth, to make all payments required to be made into the Operations and Maintenance Reserve Account for which moneys shall not have been provided by income from the investment of moneys in the Operation and Maintenance Reserve Fund; and

Ninth, to retire by redemption or purchase in the open market any Outstanding Bonds or to make necessary additions, betterments, improvements, extraordinary repairs, extensions and replacements of the Public Facilities, or for any other lawful Commission purposes.

d. Bond Fund, Capital Reserve Fund, Operation and Maintenance Reserve Fund.

(1) Bond Fund; Debt Service Account; and Debt Service Reserve Account. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Special Obligation Bond Fund" (the "Bond Fund"). Within the Bond Fund the Commission shall authorize and establish the following accounts: the "Debt Service Account" (the "Debt Service Account") and the "Debt Service Reserve Account" (the "Debt Service Reserve Account").

i. Debt Service Account. Upon the issuance of the Bonds and for so long as the Bonds remain Outstanding, in each Fiscal Year, the Commission shall deposit into the Debt Service Account on or before the first business day of each month, Project Revenues or other Commission Funds to the extent necessary, together with investment earnings on funds contained therein and together with investment earnings on funds in the Debt Service Reserve Account to be deposited in the Debt Service Account, to pay an appropriate proportion of the principal of and interest on the Bonds due and payable on the next Debt Service Payment Date. For example, if the interest on the Bonds is payable semiannually and the principal is payable annually, the Commission shall deposit into the Debt Service Account Project Revenues to the extent necessary to pay one-sixth (1/6) of the interest on and one-twelfth (1/12) of the principal of the Bonds due and payable on the next Debt Service Payment Date. The Commission shall also deposit into such Account, Project Revenues to the extent necessary to make up any deficiency in such Account resulting from the failure to pay all or any portion of a prior monthly payment since the last Debt Service Payment Date. If Project Revenues are insufficient to make up any such deficiency, the Commission shall make up such deficiency from any and all other revenues, monies and assets legally available to the Commission from sources or activities other than the Project, before withdrawing funds from the Debt Service Reserve Account. The Commission shall draw upon funds in the Debt Service Account to make payments of the principal of, premium, if any, and interest on the Bonds, and the Commission shall not draw upon

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funds in the Debt Service Account for any other purpose until the principal of and interest on the Bonds is paid in full.

(1) Debt Service Reserve Account. Upon the issuance of the Bonds, the Commission shall deposit proceeds of the Bonds into the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement. In addition, upon completion of the Project, excess amounts, if any, in the Project Fund in an amount necessary to cause the balance in the Debt Service Reserve Account to equal twice the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Account.

For so long as the Bonds remain Outstanding, the Commission agrees with the owners of the Bonds to deposit into the Debt Service Reserve Account, on or before the first business day of each month, Project Revenues in an amount sufficient, together with other funds in such Account, to maintain the Debt Service Reserve Account equal to the Debt Service Reserve Requirement. Following completion of the Project and for so long as the Bonds remain Outstanding, the Commission agrees with the City to deposit into the Debt Service Reserve Account, on or before the first business day of each month, Project Revenues in an amount sufficient, together with other funds in such Account, to maintain the Debt Service Reserve Account at an amount equal to twice the Debt Service Reserve Requirement; provided that upon the fifth anniversary of the issuance of the Bonds OMB, in consultation with the Commission, shall review the need for maintaining amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement.

In the event that funds in the Debt Service Account are insufficient to make any payment of the principal of or interest on the Bonds then due and payable, the Commission shall withdraw funds from the Debt Service Reserve Account to make such payment. The Commission shall not draw upon funds in the Debt Service Reserve Account for any other purpose until the principal of and interest on the Bonds is paid in full without the consent of the City, except that amounts in the Debt Service Reserve Account may also be used to pay the Rebate Amount.

(2) Capital Reserve Fund. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Capital Reserve Fund" (the "Capital Reserve Fund"). Upon completion of the Project and for so long as the Bonds remain Outstanding, the Commission shall deposit into the Capital Reserve Account on or before the first business day of each month an amount equal to one-twelfth (1/12) of the Capital Reserve Amount for that Fiscal Year.

The Capital Reserve Amount budgeted for each fiscal year shall be the actual cost incurred during construction of each building system or component which has a projected useful life less than the life of the building, divided by the number of years of the projected useful life of each such building system or component. Such building systems or components shall include, but are not limited to, the roof, the heating, ventilation and air conditioning system (HVAC), the water heating system, floor coverings, appliances and the exterior finishes.

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After the Project is completed, and in its annual report to the City each year thereafter, the Commission shall present to the City a proposed budget for the Capital Reserve Fund, which budget shall consist of a list of all such building systems or components, the projected useful life and actual cost of each such building system or component, and the amount the Commission is required under this section to deposit each month into the Capital Reserve Fund. The City shall be entitled to review and approve each element of the proposed budget for the Capital Reserve Fund, including but not limited to the proposed list of building systems; or components, the projected useful life and actual cost of each such building system or component. The City's approval shall not be unreasonably withheld.

The Commission shall be obligated to deposit monies into the Capital Reserve Fund from Project Revenues and other funds or assets available to the Commission from sources other than the Project. In the event that monies in the Capital Reserve Fund are insufficient to pay the cost to replace a building system, the Commission shall be obligated to pay for the full replacement cost from funds available to the Commission from sources other than the project.

The Commission shall be authorized to withdraw funds in the Capital Reserve Fund, and any interest or return earned on funds in the Capital Reserve Fund to pay for repair or replacement of the building systems or components budgeted for replacement under this section, to pay the Rebate Amount, and to make debt service payments on the bonds.

(3) Operations and Maintenance Reserve Fund. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Operation and Maintenance Reserve Fund" (the "Operation and Maintenance Reserve Fund"). Upon completion of the Project, excess amounts in the Project Fund (following funding of the Debt Service Reserve Account) in an amount not exceeding \$100,000 shall be deposited in the Operations and Maintenance Reserve Fund which amounts (and any investment earnings thereon) may only be expended for items properly charged to a capital account. For so long as the Bonds remain Outstanding, in each Fiscal Year the Commission shall deposit into the Operation and Maintenance Reserve Account on the first business day of each month, Project Revenues to the extent necessary taking into account amounts in the Operations and Maintenance Reserve Account, to maintain funds in the Operations and Maintenance Reserve Account in an amount equal to the amount of Operation and Maintenance Expenses budgeted by the Commission in the then current Fiscal Year less the amount of Operation and Maintenance Expenses theretofore expended in such Fiscal Year. The Commission shall draw on the Operations and Maintenance Reserve Fund to pay Operation and Maintenance Expenses as the same become due and payable, to pay the Rebate Amount and to make debt service payments on the Bonds.

(4) Investments and Earnings. The Commission may invest funds in the Revenue Fund, the Bond Fund, the Capital Reserve Fund, and the Operations and Maintenance Reserve Fund and accounts therein in such investments as it is legally authorized to make, provided no such investment adversely affects the exemption from federal income taxation under the Code of the interest on the Bonds. The investment earnings on funds in the Debt Service Reserve Account shall be deposited into the Debt Service Account except to the extent

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such earnings result from a rate of return in excess of the yield on the Bonds. Investment earnings on moneys in all other funds and accounts shall accrue to such funds and accounts.

e. Reimbursement-Debt Service Reserve Account. If the Commission draws upon the Debt Service Reserve Account, it shall have fifteen days to fully reimburse the Debt Service Reserve Account to the amount required under Section 3.d.(1)(ii). In the event the Debt Service Reserve Account is not so reimbursed within said fifteen days, the Commission shall propose, and the City may at any time unilaterally impose upon the Commission, a corrective action plan that may include any or all of the following conditions:

- (1) Requiring the immediate eviction of tenants who are in default on lease payments;
- (2) Leasing all or portions of the Public Facility to tenants who demonstrate an ability to pay rents sufficient for the Commission to meet its obligations on the Bonds without jeopardizing the tax-exempt status of the Bonds;
- (3) Leasing portions of the Public Facility to the City for its programs or activities;
- (4) Collecting unpaid rents from tenants;
- (5) Requiring the Commission to raise/contribute additional funds from other sources to replenish the Debt Service Reserve Account; and
- (6) Imposing reasonable time limits for the performance of the above conditions.

Additional and/or different conditions may be added by the mutual agreement of the City and the Commission. The Commission shall use its best efforts to propose a corrective action plan within forty-five (45) days from the date the Commission draws upon the Debt Service Reserve Account. The City and the Commission agree to meet and confer and exert their best efforts to approve a corrective action plan that reimburses the Debt Service Reserve Account and minimizes the need for future draws upon said Account, while maintaining, to the extent consistent with sound financial judgment, the autonomy of the Commission. In no case, however, shall the City's unconditional guarantee or its obligation to reimburse the Debt Service Reserve Account be waived and no corrective action may in any manner whatsoever adversely affect the exemption from federal income taxation of interest on the Note or the Bonds.

If the Commission fails to comply with any of its obligations under this Agreement or in any respect to comply with a corrective action plan, the City shall be entitled to any or all of the remedies set forth in Section D, entitled Remedies.

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f. Project Fund. The Commission shall establish a Project Fund and all Bond Proceeds, with the exception of accrued interest which shall be deposited at Closing in the Debt Service Account and the amount to be deposited at closing in the Debt Service Reserve Account, shall be deposited in the Project Fund.

The Bond proceeds deposited in the Project Fund and any interest earned from the lawful investment of such proceeds shall be used solely to pay the cost and expense of the Project, to pay the cost of issuance and sale of the Bond, and to pay the Rebate Amount, if any, to the extent that the Rebate Amount is attributable to earnings on moneys in the Project Fund. In the event that at such time as the Project is completed, funds remain in the Project Fund, such funds shall be applied to the payment of the principal of the Bonds or to the redemption of the Bonds, upon approval of the City, except as provided in Sections 3.d.(1)(ii) and 3.d.(3).

The Commission shall set aside \$200,000 of the money in the Project Fund for environmental clean-up (the "Environmental Set-aside"). The Environmental Set-aside may be used only to pay the cost to investigate, remove or dispose of environmental contaminants on the Site, unless and until two events have occurred: 1) all on-Site structures have been demolished and the resulting debris has been disposed off-Site; and 2) all Site preparation for project construction, including but not limited to the excavation and disposal of the debris and fill from the building foundation, is completed.

The Commission shall not obligate, commit, encumber, disburse or enter into a contractual obligation to disburse the Environmental Set-aside without the prior written approval of the City. All limitations on disbursement of the Environmental Set-aside may be waived by the City in its sole discretion. The Environmental Set-aside shall be separate from any monies budgeted for design and construction contingencies. The Environmental Set-aside shall be included as a separate line item in the Project budget attached hereto as Exhibit B, as a separate line item in the disbursement schedule submitted to the City pursuant to this section C(3)(f), and as a separate line item in the monthly reports filed with OMB pursuant to section C(3)(n) of this Agreement.

Any disbursements from the Project Fund shall be made only with the prior approval of the City. The Commission shall submit its disbursement schedules for the Project Fund to the City for advance approval. The City shall approve such disbursement schedules based upon the City's satisfaction that there is substantial progress being made on the Project, using the Project budget attached hereto as Exhibit B and the construction schedule attached hereto as Exhibit C, as the standard against which to measure progress, and that the Project is being constructed in substantial accordance with the plans and specifications for the Project. The City's approval of disbursement schedules shall not be unreasonably withheld. The Commission may disburse amounts from the Project Fund in accordance with approved disbursement schedules.

(1) Rebate of Arbitrage Earnings. The Commission covenants and agrees to calculate the Rebate Amount, to pay the Rebate Amount to the United States of America in the manner and at the times and in the amounts necessary to meet the requirements of

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the Code to maintain the federal income tax exemption for interest on the Bonds, in accordance with the Arbitrage and Tax Certification.

(2) Substantial Delay. The Commission shall immediately notify the Committee in the event that it is likely that there will be a substantial delay in the completion of the Project or an increase in the budget cost of the Project.

(3) Corrective Action Plan. In the event the City determines that there is a substantial delay in the progress of the Project, an increase in the budgeted costs of the Project, or the Project is not being constructed in substantial accordance with the plans and specifications for the Project, the City may unilaterally impose a corrective action plan upon the Commission that may include any or all of the following conditions:

- (i) Scaling back the scope of the Project during construction;
- (ii) Raising moneys to ensure that the Project revenues meet expected costs;
- (iii) Finding new tenants for the facility;
- (iv) Raising the amount of rents to ensure that the debt service is paid;
- (v) Replacing tenants with City programs or activities; or
- (vi) Requiring construction of the Project to follow the plans and specifications.

Additional and/or different conditions may be added by the agreement of the City and the Commission. The Commission may not borrow additional money to complete the Project without the review and approval of the City, which approval the City may exercise in its reasonable discretion. The City and the Commission agree to meet and confer and to exert their best efforts to approve a corrective action plan that brings the Project back on schedule, back within budget, back to being constructed in accordance with the Project plans and specifications, and/or substantially decreases the risk of the City's payment obligation being called, while maintaining, to the extent consistent with sound financial judgment, the autonomy of the Commission. In no case, however, shall the City's payment obligation or its obligation to reimburse the Debt Service Reserve Account be waived and no corrective action may in any manner whatsoever adversely affect the exemption from federal income taxation of interest on the Bonds.

g. Proceeding with Project. The Commission shall proceed with diligence to purchase the Site and causes to be constructed on the Site a Public Facility of not more than 30,000 square feet in accordance with the Project description as set forth in Exhibit D hereto, and

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as substantially described and for the purposes and benefits provided herein and in the Ordinance, and provide for the management and operation of the Public Facility.

h. Construction Contract. The Commission shall contract for the construction of the Project, and shall ensure that the contractor is selected pursuant to a competitive process which satisfies Washington State Law for solicitation of proposals or bids by contractors who, in the determination of the Commission, are qualified to undertake development or construction of a public facility.

i. Inspection and Bond. The Commission shall, before construction of the Project begins, contract with an inspector acceptable to the City who shall issue a certification on a weekly basis during the construction of the Project and also upon completion of the Project that the Project was constructed in substantial accordance with the construction schedule and plans and specifications for the Project. The City shall be an express third-party beneficiary of the contract. The acts or omissions of the Project architect or inspector shall not waive or impair the rights of the City under this Agreement. In addition, the Commission shall obtain a bond from a surety company authorized to do business in the State of Washington which for a period of one year after substantial completion of the Public Facility provides for payment for the remedy of defects in the improvements of the Public Facility which are due to faulty materials or workmanship and for damage to other work resulting from such faulty material or workmanship.

j. Changes. The Commission shall have sole discretion, consistent with the Ordinance and this Agreement, to make changes with respect to unit costs, design elements, selection of contractor, change orders, and all other matters relating to the Project, without approval of the City, provided that such changes are consistent with the Description of the Public Facility set forth in Exhibit D and within the Pro Forma Budget set forth in Exhibit B.

k. Ownership. The Commission shall be the owner of all property, including the Site and the Public Facility, paid for or financed from the Project Fund.

l. Compliance. With respect to work and services funded from the Project Fund, the Commission shall be bound by and comply with the requirements of the City's WME/MBE Ordinance, SMC Ch. 20.46 and include in contracts with others for work and for services for the Project, the anti-discrimination/equality of opportunity provision provided in SMC § 20.44.030 as existing or hereafter amended.

m. Barrier-Free Access. The Public Facility shall comply with applicable requirements for barrier-free access for the disabled.

n. Monthly Reports. Until the Project is completed, the Commission shall file with OMB a monthly written report in a form reasonably acceptable to OMB as to the progress of the Project, including:

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(1) Certification that the Commission is making substantial progress in the Project, indicating the extent to which the Project is in compliance with the Exhibits B and C hereto; and that the Project is being constructed in substantial accordance with plans and specifications for the Project;

(2) A description of significant events, including change orders, during the preceding month and planned activities for the next month;

(3) An estimate of the disbursements which will be requested from the Project Fund for the next month; and

(4) A financial statement certified by the Commission, describing funds disbursed from the Project Fund and liabilities outstanding, if any.

o. **Recommendations.** The Commission shall recommend to the City from time to time such adjustments in the Project or amendments to this Agreement, as would improve the Project, further its purpose and objectives, or obviate or reduce difficulties encountered.

p. **Staffing.** The Commission shall retain such personnel, and procure such services appropriate to carry out the Project with reasonable efficiency.

q. **Accounting.** The Commission shall establish accounting procedures and systems and maintain its accounting books and records in a manner satisfactory to the Auditor of the State of Washington and the City Finance Director and shall allow them access thereto for audit purposes.

Promptly upon the City's request for information (whether oral or written), the Commission shall provide the City with all financial information concerning the Project Facility and all funds and accounts established pursuant to this Agreement

r. **Management.** The Commission shall be responsible for managing the Public Facility and Site, including:

(1) Developing a lease structure which is adequate to meet the payments required by the Bonds;

(2) Ensuring adequate management staff, subject to City approval, and providing to the City quarterly reports on the financial and operating aspects of the Public Facility;

(3) Maintaining the Site as a Public Facility and paying all maintenance and utility costs;

(4) Operating the Project as a public facility, including making the Project available for reasonable public use; and

(5) Submitting to the City by September 1st of each year of the term of this Agreement following completion of the Project, a facility operating budget for the Public Facility for review and approval or disapproval by the City. If disapproved, the City and the Commission shall cooperate in the development of a budget acceptable to the City.

The Commission may enter into a management contract for the Public Facility if, in the opinion of Bond Counsel, such contract will not adversely affect the exemption from federal income tax of the interest on the Bonds.

s. Leasing. The Commission may lease the Public Facility or portions thereof and if it does so shall enter into written Leases. Before the Commission issues the Bonds, the Commission shall enter into a written lease with the Seattle Indian Health Board, subject to review and approval by the City, which lease shall provide for a lease term which is not less than the term of the Bonds and provide for rents payable at such times and in such amounts as will be sufficient for the timely payment of debt service on the Bonds. The form of any and all Leases shall include:

(1) Obligation of the tenants for payment of their proportionate share of the Public Facility's maintenance and utilities costs;

(2) Restrictions on use of the Public Facility for 501(c)(3) purposes, as defined in the Code and its amendments, or for governmental purposes, as necessary, and providing for the immediate termination of the Lease and immediate removal of the tenant from the Public Facility should the tenant lose its status as an entity that fits within the definitions of 501(c)(3) of the Code;

(3) Obligation of the tenants to quit and surrender possession of the portion of the Public Facility leased in a timely manner should utility or maintenance costs, or other Lease payments go unpaid;

(4) Requirement that tenants, as necessary, charge fees that are reasonable, and provide a sliding fee scale to ensure that indigent persons being served by Tenants leasing the Public Facility or portions thereof will be served at the Public Facility;

(5) In the event of termination of any Lease, the Commission shall:

- i. Immediately notify the City of the termination of the Lease;
- ii. Act to remove tenants whose Lease has been terminated;

and

iii. Lease the vacant space of the Public Facility in a timely manner to ensure payments required by the Bonds;

(6) Any Lease for the Project shall specifically reference this Agreement, and require that the lessee meet the purposes pursuant to this Agreement.

t. PDA Report. The Commission shall include in its annual PDA report to the City on the 31st of March each year, a report on the planned and actual operations, including the Capital Reserve Fund, of the Public Facility, including all receipts and payments related to the Public Facility, by budget category, and a three-year financial projection for costs and receipts for the Public Facility.

u. Sale. Any property constituting a part of the Site or Public Facility developed, constructed, or acquired with moneys from the Project Fund may not be sold or otherwise encumbered or disposed of by the Commission without the express written permission of the City.

v. Deed of Trust. Upon the issuance of the Bonds, the Commission shall execute a Deed of Trust in favor of the City in substantial conformance with Exhibit E hereto, and immediately deliver the Deed of Trust to the City.

w. Refinance. From and after the first date upon which the Bonds may be redeemed at par, the City may request the Commission to redeem the Bonds if the City reasonably determines that in order to provide funds with which to redeem the Bonds, the Commission is (i) able to issue and sell refunding bonds or to obtain other refinancing, in either case without the unconditional guarantee of the City, bearing an effective net interest rate no more than 150 basis points greater than the effective net interest rate on the Bonds, and (ii) is financially able to pay the debt service on such refunding bonds or other refinancing. If the City makes such request, the Commission shall use its best efforts to obtain a contract for the purchase of such bonds or obtain other refinancing, in either case without the unconditional guarantee of the City, bearing an effective net interest rate not more than 150 basis points greater than the effective net interest rate on the Bonds. If the Commission is able to obtain such a bond purchase contract, the Commission shall issue and sell such refunding bonds, shall call the Bonds for redemption and shall pay and redeem the Bonds.

D. REMEDIES.

The Commission shall have all remedies provided at law or in equity, including the remedy of being able to specifically enforce the terms and provisions of this Agreement.

If the Commission shall fail to comply with any of its obligations under this Agreement or in any respect to comply with a corrective action plan, the City shall be entitled but not obligated to any or all of the following remedies:

- a. Take over in whole or in part the management of the Project;
- b. Require the Commission to relinquish all interest in the Site and the Project, but only with the approval of the City Council;
- c. Find new tenants, which tenants shall meet the conditions set forth in Sections 3.r and 3.s of this Agreement;
- d. Assume ownership of the Project along with all Commission obligations related to the Project, but only with the approval of the City Council;
- e. Foreclosure on the Deed of Trust, but only with approval of the City Council; and
- f. Any other remedy provided at law or in equity.

E. TERM AND MISCELLANEOUS.

1. Term. This Agreement shall be binding on the parties until the Note and the Bonds are paid.

2. Assignment. No party shall assign any of its rights or delegate any of its duties under this Agreement without the express written approval of the other party, except as otherwise provided herein.

3. Obligation to Third Parties. The owners of the Bonds shall be the express beneficiary of the Commission's, and the City's obligations under this Agreement to the extent the performance of such obligation is necessary to pay and redeem the Bonds in accordance with its terms and as is necessary to maintain the exemption from federal income taxation of the interest on the Bonds. Neither the City nor the Commission shall be obligated or liable hereunder to any party other than as provided in this Agreement.

4. Indemnification. To the extent permitted by law, the Commission shall hold the City and its officers, agents and employees, acting in their official capacity or course of employment, harmless from all suits, claims or liabilities of any nature, including costs and expenses, for or on account of injuries or damages sustained by any persons or property resulting in whole or in part from activities or omissions of the Commission, its agents or employees relating to the Site pursuant to this Agreement or on account of any unpaid wages or other remuneration for services. In the event that any such suit or action is brought against the City, the Commission shall, upon notice of the commencement thereof, defend the same at its sole costs and expense, and if final judgment be adverse to the City, or the City and the Commission jointly, the Commission shall promptly satisfy and pay the same. The above liability shall not be diminished by the fact, if it be a fact, that any such death, injury, damage or loss is contributed to in part by negligence of the City, its officers, employees or agents; provided, however, that nothing contained in this section shall be construed as requiring the Commission to indemnify the

City against liability for damages arising out of the bodily injury to persons or damage to property caused by or resulting from the sole negligence of the City, its officers, employees or agents. The Commission specifically waives its immunity under RCW Title 51 for any claim the City may assert against the Commission with respect to any claims brought by the Commission's employees against the City. The City shall not be responsible or liable for any environmental contamination that may exist now or in the future on the Site, including the migration of such contaminants off-Site, or for the costs to investigate, remove or dispose of such contaminants.

5. Insurance. Subject to review and approval by the City, the Commission shall procure and maintain at all times a policy of public liability insurance naming the City as an insured, protecting and holding the City harmless from any and all damages which may arise or are alleged to arise in connection with the services to be provided hereunder, whether or not such damages are alleged to arise or result from acts or omissions which are the sole negligence of the City, its officers, agents and/or employees or the combined negligence of the City and others, in at least the principal amount of a combined single limit of \$5 million each occurrence, personal injury and/or property damage. The Commission will insure the Project and when completed the Public Facility against loss or theft in the amount of replacement costs of the Project or Public Facility, whichever is applicable, and any tenant improvements therein and shall, include the City as an insured thereunder. The City shall be entitled to review and approve such insurance policy. The terms of any insurance policy required under this section shall provide that the insurer shall notify the City at least thirty (30) days before any reduction or cancellation of insurance. No such insurance shall be reduced or canceled without the City's prior written agreement.

6. Entire Agreement. This Agreement, together with the Depository Agreement, contains the entire agreement and understanding of the City and Commission with respect to the subject matter hereof, and supersedes all prior or contemporaneous oral or written understanding, agreements, promises, or other undertakings between the parties, except as provided in the Charter of the Commission and SMC Chapter 3.110.

7. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The venue of any suit or arbitration arising under this Agreement shall be in King County, Washington, and if a suit, in King County Superior Court.

8. Captions. The section and paragraph captions used in this Agreement are for convenience only and shall not control and affect the meaning or construction of any of the provisions of this Agreement.

9. Amendment or Waiver. This Agreement may not be modified nor amended except in writing. No course of dealing between the parties nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any party.

10. Notices. Any notice, demand, document, or other communication which is required by this Agreement to be given shall be in writing and shall be deemed to have been given when delivered if delivered in person to the person to whom such is addressed, or three days after

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mailing if sent by registered or certified mail, return receipt requested and first-class mail prepaid, if addressed as follows:

a. If to the City:

Attn: Ms. JoAnn Cowan, PDA Coordinator
City of Seattle
Office of Management and Budget
300 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

b. If to the Commission:

Attn: Mr. Mike Marshall
Seattle Indian Services Commission
611 12th Avenue South, Suite 100
Seattle, Washington 98144

Such names and addresses may be changed by written notice to all other parties, pursuant to this provision.

11. **Force Majeure.** Other than the Commission's obligation to issue the Note, the Bonds, to pay the principal of and interest on the Bonds, and to apply and to deposit Gross Revenues into the Revenue Fund, the Bond Fund and accounts therein, the Capital Reserve Fund, and the Operation and Maintenance Reserve Fund, and the City's unconditional guarantec of the Bonds pursuant to this Agreement, if any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, that party shall give to the other parties prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement, contrary to the wishes of the party involved, of strikes, lockouts, or other labor difficulty and any such difficulty shall be handled entirely within the discretion of the party concerned.

The term "force majeure" as here employed shall mean any act of god, strike, lockout, or other labor relations disturbance, act of the public enemy, war, blockade, public riot, fire, flood, explosion, failure to timely receive necessary governmental approvals, governmental restraint, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension. "Force Majeure" shall not mean

the failure of the general contractor or any subcontractor to perform under construction contracts for the Public Facility as set forth in Section C.3.h. hereof.

12. City Approval. With the exception of City decisions made pursuant to Sections D.b., D.d. and D.e., all decisions of the City hereunder shall be deemed to be made by action of the Director of OMB.

13. Approval Pursuant to the Code. Execution of this Agreement by the Mayor of the City shall be deemed to be approval of the Project and the Bonds pursuant to Section 147(f) of the Code.

14. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without affecting or invalidating the remainder of this Agreement.

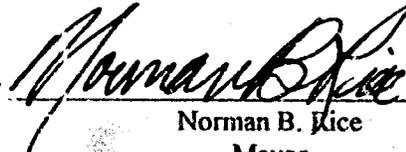
15. Counterparts. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument. All such counterparts together will constitute one and the same Agreement.

IN WITNESS WHEREOF, the City and the Commission have executed this Agreement this 28th day of March, 1994.

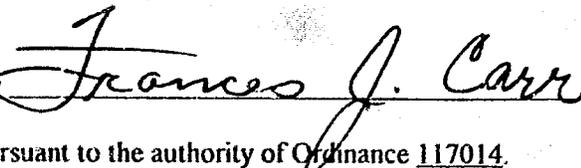
SEATTLE INDIAN SERVICES COMMISSION

By 
Mike Marshall
Executive Director

THE CITY OF SEATTLE

By 
Norman B. Rice
Mayor

ATTEST:

By 
Pursuant to the authority of Ordinance 117014.

**EXHIBIT A
TO
AGREEMENT**

Legal Description of Site

A certain tract of land situated in the City of Seattle, King County, Washington and more particularly described as follows:

Lots 1 through 4, inclusive, and Lots 15 through 18, inclusive, Block 6, Syndicate Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of plats, page 44 in King County, Washington.

Subject to right of the City of Seattle, under judgment on verdicts entered in King County Superior Court Cause Number 130263, to damage said premises by changing and establishing street grades, grading and regarding as provided by Ordinance No. 32829.

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EXHIBIT B
of
AGREEMENT

**Seattle Indian Services Commission
Seattle Indian Health Board Expansion
Construction/Development Budget
23-Mar-94**

Construction Costs per square foot	\$74.25
Total square feet	30,000
Construction Costs	\$2,227,500
Construction Contingency	\$66,825
Architectural & Engineering	\$200,475
Design Contingency	\$6,014
Surveys, Soils Tests, & Environmental Assessment	\$60,000
Testing Contingency	\$11,500
Legal	\$54,000
Land Acquisition per square foot	\$45
Real Estate Fees and Commissions	\$108,000
Square feet of land purchased	48,000
Land Cost	\$2,268,000
Total Development Cost	\$4,894,314
Development Contingency of 4%	\$195,773
Total	\$5,090,087
Project Cost	\$5,090,087
Cost of Bond Issuance	\$300,000
Reserve	\$408,284
Environmental Contingency	\$200,000
Total Issue	\$5,998,371

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	1994												1995												1996	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Program Development	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Budget Development & Review		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Schematics		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
SISC Review			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Cost Review		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Design Development			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Outline Specifications			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Cost Review				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Construction Documents				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Specifications				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
DCU Review/Permit					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
SISC Tenant Review												■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Final Cost												■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Construction Start																										
Construction Complete																										
Move In																										

Development/Construction Schedule
Seattle Indian Services Commission's
Expansion for
The Seattle Indian Health Board
January 14, 1994

EXHIBIT C TO AGREEMENT

**EXHIBIT D
TO
AGREEMENT**

Description of the Public Facility

The Public Facility will consist of an administrative and community building of not more than 30,000 square feet. Approximately 20,000 square feet will be leased for a term of 30 years to the Indian Health Board for their administrative offices. The administrative offices of the Seattle Indian Services Commission will also be located in the new office building. In addition there will be a community meeting room and on site parking for approximately 100 cars.

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EXHIBIT E TO AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Seattle
Office of Management and Budget
300 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104
Attn: JoAnn Cowan, PDA Coordinator

DEED OF TRUST

THIS DEED OF TRUST, (the "Deed of Trust") made as of the day of _____, 1994 by SEATTLE INDIAN SERVICES COMMISSION, a Washington public corporation, herein as Grantor, whose address is 611 - 12th Avenue South, Suite 100, Seattle, Washington 98144 to TRANSAMERICA TITLE INSURANCE COMPANY, as Trustee, whose address is 1200 Sixth Avenue, Suite 100, Park Place Building, Seattle, Washington 98101 for the benefit of THE CITY OF SEATTLE, a municipal corporation organized and existing under the laws of the State of Washington ("Beneficiary"), whose address is c/o Office of Management and Budget, 300 Municipal Building, 600 Fourth Avenue, Seattle, Washington 98104.

Grantor hereby grants, bargains, sells, and conveys to Trustee in trust with power of sale, certain land, buildings, improvements, and fixtures situate in the City of Seattle, King County, Washington, more particularly bounded and described on Exhibit A, together with all easements and appurtenances thereto (the "Real Property").

TOGETHER with the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING: The performance of each agreement of Grantor herein and payment of all indebtedness of Grantor to Beneficiary under that certain Cooperation Agreement between Grantor and Beneficiary of even date herewith, a copy of which is on file with the City Clerk of the City of Seattle, all future advances thereunder, and any renewals, extensions or modifications thereof (the "Cooperation Agreement") in an amount of up to SIX MILLION DOLLARS (\$6,000,000) and the performance of the obligations of the Grantor to the Beneficiary under the Cooperation Agreement. The Cooperation Agreement is executed in connection with the issuance by Grantor of \$6,000,000 in

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aggregate principal amount of its Special Obligation Bonds, Series 1994 (the "Bonds").

A. To protect the security of this Deed of Trust, Grantor agrees:

1. Maintenance of Real Property. To maintain the Real Property in good condition and repair, to complete or restore promptly and in good and workmanlike manner any building which may hereafter be constructed, damaged or destroyed thereon to the extent of any insurance proceeds available therefor, to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said Real Property or requiring any alterations or improvements to be made thereon, and not to commit or permit waste thereof.

2. Property Insurance. To provide, maintain and deliver to Beneficiary property insurance insuring against loss or damage from such causes of loss as are embraced by insurance policy of the type now known as "Builder's Risk" property insurance (written on an "all risk" or "open perils" basis), including, without limitation, fire and extended coverage and collapse of improvements, to agreed limits in an amount not less than the full replacement cost of all improvements located on the Real Property. All policies of insurance shall be issued by companies reasonably acceptable to Beneficiary and shall contain a loss payable clause in favor of Beneficiary and shall provide that the proceeds thereof shall be payable to Beneficiary. Beneficiary shall be furnished with a certificate of such insurance, which policy shall provide that it shall not be modified or canceled without thirty (30) days' written notice to Beneficiary.

3. Assignment of Insurance and Condemnation Proceeds. Should the Real Property or any part or appurtenance thereof or right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, all compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance affecting the Real Property, are hereby assigned to Beneficiary.

4. Use of Insurance and Condemnation Proceeds. Provided there is not an event of default under the Bonds or this Deed of Trust, the proceeds of a loss under any insurance policy, whether or not endorsed or payable to Beneficiary, or any awards made in any condemnation proceeding or deed in lieu thereof, shall be disbursed to Grantor and may be applied by Grantor, at its option, either to extraordinary redemption of the Bonds or to the restoration or replacement of any building on the Real Property, without in any way affecting the lien of this instrument or the

obligation of the Grantor or any other person for payment of the indebtedness secured hereby.

5. Defense of Actions. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust.

6. Payment of Taxes, Assessments and Liens. To pay prior to delinquency all taxes and assessments affecting said Real Property, and to pay when due, all encumbrances, charges and liens, with interest, on said Real Property or any part thereof and all costs, fees and expenses of this Trust; provided, however, such payments need not include the amount of such taxes and assessments which Grantor is in good faith contesting by proper legal proceedings diligently prosecuted.

7. Right to Protect Security. Should Grantor fail to make any payment within thirty (30) days following written notice by Beneficiary to Grantor or should Grantor fail to do any act as herein provided within ninety (90) days following written notice by Beneficiary to Grantor, then Beneficiary without obligation so to do and without releasing Grantor from any obligation hereof, may make or do the same in such manner and to such extent as may be necessary to protect the security hereof.

B. It is mutually agreed that:

1. The Real Property is not used principally for agricultural or farming purposes.

2. In the event that any portion of the Real Property is, or is construed to be, personal property, Grantor as debtor, hereby grants to Beneficiary, as secured party, a present security interest in and personal property lien upon all property referred to herein, or in any way connected with the use and enjoyment of the Real Property and owned by Grantor and any and all replacements, substitutions and proceeds thereof, and this Deed of Trust shall be deemed a security agreement as defined in the Uniform Commercial Code and an agreement to create a personal property lien, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed (i) herein, or (ii) by general law, or (iii) by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election undertaken in accordance with the provisions of the Cooperation Agreement. Grantor and Beneficiary agree that the filing of a financing statement in the

records of the appropriate filing office for personal property shall not be construed as in any way impairing this declaration and the intention of the parties as stated herein, that everything used in connection with the production of income from the Real Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with the Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time; provided, however, that said security interest shall not apply to Grantor's office equipment and furniture in any portion of the Real Property occupied by Grantor.

3. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums secured hereby.

4. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey all or any part of the Real Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in any conveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

6. As additional security, Grantor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Trust, to collect the rents, issues and profits of said Real Property, reserving unto Grantor the right, prior to any failure by Grantor to comply with any of its obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan to collect and retain such rents, issues and profits as they become due and payable. Upon the failure by Grantor to comply with any of its

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obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan, Beneficiary may at any time upon ten (10) days prior written notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Real Property or any part thereof, in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The Beneficiary shall be entitled following ten (10) days prior written notice to the appointment of a receiver of the rents and profits of the Real Property and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to the Beneficiary in this Deed of Trust. The entering upon and taking possession of the Real Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The foregoing assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust as provided in RCW 7.28.230(3).

7. Upon the failure by Grantor to comply with any of its obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan, Beneficiary may, following adoption of an ordinance by the City Council of Beneficiary, declare an event of default under this Deed of Trust. In the event of such default, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause to be sold the herein described property to satisfy the obligation hereof.

Notice of sale having been given as then required by law and not less than the time required by law having elapsed after recordation of such notice of default, Trustee, without demand on Grantor, shall sell said Real Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of said Real Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Real Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof.

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After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof not then repaid, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

8. Grantor understands that the indebtedness secured by this Deed of Trust is personal to Grantor and that Grantor's responsibility and control of the Real Property is a material inducement to Beneficiary to enter into the Cooperation Agreement. If there shall be any change in ownership of the Real Property, such change shall be deemed to increase the risk of Beneficiary, and Beneficiary may, at its sole option: (i) following adoption of an ordinance by the City Council of Beneficiary declare an event of default under the Cooperation Agreement, or (ii) consent to said change. Grantor shall give Beneficiary immediate notice of any such change in ownership of the Real Property. "Change in ownership" as used herein shall mean if all or any part of or any interest in the Real Property shall be sold, transferred, leased (other than space leases without options to purchase) or there is any further encumbrance of the Real Property.

9. Grantor agrees to reimburse Beneficiary for all reasonable costs, expenses and attorneys' fees which Beneficiary incurs in connection with the enforcement of any remedy contained in this Deed of Trust including such costs, expenses and fees as may be incurred on appeal or in any bankruptcy. Said costs, expenses and fees shall be secured by this Deed of Trust.

10. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, successors and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

12. Beneficiary may, from time to time, as provided by statute, appoint another Trustee in place and stead of Trustee herein named, and thereupon, the Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder with the same effect as if originally named Trustee herein.

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13. This Deed of Trust shall also constitute a financing statement filed for record in the real property records as a fixture filing pursuant to the Uniform Commercial Code.

14. Notwithstanding anything to the contrary contained herein, or in the Cooperation Agreement or in the Bonds, but without in any manner releasing, impairing or otherwise affecting the Cooperation Agreement, the Bonds, this Deed of Trust, or the validity hereof or thereof or the lien hereof, in the event of any default under the terms of the Cooperation Agreement, the Bonds or this Deed of Trust, Beneficiary will not hold Grantor personally liable (except for fraud), for repayment of the indebtedness evidenced by the Cooperation Agreement or the Bonds or for any other sums due as a result of any defaults under the Cooperation Agreement, the Bonds, this Deed of Trust, or for the payment of any deficiency established after judicial foreclosure, or after Trustee's sale under this Deed of Trust, except to the extent of Grantor's interest in the property conveyed by this Deed of Trust, and the recourse of Beneficiary for any and all such defaults shall be by judicial foreclosure or by the exercise of the Trustee's power of sale or other remedies set forth in the Deed of Trust. Provided, however, that nothing contained in this paragraph shall be deemed to prejudice the rights of Beneficiary to recover such other amounts secured by the Deed of Trust, or recover any funds, damages or costs (including without limitation reasonable attorneys' fees) incurred by Beneficiary as a result of fraud, as provided above.

15. This Deed of Trust is to be governed by and construed in accordance with the laws of the State of Washington. At the option of the Beneficiary the venue of any action to enforce the provisions hereof shall be laid in King County, Washington.

16. Statutory Notice. Seattle Indian Services Commission is a public corporation organized pursuant to Seattle Municipal Code (SMC) 3.110 and RCW 35.21.660, 35.21.670, and 35.21.730-.755. RCW 35.21.750 provides as follows:

"All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such public corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority."

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Exhibit A

LEGAL DESCRIPTION

A certain tract of land situated in the City of Seattle, King County, Washington and more particularly described as follows:

Lots 1 through 4, inclusive, and Lots 15 through 18, inclusive, Block 6, Syndicate Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of plats, page 44, in King County, Washington.

Subject to right of the City of Seattle, under judgment on verdicts entered in King County Superior Court Cause Number 130263, to damage said premises by changing and establishing street grades, grading and regarding as provided by ordinance no. 38289.

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COOPERATION AGREEMENT

between

THE CITY OF SEATTLE

and

THE SEATTLE INDIAN SERVICES COMMISSION

Dated: _____, 1994

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- A. Description of Site
- B. Pro Forma Budget
- C. Construction Schedule
- D. Description of Public Facility
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**COOPERATION AGREEMENT
BETWEEN
THE CITY OF SEATTLE
AND
THE SEATTLE INDIAN SERVICES COMMISSION**

THIS COOPERATION AGREEMENT is made as of the ____ day of _____, 1994 between **THE CITY OF SEATTLE**, a municipality, and **THE SEATTLE INDIAN SERVICES COMMISSION**, a public corporation chartered by the City, to facilitate financing for the purchase of real property and the construction, management and operation of a public health facility thereon.

A. RECITALS.

These facts and principles form the background of this Agreement:

1. The City, by Ordinance _____, passed _____, 1994 has found that there exists a need for a new public facility as described in Exhibit D hereto (the "Public Facility") at the site described in Exhibit A hereto (the "Site") to serve the poor and infirm as well as the urban Seattle Native American community, and the City has the authority to serve the poor and infirm as well as the Native American community by facilitating the establishment of the Public Facility at the Site.

2. The Commission was chartered pursuant to the Revised Code of Washington (RCW), Chapter 35 (RCW 35.21.730, et seq.) and Seattle Municipal Code (SMC), Chapter 3.110 (Ordinance 103387, as amended) to provide effective, comprehensive, and coordinated planning, services, activities, and programs that will meet the unique needs of the many Native American residents who are scattered throughout the City.

3. The purposes of the Commission and the public interest will be served by the construction of the Public Facility.

4. By Resolution No. _____, adopted _____ (the "Bond Resolution"), the Commission has approved the issuance and sale of its Special Obligation Bonds, Series 1994 in an aggregate principal amount of not-to-exceed \$6,000,000 (the "Bonds") to finance the acquisition of the Site and construction of the Public Facility, and for the management and operation of the Public Facility on the Site and for certain other matters in connection therewith and this Agreement.

5. The Commission has secured an option from Kenneth and Chiao-Hsueh Hong, the owners of the Site, to purchase the Site.

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6. The City Council, in the Ordinance, has authorized the City to unconditionally guarantee the payment of the principal of and interest on the Bonds.

7. The City Council in the Ordinance has authorized the Mayor to execute this Agreement on behalf of the City.

8. The Commission has held a public hearing with respect to the Public Facility and the Bonds and has transmitted a summary thereof to the Mayor of the City.

9. This Agreement is the culmination of negotiations and discussions between the City and the Commission regarding the terms and conditions under which the City will provide its unconditional payment obligation with respect to the Bonds as set forth herein and other duties and functions of each of the parties.

B. DEFINITIONS.

The words hereinafter defined shall throughout this Agreement have the meanings set forth in this Section:

"Agreement" means this agreement between the City and the Commission.

"Arbitrage and Tax Certification" means the certificate executed by the Commission pertaining to the calculation and payment of and Rebate Amount with respect to the Bonds.

"Bond Counsel" means Preston Thorgrimson Shidler Gates & Ellis or any other firm of nationally recognized bond counsel selected by the Commission.

"Bond Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Bond Resolution" means the resolution of the Commission authorizing the issuance and sale of the Bonds.

"Bonds" means the Seattle Indian Services Commission Special Obligation Bonds, Series 1994, to be issued by the Commission pursuant to the Bond Resolution, the Ordinance and this Agreement in an aggregate principal amount of not to exceed \$6,000,000.

"Capital Reserve Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Capital Reserve Amount" means the amount the Commission has budgeted in each Fiscal Year to provide for the replacement of capital facilities at the Project.

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"City" means The City of Seattle, Washington, a city of the first class of the State of Washington.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

"Commission" means the Seattle Indian Services Commission or its successors, created by the City pursuant to RCW Ch. 35.21 and SMC Ch. 3.110, and chartered to transact business and exercise its powers.

"Committee" means the oversight committee established pursuant to the Ordinance and this Agreement.

"Debt Service Account" means the special Account of the Commission established pursuant to this Agreement and the Bond Resolution.

"Debt Service Payment Date" means the dates on which the principal of and interest on the Bonds is due and payable as provided in the Bond Resolution.

"Debt Service Reserve Account" means the special account of the Commission established pursuant to this Agreement and the Bond Resolution.

"Debt Service Reserve Requirement" means one-half the maximum aggregate annual amount of principal of and interest on the Bonds.

"Deed of Trust" means the Deed of Trust to be executed by the Commission in favor of the City upon issuance of the Bonds.

"Depository" means _____, a national banking association.

"Depository Agreement" means the depository agreement with respect to the Bonds between the Depository and the Commission.

"Fiscal Year" means the fiscal year of the Commission.

"Lease" means the lease or leases for the use of the Public Facility between the Commission and its tenants.

"Legislative Authority" means the Mayor and the City Council of the City.

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"OMB" means the Office of Management and Budget of the City, or its functional successors.

"Operation and Maintenance Reserve Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution.

"Operations and Maintenance Expense" means all necessary expenses incurred by the Commission in causing the Public Facility to be operated and maintained in good repair, working order and condition. Operation and Maintenance Expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs and a properly allocated share of charges for insurance and all other expenses incidental to the operation of the Public Facility, including pro rata budget charges of the Commission's administration expense where such charges represent a reasonable distribution and share of actual costs, but shall exclude depreciation, transfer of moneys to any other funds of the Commission, expenses subject to reimbursement by tenants and the payments into the Bond Fund hereinafter provided for.

"Ordinance" means Ordinance _____ of the City, passed _____, authorizing the Mayor of the City to execute this Agreement and authorizing the City's unconditional payment obligation as set forth herein.

"Outstanding" means, with respect to the Bonds, an obligation that has not yet been paid or redeemed or for which payment has not been provided.

"Project" means the work or undertaking by the Commission, including planning, financing, design, purchase, acquisition, development, construction, or equipping of the Public Facility at the Site and all work on undertakings related thereto, pursuant to this Agreement.

"Project Fund" means the special fund of the Commission established pursuant to this Agreement and the Bond Resolution into which a portion of the proceeds from the Bonds to be used for the Project shall be deposited.

"Project Revenues" means all of the Lease and other revenues paid to the Commission resulting from the operation of the Public Facility.

"Public Facility" means the completed Project as described in Exhibit D hereto.

"Rebate Amount" means the amount, if any, determined to be payable with respect to the Bonds by the Commission in accordance with Section 148(f) of the Code.

"Revenue Fund" means the special fund established by the Commission pursuant to this Agreement and the Bond Resolution.

"Site" means the real property, together with all appurtenances, as more fully described in Exhibit A hereto.

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C. OBLIGATIONS OF THE PARTIES.

1. City.

a. Payment Obligations. The City hereby unconditionally obligates itself to make payments to the Depository for deposit into the Bond Fund as provided below in amounts sufficient, together with other funds available therefore, to make scheduled payments of principal of and interest on the Bonds, the aggregate principal amount of which shall not exceed \$6,000,000. The City covenants and agrees, for so long as any Bonds are outstanding and unpaid, that each year it will include in its budget and levy an ad valorem tax, within and as a part of the tax levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation, which together with all other moneys of the City that may legally be used and that the City may apply for such purposes, will be sufficient to satisfy its obligation to make payments with respect to the Bonds as provided herein. The registered owners of the Bonds shall be express beneficiaries of this unconditional payment obligation.

b. Procedure in Event of Insufficient Revenues.

(i) In the event that the amount of funds in the Debt Service Reserve Account falls below the Debt Service Reserve Requirement, the City shall, upon notice provided pursuant to the Depository Agreement and 30 days prior to the next Debt Service Payment Date, cause to be deposited into the Debt Service Reserve Account an amount of money equal to the amount necessary to restore the amount of funds in the Debt Service Reserve Account to the Debt Service Reserve Requirement. Such amounts shall be deposited by the City directly with the Depository in accordance with the Depository Agreement.

(ii) If, for any reason, prior to a Debt Service Payment Date the amount on hand in the Debt Service Account and the Debt Service Reserve Account (and the Sinking Fund Account but only with respect to the principal Term Bonds as defined in the Bond Resolution), after taking into account transfers to be made from the Capital Reserve Fund in accordance with the Bond Resolution, is inadequate to make scheduled payments of principal of and interest on the Bonds on such Debt Service Payment date, the Commission or the Depository shall immediately so notify the City and the Committee, and the City shall pay to the Depository the amount necessary to make up such deficiency no later than the scheduled Debt Service Payment Date. Notification to the City shall be made no later than 30 days prior to the scheduled Debt Service Payment Date.

(iii) Any amounts expended by the City pursuant to this Agreement shall be deemed a loan to the Commission, and the Commission shall be obligated to repay such amounts from Project Revenues in accordance with Section 3.C. hereof and other funds lawfully available to the Commission for such purpose including revenues, monies and assets available to the Commission from sources or activities other than the Project, with interest payable at an

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annual rate equal to the cost of funds to the City at the time of such expenditure or the annualized earnings rate of the City's general fund, whichever is greater.

c. Tax Exemption. The City hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other moneys or obligations of the Commission or the City which may be deemed to be proceeds of such Bonds pursuant to Section 148(a) of the Code which will cause the Bonds to be "arbitrage bonds" within the meaning of said Section and said regulations. The City will comply with the applicable requirements of Section 148(a) of the Code throughout the term of the Bonds. The City covenants that it will not act or fail to act in a manner which will cause the Bonds to be considered obligations not described in Section 103(a) of the Code.

The City will take no actions and will make no use of the proceeds of the Bonds, or any other funds, that would cause the Note or any Bonds to be treated as a "private activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in subsection (a) of said Section 103, other than a "qualified 501(c)(3) bond" within the meaning of Section 145 of the Code, unless the tax exemption thereof is not affected.

d. Non-Impairment. The Commission is relying on this Agreement, and in particular, the unconditional obligations of the City provided for herein, to issue the Bonds and proceed with the Project. The City shall not take any action which impairs the Commission's authority to issue and sell the Bonds pursuant to this Agreement. To the extent legally required to prevent impairment of the City's obligations hereunder, the City shall reserve and designate for purposes of providing for the unconditional obligation of the City specified herein a portion of its general obligation debt capacity permitted to cities without a vote in accordance with Chapter 39.36 RCW, equal to the maximum principal amount of the Bonds and, upon issuance thereof, such reservation may be reduced to equal the outstanding principal amount thereof.

2. Committee.

a. Purpose. The Committee shall be established for the purpose of determining substantial progress of the Project and reporting to the Legislative Authority on the progress of the Project as provided herein.

b. Composition. The Committee will consist of the City Budget Director, the City Council Finance Committee Chair and the Director of the Department of Housing and Human Services, or their respective designees.

c. Obligations. The Committee shall:

(1) Substantial Progress. Upon receipt of staff reports, determine whether the Commission is making substantial progress on the Project, using the Project budget attached hereto as Exhibit B and the construction schedule attached hereto as Exhibit C, as the

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standard against which to measure progress, and whether the Project is being constructed in substantial accordance with the plans and specifications for the Project.

(2) Recommendations-Substantial Progress. Upon request of the Director of OMB, recommend appropriate action to the Legislative Authority and Commission if the Committee finds that substantial progress on the Project, as described under Section C.2.c(1) above, is not being made or if the Project is not being constructed in accordance with the plans and specifications for the Project. In the event that the Committee finds that substantial progress in the Project is not being made or that the Project is not being constructed in accordance with the plans and specifications for the Project, the Committee may recommend any of the remedies provided in this Agreement or any other actions as may be appropriate to further the purposes of this Agreement.

(3) Recommendations-Other. Upon request of the Director of OMB, recommend to the Commission and the Legislative Authority, as necessary, any adjustments to the Project or amendments to this Agreement that would improve the Project, further its purposes or objectives, or reduce any difficulties encountered.

(4) Reviews. Review or cause to be reviewed monthly reports from the Commission, and any additional information the Committee might reasonably request on the cost, design, and progress of the Project.

(5) Access. Have access, at reasonable times and subject to reasonable conditions and subject to reasonable notice to all Project records, files, personnel and the Site.

d. Dissolution. The Committee shall be dissolved and shall have no further authority or responsibility without any action on the part of the City or the Committee immediately following filing of the Certificate of Completion of the Project with the Depository pursuant to the Depository Agreement.

e. Staffing. OMB shall be responsible for staffing the Committee. All notices and reports to the Committee shall be sent to the attention of OMB.

3. Commission.

a. Issue Bonds. The Commission shall issue its Bonds in accordance with the Bond Resolution and this Agreement. The Commission shall only issue Bonds in an amount not-to-exceed the amount necessary to finance the Project in accordance with Exhibit B hereof, including amounts to fund the Debt Service Reserve Account to equal the Debt Service Reserve Requirement and provide for a construction contingency, but in no event in an amount exceeding \$6,000,000. Prior to the issuance of the Bonds the City's Debt Management Policy Advisory Committee shall have a reasonable opportunity to review the dates, terms, conditions, interest rates and other features of said financing and the Commission shall have the obligation to make any changes in the terms and conditions reasonably requested by the City.

b. Tax-Exemption. The Commission hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other moneys or obligations of the Commission or the City which may be deemed to be proceeds of such Note or Bonds pursuant to Section 148(a) of the Code which will cause the Bonds or the Note to be "arbitrage bonds" within the meaning of said Section and said regulations. The Commission will comply with the applicable requirements of Section 148(a) of the Code throughout the term of the Bonds. The Commission covenants that it will not act or fail to act in a manner which will cause the Bonds to be considered obligations not described in Section 103(a) of the Code.

The Commission will take no actions and will make no use of the proceeds of the Bonds, or any other funds, that would cause the Bonds to be treated as a "private activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in subsection (a) of said Section 103, other than a "qualified 501(c)(3) bond" (as defined in Section 145 of the Code) unless the tax exemption thereof is not adversely affected.

c. Revenue Fund and Application of Project Revenues. The Commission shall authorize and establish a special fund of the Commission known as the "Series 1994 Revenue Fund" (the "Revenue Fund"). For so long as the Bonds are Outstanding, Project Revenues shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the Commission.

For so long as the Bonds are outstanding, the moneys in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Rebate Amount;

Second, to pay Operation and Maintenance Expenses;

Third, to make all payments required to be made into the Debt Service Account to pay the interest on the Bonds for which moneys shall not have been provided by income from the investment of moneys in the Bond Fund;

Fourth, to make all payments required to be made into the Bond Fund to pay the principal of the Bonds for which moneys shall not have been provided by income from the investment of moneys in the Bond Fund;

Fifth, to make all payments required to be made into the Debt Service Reserve Account for which moneys shall not have been provided by income from the investment of moneys in the Bond Fund;

Sixth, to make all payments required to be made to reimburse the City, including interest thereon, for payments of the principal of and interest on the Bonds made under

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the City's payment obligation set forth in Section C.1.a. of this Agreement and for payments made to replenish the Debt Service Reserve Account under Section C.1.d. of this Agreement;

Seventh, to make all payments required to be made into the Capital Reserve Fund for which moneys shall not have been provided by income from the investment of moneys in the Capital Reserve Fund;

Eighth, to make all payments required to be made into the Operations and Maintenance Reserve Account for which moneys shall not have been provided by income from the investment of moneys in the Operation and Maintenance Reserve Fund; and

Ninth, to retire by redemption or purchase in the open market any Outstanding Bonds or to make necessary additions, betterments, improvements, extraordinary repairs, extensions and replacements of the Public Facilities, or for any other lawful Commission purposes.

d. Bond Fund, Capital Reserve Fund, Operation and Maintenance Reserve Fund.

(1) Bond Fund; Debt Service Account; and Debt Service Reserve Account. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Special Obligation Bond Fund" (the "Bond Fund"). Within the Bond Fund the Commission shall authorize and establish the following accounts: the "Debt Service Account" (the "Debt Service Account") and the "Debt Service Reserve Account" (the "Debt Service Reserve Account").

i. Debt Service Account. Upon the issuance of the Bonds and for so long as the Bonds remain Outstanding, in each Fiscal Year, the Commission shall deposit into the Debt Service Account on or before the first business day of each month, Project Revenues to the extent necessary, together with investment earnings on funds contained therein and together with investment earnings on funds in the Debt Service Reserve Account to be deposited in the Debt Service Account, to pay an appropriate proportion of the principal of and interest on the Bonds due and payable on the next Debt Service Payment Date. For example, if the interest on the Bonds is payable semi-annually and the principal is payable annually, the Commission shall deposit into the Debt Service Account Project Revenues to the extent necessary to pay one-sixth (1/6) of the interest on and one-twelfth (1/12) of the principal of the Bonds due and payable on the next Debt Service Payment Date. The Commission shall also deposit into such Account, Project Revenues to the extent necessary to make up any deficiency in such Account resulting from the failure to pay all or any portion of a prior monthly payment since the last Debt Service Payment Date. If Project Revenues are insufficient to make up any such deficiency, the Commission shall make up such deficiency from any and all other revenues, monies and assets legally available to the Commission from sources or activities other than the Project, before withdrawing funds from the Debt Service Reserve Account. The Commission shall draw upon funds in the Debt Service Account to make payments of the principal of, premium, if any, and

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interest on the Bonds, and the Commission shall not draw upon funds in the Debt Service Account for any other purpose until the principal of and interest on the Bonds is paid in full.

ii. Debt Service Reserve Account. Upon the issuance of the Bonds, the Commission shall deposit proceeds of the Bonds into the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement. In addition, upon completion of the Project, excess amounts, if any, in the Project Fund in an amount necessary to cause the balance in the Debt Service Reserve Account to equal twice the Debt Service Reserve Requirement shall be deposited in the Debt Service Reserve Account.

For so long as the Bonds remain Outstanding, the Commission agrees with the owners of the Bonds to deposit into the Debt Service Reserve Account, on or before the first business day of each month, Project Revenues in an amount sufficient, together with other funds in such Account, to maintain the Debt Service Reserve Account equal to the Debt Service Reserve Requirement. Following completion of the Project and for so long as the Bonds remain Outstanding, the Commission agrees with the City to deposit into the Debt Service Reserve Account, on or before the first business day of each month, Project Revenues in an amount sufficient, together with other funds in such Account, to maintain the Debt Service Reserve Account at an amount equal to twice the Debt Service Reserve Requirement; provided that upon the fifth anniversary of the issuance of the Bonds OMB, in consultation with the Commission, shall review the need for maintaining amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement.

In the event that funds in the Debt Service Account are insufficient to make any payment of the principal of or interest on the Bonds then due and payable, the Commission shall withdraw funds from the Debt Service Reserve Account to make such payment. The Commission shall not draw upon funds in the Debt Service Reserve Account for any other purpose until the principal of and interest on the Bonds is paid in full without the consent of the City, except that amounts in the Debt Service Reserve Account may also be used to pay the Rebate Amount.

(2) Capital Reserve Fund. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Capital Reserve Fund" (the "Capital Reserve Fund"). For so long as the Bonds remain Outstanding and upon completion of the Project, in each Fiscal Year the Commission shall deposit into the Capital Reserve Account on or before the first business day of each month, Project Revenues to the extent necessary taking into account amounts in the Capital Reserve Fund, to pay one-twelfth (1/12) of the Capital Reserve Amount budgeted by the Commission for that Fiscal Year. The Commission shall be authorized to withdraw funds from the Capital Reserve Account to pay appropriate capital costs associated with the Public Facility after such Facility has been completed, to pay the Rebate Amount and to make debt service payments on the Bonds.

(3) Operations and Maintenance Reserve Fund. The Commission shall authorize and establish a special fund of the Commission entitled the "1994 Operation and Maintenance Reserve Fund" (the "Operation and Maintenance Reserve Fund"). Upon completion

of the Project, excess amounts in the Project Fund (following funding of the Debt Service Reserve Account) in an amount not exceeding \$100,000 shall be deposited in the Operations and Maintenance Reserve Fund which amounts (and any investment earnings thereon) may only be expended for items properly charged to a capital account. For so long as the Bonds remain Outstanding, in each Fiscal Year the Commission shall deposit into the Operation and Maintenance Reserve Account on the first business day of each month, Project Revenues to the extent necessary taking into account amounts in the Operations and Maintenance Reserve Account, to maintain funds in the Operations and Maintenance Reserve Account in an amount equal to the amount of Operation and Maintenance Expenses budgeted by the Commission in the then current Fiscal Year less the amount of Operation and Maintenance Expenses theretofore expended in such Fiscal Year. The Commission shall draw on the Operations and Maintenance Reserve Fund to pay Operation and Maintenance Expenses as the same become due and payable, to pay the Rebate Amount and to make debt service payments on the Bonds.

(4) Investments and Earnings. The Commission may invest funds in the Revenue Fund, the Bond Fund, the Capital Reserve Fund, and the Operations and Maintenance Reserve Fund and accounts therein in such investments as it is legally authorized to make, provided no such investment adversely affects the exemption from federal income taxation under the Code of the interest on the Bonds. The investment earnings on funds in the Debt Service Reserve Account shall be deposited into the Debt Service Account except to the extent such earnings result from a rate of return in excess of the yield on the Bonds. Investment earnings on moneys in all other funds and accounts shall accrue to such funds and accounts.

e. Reimbursement-Debt Service Reserve Account. If the Commission draws upon the Debt Service Reserve Account, it shall have fifteen days to fully reimburse the Debt Service Reserve Account to the amount required under Section 3.d.(1)(ii). In the event the Debt Service Reserve Account is not so reimbursed within said fifteen days, the Commission shall propose, and the City may at any time unilaterally impose upon the Commission, a corrective action plan that may include any or all of the following conditions:

- (1) Requiring the immediate eviction of tenants who are in default on lease payments;
- (2) Leasing all or portions of the Public Facility to tenants who demonstrate an ability to pay rents sufficient for the Commission to meet its obligations on the Bonds without jeopardizing the tax-exempt status of the Bonds;
- (3) Leasing portions of the Public Facility to the City for its programs or activities;
- (4) Collecting unpaid rents from tenants;
- (5) Requiring the Commission to raise/contribute additional funds from other sources to replenish the Debt Service Reserve Account; and

(6) Imposing reasonable time limits for the performance of the above conditions.

Additional and/or different conditions may be added by the mutual agreement of the City and the Commission. The Commission shall use its best efforts to propose a corrective action plan within forty-five (45) days from the date the Commission draws upon the Debt Service Reserve Account. The City and the Commission agree to meet and confer and exert their best efforts to approve a corrective action plan that reimburses the Debt Service Reserve Account and minimizes the need for future draws upon said Account, while maintaining, to the extent consistent with sound financial judgment, the autonomy of the Commission. In no case, however, shall the City's unconditional guarantee or its obligation to reimburse the Debt Service Reserve Account be waived and no corrective action may in any manner whatsoever adversely affect the exemption from federal income taxation of interest on the Note or the Bonds.

If the Commission fails to comply with any of its obligations under this Agreement or in any respect to comply with a corrective action plan, the City shall be entitled to any or all of the remedies set forth in Section D, entitled Remedies.

f. Project Fund. The Commission shall establish a Project Fund and all Bond Proceeds, with the exception of accrued interest which shall be deposited at Closing in the Debt Service Account and the amount to be deposited at closing in the Debt Service Reserve Account, shall be deposited in the Project Fund.

The Bond proceeds deposited in the Project Fund and any interest earned from the lawful investment of such proceeds shall be used solely to pay the cost and expense of the Project, to pay the cost of issuance and sale of the Bond, and to pay the Rebate Amount, if any, to the extent that the Rebate Amount is attributable to earnings on moneys in the Project Fund. In the event that at such time as the Project is completed, funds remain in the Project Fund, such funds shall be applied to the payment of the principal of the Bonds or to the redemption of the Bonds, upon approval of the City, except as provided in Sections 3.d.(1)(ii) and 3.d.(3).

Any disbursements from the Project Fund shall be made only with the prior approval of the City. The Commission shall submit its disbursement schedules for the Project Fund to the City for advance approval. The City shall approve such disbursement schedules based upon the City's satisfaction that there is substantial progress being made on the Project, using the Project budget attached hereto as Exhibit B and the construction schedule attached hereto as Exhibit C, as the standard against which to measure progress, and that the Project is being constructed in substantial accordance with the plans and specifications for the Project. The City's approval of disbursement schedules shall not be unreasonably withheld. The Commission may disburse amounts from the Project Fund in accordance with approved disbursement schedules.

(1) Rebate of Arbitrage Earnings. The Commission covenants and agrees to calculate the Rebate Amount, to pay the Rebate Amount to the United States of

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America in the manner and at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption for interest on the Bonds, in accordance with the Arbitrage and Tax Certification.

(2) Substantial Delay. The Commission shall immediately notify the Committee in the event that it is likely that there will be a substantial delay in the completion of the Project or an increase in the budget cost of the Project.

(3) Corrective Action Plan. In the event the City determines that there is a substantial delay in the progress of the Project, an increase in the budgeted costs of the Project, or the Project is not being constructed in substantial accordance with the plans and specifications for the Project, the City may unilaterally impose a corrective action plan upon the Commission that may include any or all of the following conditions:

- (i) Scaling back the scope of the Project during construction;
- (ii) Raising moneys to ensure that the Project revenues meet expected costs;
- (iii) Finding new tenants for the facility;
- (iv) Raising the amount of rents to ensure that the debt service is paid;
- (v) Replacing tenants with City programs or activities; or
- (vi) Requiring construction of the Project to follow the plans and specifications.

Additional and/or different conditions may be added by the agreement of the City and the Commission. The City and the Commission agree to meet and confer and to exert their best efforts to approve a corrective action plan that brings the Project back on schedule, back within budget, back to being constructed in accordance with the Project plans and specifications, and/or substantially decreases the risk of the City's payment obligation being called, while maintaining, to the extent consistent with sound financial judgment, the autonomy of the Commission. In no case, however, shall the City's payment obligation or its obligation to reimburse the Debt Service Reserve Account be waived and no corrective action may in any manner whatsoever adversely affect the exemption from federal income taxation of interest on the Bonds.

g. Proceeding with Project. The Commission shall proceed with diligence to purchase the Site and causes to be constructed on the Site a Public Facility of not more than 30,000 square feet in accordance with the Project description as set forth in Exhibit D hereto, and as substantially described and for the purposes and benefits provided herein and in the Ordinance, and provide for the management and operation of the Public Facility.

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h. Construction Contract. The Commission shall contract for the construction of the Project, and shall ensure that the contractor is selected pursuant to a competitive process which satisfies Washington State Law for solicitation of proposals or bids by contractors who, in the determination of the Commission, are qualified to undertake development or construction of a public facility.

i. Inspection and Bond. The Commission shall, before construction of the Project begins, contract with an inspector acceptable to the City who shall issue a certification on a weekly basis during the construction of the Project and also upon completion of the Project that the Project was constructed in substantial accordance with the construction schedule and plans and specifications for the Project. The City shall be an express third-party beneficiary of the contract. The acts or omissions of the Project architect or inspector shall not waive or impair the rights of the City under this Agreement. In addition, the Commission shall obtain a bond from a surety company authorized to do business in the State of Washington which for a period of one year after substantial completion of the Public Facility provides for payment for the remedy of defects in the improvements of the Public Facility which are due to faulty materials or workmanship and for damage to other work resulting from such faulty material or workmanship.

j. Changes. The Commission shall have sole discretion, consistent with the Ordinance and this Agreement, to make changes with respect to unit costs, design elements, selection of contractor, change orders, and all other matters relating to the Project, without approval of the City, provided that such changes are consistent with the Description of the Public Facility set forth in Exhibit D and within the Pro Forma Budget set forth in Exhibit B.

k. Ownership. The Commission shall be the owner of all property, including the Site and the Public Facility, paid for or financed from the Project Fund.

l. Compliance. With respect to work and services funded from the Project Fund, the Commission shall be bound by and comply with the requirements of the City's WME/MBE Ordinance, SMC Ch. 20.46 and include in contracts with others for work and for services for the Project, the anti-discrimination/equality of opportunity provision provided in SMC § 20.44.030 as existing or hereafter amended.

m. Barrier-Free Access. The Public Facility shall comply with applicable requirements for barrier-free access for the disabled.

n. Monthly Reports. Until the Project is completed, the Commission shall file with OMB a monthly written report in a form reasonably acceptable to OMB as to the progress of the Project, including:

(1) Certification that the Commission is making substantial progress in the Project, indicating the extent to which the Project is in compliance with the

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Exhibits B and C hereto; and that the Project is being constructed in substantial accordance with plans and specifications for the Project;

(2) A description of significant events, including change orders, during the preceding month and planned activities for the next month;

(3) An estimate of the disbursements which will be requested from the Project Fund for the next month; and

(4) A financial statement certified by the Commission, describing funds disbursed from the Project Fund and liabilities outstanding, if any.

o. Recommendations. The Commission shall recommend to the City from time to time such adjustments in the Project or amendments to this Agreement, as would improve the Project, further its purpose and objectives, or obviate or reduce difficulties encountered.

p. Staffing. The Commission shall retain such personnel, and procure such services appropriate to carry out the Project with reasonable efficiency.

q. Accounting. The Commission shall establish accounting procedures and systems and maintain its accounting books and records in a manner satisfactory to the Auditor of the State of Washington and the City Finance Director and shall allow them access thereto for audit purposes.

Promptly upon the City's request for information (whether oral or written), the Commission shall provide the City with all financial information concerning the Project Facility and all funds and accounts established pursuant to this Agreement.

r. Management. The Commission shall be responsible for managing the Public Facility and Site, including:

(1) Developing a lease structure which is adequate to meet the payments required by the Bonds;

(2) Ensuring adequate management staff, subject to City approval, and providing to the City quarterly reports on the financial and operating aspects of the Public Facility;

(3) Maintaining the Site as a Public Facility and paying all maintenance and utility costs;

(4) Operating the Project as a public facility, including making the Project available for reasonable public use; and

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(5) Submitting to the City by September 1st of each year of the term of this Agreement following completion of the Project, a facility operating budget for the Public Facility for review and approval or disapproval by the City. If disapproved, the City and the Commission shall cooperate in the development of a budget acceptable to the City.

The Commission may enter into a management contract for the Public Facility if, in the opinion of Bond Counsel, such contract will not adversely affect the exemption from federal income tax of the interest on the Bonds.

s. **Leasing.** The Commission may lease the Public Facility or portions thereof and if it does so shall enter into written Leases. Before the Commission issues the Bonds, the Commission shall enter into a written lease with the Seattle Indian Health Board, subject to review and approval by the City, which lease shall provide for a lease term which is not less than the term of the Bonds and provide for rents payable at such times and in such amounts as will be sufficient for the timely payment of debt service on the Bonds. The form of any and all Leases shall include:

(1) Obligation of the tenants for payment of their proportionate share of the Public Facility's maintenance and utilities costs;

(2) Restrictions on use of the Public Facility for 501(c)(3) purposes, as defined in the Code and its amendments, or for governmental purposes, as necessary, and providing for the immediate termination of the Lease and immediate removal of the tenant from the Public Facility should the tenant lose its status as an entity that fits within the definitions of 501(c)(3) of the Code;

(3) Obligation of the tenants to quit and surrender possession of the portion of the Public Facility leased in a timely manner should utility or maintenance costs, or other Lease payments go unpaid;

(4) Requirement that tenants, as necessary, charge fees that are reasonable, and provide a sliding fee scale to ensure that indigent persons being served by Tenants leasing the Public Facility or portions thereof will be served at the Public Facility;

(5) In the event of termination of any Lease, the Commission shall:

i. Immediately notify the City of the termination of the Lease;

ii. Act to remove tenants whose Lease has been terminated;

and

iii. Lease the vacant space of the Public Facility in a timely manner to ensure payments required by the Bonds;

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(6) Any Lease for the Project shall specifically reference this Agreement, and require that the lessee meet the purposes pursuant to this Agreement.

t. PDA Report. The Commission shall include in its annual PDA report to the City on the 31st of March each year, a report on the planned and actual operations, including the Capital Reserve Fund, of the Public Facility, including all receipts and payments related to the Public Facility, by budget category, and a three-year financial projection for costs and receipts for the Public Facility.

u. Sale. Any property constituting a part of the Site or Public Facility developed, constructed, or acquired with moneys from the Project Fund may not be sold or otherwise encumbered or disposed of by the Commission without the express written permission of the City.

v. Deed of Trust. Upon the issuance of the Bonds, the Commission shall execute a Deed of Trust in favor of the City in substantial conformance with Exhibit E hereto, and immediately deliver the Deed of Trust to the City.

w. Refinance. From and after the first date upon which the Bonds may be redeemed at par, the City may request the Commission to redeem the Bonds if the City reasonably determines that in order to provide funds with which to redeem the Bonds, the Commission is (i) able to issue and sell refunding bonds or to obtain other refinancing, in either case without the unconditional guarantee of the City, bearing an effective net interest rate no more than 150 basis points greater than the effective net interest rate on the Bonds, and (ii) is financially able to pay the debt service on such refunding bonds or other refinancing. If the City makes such request, the Commission shall use its best efforts to obtain a contract for the purchase of such bonds or obtain other refinancing, in either case without the unconditional guarantee of the City, bearing an effective net interest rate not more than 150 basis points greater than the effective net interest rate on the Bonds. If the Commission is able to obtain such a bond purchase contract, the Commission shall issue and sell such refunding bonds, shall call the Bonds for redemption and shall pay and redeem the Bonds.

D. REMEDIES.

The Commission shall have all remedies provided at law or in equity, including the remedy of being able to specifically enforce the terms and provisions of this Agreement.

If the Commission shall fail to comply with any of its obligations under this Agreement or in any respect to comply with a corrective action plan, the City shall be entitled but not obligated to any or all of the following remedies:

- a. Take over in whole or in part the management of the Project;

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b. Require the Commission to relinquish all interest in the Site and the Project, but only with the approval of the City Council;

c. Find new tenants, which tenants shall meet the conditions set forth in Sections 3.r and 3.s of this Agreement;

d. Assume ownership of the Project along with all Commission obligations related to the Project, but only with the approval of the City Council;

e. Foreclosure on the Deed of Trust, but only with approval of the City Council; and

f. Any other remedy provided at law or in equity.

E. TERM AND MISCELLANEOUS.

1. Term. This Agreement shall be binding on the parties until the Note and the Bonds are paid.

2. Assignment. No party shall assign any of its rights or delegate any of its duties under this Agreement without the express written approval of the other party, except as otherwise provided herein.

3. Obligation to Third Parties. The owners of the Bonds shall be the express beneficiary of the Commission's, and the City's obligations under this Agreement to the extent the performance of such obligation is necessary to pay and redeem the Bonds in accordance with its terms and as is necessary to maintain the exemption from federal income taxation of the interest on the Bonds. Neither the City nor the Commission shall be obligated or liable hereunder to any party other than as provided in this Agreement.

4. Indemnification. To the extent permitted by applicable law, each party shall hold the other party harmless from all suits, claims, or liability arising from the acts or omissions of the indemnifying party, its agents or employees, and from all claims for unpaid wages, remuneration for services, liens, and remittances for supplies arising from the Project; and in the event any such suit is filed against the indemnified party, the indemnifying party shall appear and defend the same, and if judgment be rendered or settlement be made against the indemnified party, to pay the same, which payment, along with all costs and expenses of such defense, shall be a capital cost payable from the proceeds of any financing authorized herein. The Commission specifically waives its immunity under RCW Title 51 for any claim the City may assert against the Commission with respect to any claims brought by the Commission's employees against the City.

5. Insurance. Subject to review and approval by the City, the Commission shall procure and maintain at all times a policy of public liability insurance naming the City as an insured, protecting and holding the City harmless from any and all damages which may arise or are alleged to arise in connection with the services to be provided hereunder, whether or not such

damages are alleged to arise or result from acts or omissions which are the sole negligence of the City, its officers, agents and/or employees or the combined negligence of the City and others, in at least the principal amount of a combined single limit of \$5 million each occurrence, personal injury and/or property damage. The Commission will insure the Project and when completed the Public Facility against loss or theft in the amount of replacement costs of the Project or Public Facility, whichever is applicable, and any tenant improvements therein and shall, include the City as an insured thereunder. The City shall be entitled to review and approve such insurance policy. The terms of any insurance policy required under this section shall provide that the insurer shall notify the City at least thirty (30) days before any reduction or cancellation of insurance. No such insurance shall be reduced or canceled without the City's prior written agreement.

6. Entire Agreement. This Agreement, together with the Depository Agreement, contains the entire agreement and understanding of the City and Commission with respect to the subject matter hereof, and supersedes all prior or contemporaneous oral or written understanding, agreements, promises, or other undertakings between the parties, except as provided in the Charter of the Commission and SMC Chapter 3.110.

7. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The venue of any suit or arbitration arising under this Agreement shall be in King County, Washington, and if a suit, in King County Superior Court.

8. Captions. The section and paragraph captions used in this Agreement are for convenience only and shall not control and affect the meaning or construction of any of the provisions of this Agreement.

9. Amendment or Waiver. This Agreement may not be modified nor amended except in writing. No course of dealing between the parties nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any party.

10. Notices. Any notice, demand, document, or other communication which is required by this Agreement to be given shall be in writing and shall be deemed to have been given when delivered if delivered in person to the person to whom such is addressed, or three days after mailing if sent by registered or certified mail, return receipt requested and first-class mail prepaid, if addressed as follows:

a. If to the City:

Attn: Ms. JoAnn Cowan, PDA Coordinator
City of Seattle
Office of Management and Budget
300 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

b. If to the Commission:

Attn: Mr. Mike Marshall
Seattle Indian Services Commission
611 12th Avenue South, Suite 100
Seattle, Washington 98144

Such names and addresses may be changed by written notice to all other parties, pursuant to this provision.

11. **Force Majeure.** Other than the Commission's obligation to issue the Note, the Bonds, to pay the principal of and interest on the Bonds, and to apply and to deposit Gross Revenues into the Revenue Fund, the Bond Fund and accounts therein, the Capital Reserve Fund, and the Operation and Maintenance Reserve Fund, and the City's unconditional guarantee of the Bonds pursuant to this Agreement, if any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, that party shall give to the other parties prompt notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement, contrary to the wishes of the party involved, of strikes, lockouts, or other labor difficulty and any such difficulty shall be handled entirely within the discretion of the party concerned.

The term "force majeure" as here employed shall mean any act of god, strike, lockout, or other labor relations disturbance, act of the public enemy, war, blockade, public riot, fire, flood, explosion, failure to timely receive necessary governmental approvals, governmental restraint, and any other cause, whether of the kind specifically numerated above or otherwise, which is not reasonably within the control of the party claiming suspension. "Force Majeure" shall not mean the failure of the general contractor or any subcontractor to perform under construction contracts for the Public Facility as set forth in Section C.3.h. hereof.

12. **City Approval.** With the exception of City decisions made pursuant to Sections D.b, D.d and D.e., all decisions of the City hereunder shall be deemed to be made by action of the Director of OMB.

13. **Approval Pursuant to the Code.** Execution of this Agreement by the Mayor of the City shall be deemed to be approval of the Project and the Bonds pursuant to Section 147(f) of the Code.

14. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision

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of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without affecting or invalidating the remainder of this Agreement.

15. Counterparts of this Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument. All such counterparts together will constitute one and the same Agreement.

IN WITNESS WHEREOF, the City and the Commission have executed this Agreement this _____ day of _____, 1994.

SEATTLE INDIAN SERVICES COMMISSION

By _____
Mike Marshall
Executive Director

THE CITY OF SEATTLE

By _____
Norman B. Rice
Mayor

ATTEST:

By _____

Pursuant to the authority of Ordinance _____.

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**EXHIBIT A
TO
AGREEMENT**

Legal Description of Site

A certain tract of land situated in the City of Seattle, King County, Washington and more particularly described as follows:

Lots 1 through 4, inclusive, and Lots 15 through 18, inclusive, Block 6, Syndicate Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of plats, page 44 in King County, Washington.

Subject to right of the City of Seattle, under judgment on verdicts entered in King County Superior Court Cause Number 130263, to damage said premises by changing and establishing street grades, grading and regarding as provided by Ordinance No. 32829.

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EXHIBIT B

**Seattle Indian Services Commission
Seattle Indian Health Board Expansion
Construction/Development Budget
14-Jan-94**

Construction Costs per square foot	\$80
Total square feet	30,000
Construction Costs	\$2,400,000
Construction Contingency	\$72,000
Architectural & Engineering	\$216,000
Design Contingency	\$6,480
Surveys, Soils Tests, & Environmental Assessme	\$60,000
Testing Contingency	\$11,500
Legal	\$54,000
Land Acquisition per square foot	\$45
Real Estate Fees and Commissions	\$108,000
Square feet of land purchased	48,000
Land Cost	\$2,268,000
Total Development Cost	\$5,087,980
Development Contingency of 4%	\$203,519
Total	\$5,291,499
Project Cost	\$5,291,499
Cost of Bond Issuance	\$300,000
Reserve	\$408,284
Total Issue	\$5,999,783

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City of Seattle

Executive Department—Office of Management and Budget

Diana Gale, Director
Norman B. Rice, Mayor



MEMORANDUM

Date: December 7, 1993

To: The Honorable Tom Weeks, Chairman
Finance Committee

From: Judy Bunnell, Assistant Budget Director
Office of Management and Budget

Anthony Francisco, Director of Treasury Services
Department of Finance *A. Francisco*

Subject: Seattle Indian Health Commission Proposed Expansion of the Leschi Center Health Care Facility

I. Issue Summary

The Seattle Indian Services Commission Public Development Authority has requested that the City guarantee a bond issuance by the PDA of approximately \$5.7 million to finance the purchase of land and the construction of a new 30,000 square foot building to provide expansion space for the Seattle Indian Health Board medical clinic. This medical clinic is now located in the Leschi Center, built in 1987 with \$4 million in PDA issued, City guaranteed bond debt.

The Seattle Indian Health Board is at capacity with the number of clients it is able to serve and has the opportunity to add a number of programs which would enable them to provide more comprehensive services to the City of Seattle American Indian Community.

II. Executive Recommendation

The Executive recommends that, subject to the Seattle Indian Health Board approval of a resolution agreeing to lease the new facility from the Seattle Indian Service Commission PDA at a minimum rent amount of \$474,996 per year for the term of the bond repayment, the City Council approve legislation authorizing the City to guarantee a PDA bond issuance not to exceed \$5,700,000 to be used exclusively for this purpose.

III. Time Frame

The PDA has an agreement to purchase land adjoining the Leschi Center. This purchase agreement originally expired on December 1, 1993. The owners have agreed to extend the

agreement through March 1, 1993 to allow the PDA to arrange financing. Given the current low bond rates, a bond issuance should be completed as soon as possible.

IV. Background

The Leschi Center was constructed with \$4 million in City guaranteed Seattle Indian Services Commission issued bond financing in 1987. The bonds were refunded in early 1991. The refunding was at \$4.7 million and was again guaranteed by the City's limited tax general obligation debt. The City carries this obligation in its financial statements and considers it a portion of City LTGO debt capacity limited by law. This would also be the case if the additional \$5.7 million in bonds were authorized.

The bond payment revenue is provided by the rent paid by the Indian Service agencies based in the building. The largest of these is the Seattle Indian Health Board, the largest urban Indian health care center in the country. Bond payments have always been prompt and there is no indication of any problem. The health clinic use was a major consideration in the original City decision to provide the Commission with financial backing.

V. Alternative Financing

The Indian Health Board has reviewed alternative methods to provide capacity for these programs. They have investigated possible expansion of the current facility and have looked into leasing space from private building owners in the area. In all cases they determined that the expense required by installation of tenant improvements as well as the need for proximity to the clinic staff supported the new building alternative.

While they have had discussions with private lenders, neither the PDA nor the Indian Health board have pursued private financing. They have concluded that the issuance would qualify as tax exempt, and that this would be required to keep the space rent to an affordable level.

VI. PDA Financing Plan

The proposed financing plan assumes:

Project Cost	\$5,193,300
Issuance Costs	\$ 283,898
Reserve	\$ 200,763
Total Issue	\$5,677,960

Interest Rate	5.75%
Term	30 yr

Annual Debt Service	\$ 401,524
---------------------	------------

Annual Income:

Health Board Rent	\$ 474,996
Parking Income	\$ 6,000
Community Space	\$ 6,000

Total Income	\$ 486,996
--------------	------------

Ratio of Debt Service to Income	1.21
---------------------------------	------

VII. Financial Impact of City guarantee of the bonds

\$5.7 million of non voter approved bonding capacity could be used by this project.

The bond payments could be an obligation of the City should the revenue and the PDA assets be inadequate. The Health Clinic Services are primarily funded with federal grants targeted to serve this population. These funding sources are renewed on an annual or biannual basis. Should federal funding priorities no longer prioritize American Indian Health programs, the Health Board could be unable to pay the rent. However, these services are currently both a Federal priority for funding and a City priority as well.

VIII. Impacts of a City decision not to support the proposal:

The available Federal funding and as a result, the services, will be lost to City residents. No other agency provides them to this target population. The proposed services include a family practice residency program developed in conjunction with the University School of Medicine and the Providence Medical Center family residency. Other family practice programs are planned as well. The agency also anticipates new revenues resulting from their increased participation in Medicaid and other forms of managed care.

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Honorable Tom Weeks
December 7, 1993
Page 4

IX. Next Steps:

Should the City Council decide to support this proposal, approval of the legislation now before the Council would be required as soon as possible, especially given the Council's limited schedule. In addition, the proposal is scheduled for review by DMPAC at its next meeting on 12/8.

In the event the City is unable to support this request for assistance, it is important to respond to the Seattle Indian Commission promptly so that they can consider our decision in their planning.

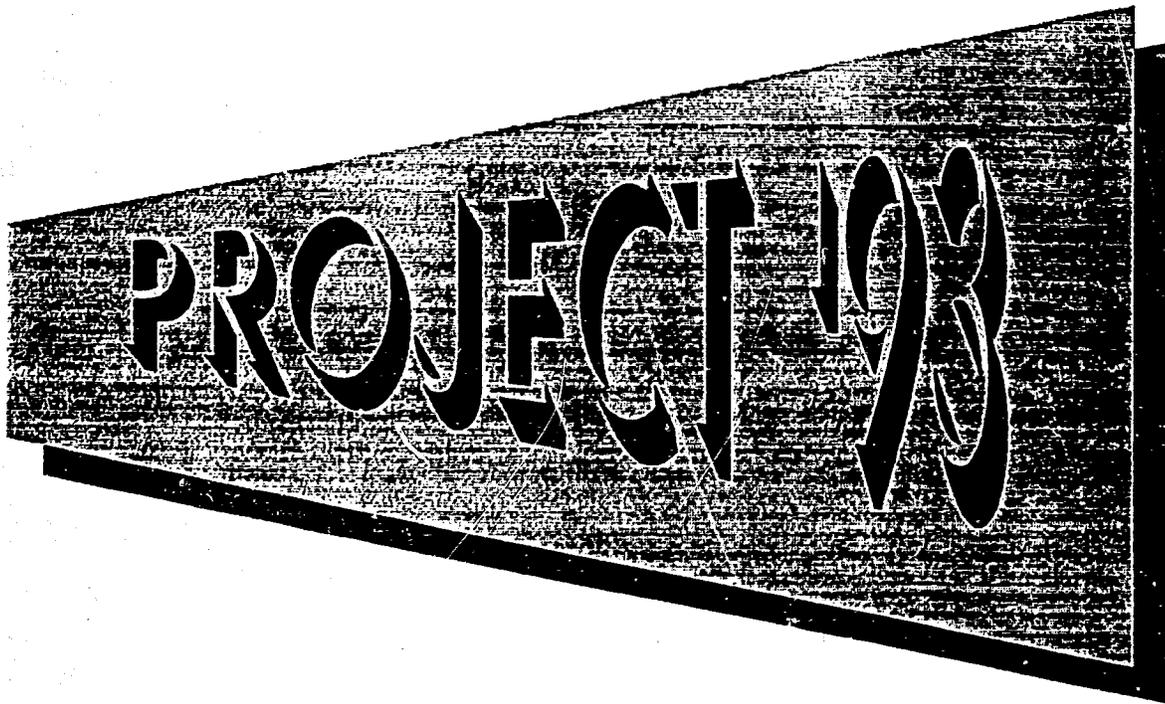
Attachment

JB/jc/mp

cc: Rod Brandon, Mayor's Office
JoAnn Cowan, OMB

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Seattle Indian Services Commission



The Proposed Development
of
An Additional Facility
for
The Seattle Indian Health Board

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November 18, 1993

What we are asking -

The Seattle Indian Services Commission has approved the issuance of approximately \$5,677,960 in Commission bonds to develop a 30,000 square foot facility for the Seattle Indian Health Board. The Commission is asking the City to guarantee repayment of this bond issue.

Summary:

Seattle Indian Health Board Expansion

Principal	\$5,677,960
Interest	5.75%
Term	30
Debt Service	\$401,524

Why we are asking this -

As a Public Development Authority the Commission can issue tax exempt bonds. With the guarantee of the City, the Commission can issue those bonds at the lowest possible rate. This difference in rate is frequently the difference between a project that is marginal and a project where success is virtually assured. This is particularly true when a project is being developed to meet a public service need, because such projects do not have the ability to sustain the rental rates that would be dictated by the higher interest rates. *The lower debt service means the rent generated by the project can support the debt service and operating expense without requiring additional City, State, or Federal funds. Thus it is virtually certain, particularly with sufficient reserves, that the City's guarantee will never be called upon.*

Why should the City agree to this -

The Seattle Indian Health Board, in order to meet the growing health care needs of low income families and particularly of women and children, has entered into a joint venture with the University of Washington Medical School and Providence Hospital to provide a residency program in family medicine, resulting in an additional 2,500 patient visits per year. The federal government, through the Indian Health Service and the Bureau of Health Professionals of the Health Care Finance Administration of the United States Department of Human and Health Services is making a long term commitment to fund the operation of this project at a level that will service the debt requirements. Details are provided in Attachment A. This new program, combined with

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November 18, 1993

escalating need in existing programs, has required the Health Board to seek to develop additional space. During a period when the availability of quality health care at reasonable cost is a national issue, the planned expansion of service by the Seattle Indian Health Board is not only a good idea, it is a virtual necessity. The partnership that has existed between the Seattle Indian Health Board and the Seattle Indian Services Commission has been beneficial for both agencies. The Commission provides quality, long term space. The Health Board provides quality, full spectrum health care. The success of the Leschi Center (the facility developed by the Commission for the Health Board and the Seattle Indian Center) only serves to underline the success of this partnership.

Summary -

The Commission's successful track record speaks for itself. In 1986 the City guaranteed a PDA bond issue of \$4,670,000 for a new SISC facility. The Leschi Center project was delivered on time and on budget. The Commission has never requested money from the City, nor failed to meet its obligations. The risk to the City is minimal and diminishing each year, as has been demonstrated by the Leschi Center's success. The return to the City will be significant. The City is in a position to help the Commission provide 30,000 square feet of space for much needed health care services without the expenditure of tax dollars that are needed elsewhere. The Seattle Indian Services Commission respectfully asks the City of Seattle to join again in a partnership that will benefit all of Seattle's citizens.

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November 18, 1993

Appendix A

The Seattle Indian Health Board Expansion -

The SIHB is the nation's largest urban health center serving Native Americans. The SIHB approached the SISC with a request for additional space. The SIHB's need for additional space is a testimony to both the quality of existing programs and the vision of the SIHB as an institution. Under consideration is a specific site to the east of the current facility allowing the development of approximately 30,000 square feet of additional building space in a new building. This project has been approved by the SISC. An outline of the development budget follows.

Development Budget

New Construction Issue

Construction Costs per square foot	\$80
Total square feet	30,000
Construction Costs	\$2,400,000
Architectural & Engineering	\$204,000
Surveys and Soils Test	\$20,000
Legal	\$54,000
Land Acquisition per square foot	\$45
Real Estate Fees and Commissions	\$108,000
Square feet of land purchased	48,000
Land Cost	\$2,268,000
Contingency of 5%	\$247,300
Total Development Cost	\$5,193,300
Cost	\$5,193,300
Cost of Bond Issuance	\$283,898
Reserve	\$200,762
Total Issue	\$5,677,960
Interest	5.75%
Term	30
Annual Debt Service	\$401,524

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November 18, 1993

SIHB Annex	
Rental Income	
SIHB	\$474,996
Parking	\$6,000
Community Space	\$6,000
Total Income	<u>\$486,996</u>

Expense	
Bond Payments	\$401,524
Trustee Fee	\$2,000
Gas	\$600
Maintenance Salary	\$12,960
FICA - 6.2%	\$804
Medicare - 1.45%	\$188
Employment Security -.5% to \$17,600	\$65
Industrial Insurance 0.1257 per hour	\$196
FUTA .8% of 1st \$7,000	\$56
Storm Water Retention Tax	\$1,400
Maintenance Supplies	\$12,000
HVAC	\$7,000
Insurance	\$11,000
Trash Removal	\$1,200
Electric	\$4,000
Water	\$5,000
Misc.	\$5,000
Contract Expense	\$10,000
Total Expense	<u>\$474,993</u>

Income	\$486,996
Expense	<u>\$474,993</u>
Net	\$12,003

Monthly Rent	\$33,460
Monthly Expense	<u>\$6,122</u>
Total Monthly Expense	\$39,583

Appendix - Page 2

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November 18, 1993

The rent to be paid by the Seattle Indian Health Board is primarily from federal sources. It includes all tenant improvement costs prorated over the term of the lease. While the initial rent for the Seattle Indian Health Board is high compared to the current market rates, it includes tenant improvements and is fixed for thirty years and both the SISC and the SIHB have explored many other options and believe that this is the most efficient method of providing the much needed health care space. This arrangement is identical to the one currently in place with the SIHB's space in the Leschi Center.

Seattle Indian Health Board

611 - 12th Avenue South, P. O. Box 3364
Seattle, WA 98114
(206) 324-9360 ext. 102 * fax (206) 324-8910

RECEIVED OMB
OCT 22 1993

OFFICE OF THE EXECUTIVE DIRECTOR

M*E*M*O*R*A*N*D*U*M

TO: Mike Marshall, Executive Director
Seattle Indian Services Commission

FROM: Ralph Forquera

RE: Follow-up regarding projects to support facility expansion

DATE: October 18, 1993

As per your request, below are updates pertaining to support planned for facility expansion expenses. Full implementation of these projects is projected for spring or summer 1995 to coincide with the completion of construction on this facility.

Family Practice Residency Program - we are currently awaiting word on 1994 funding from the Indian Health Service for this program. Meetings with the IHS staff have been positive. However, until the 1994 Interior Appropriations legislation is approved and signed by President Clinton, no commitment can be made.

We have assurances from Congressmen McDermott, K Reidler, and Dicks that funding for this project will be added to the Indian Health Care budget in 1995. All believe the program, the only Indian specific family practice residency in the world, is not only an important project, but much needed. We are confident that this project will be fully funded before the construction is completed.

American Indian Center of Excellence in Substance Abuse Treatment and Education - we are currently awaiting the Department of Health and Human Services Appropriations approval for FY-1994. Included in this legislation is language that will direct several departments within HHS to fund this project at the Seattle Indian Health Board. Again, full implementation is not expected until 1995. Once again, both Senators Gorton and Murray are supporting this project. Senator Murray has authored the language to direct planning dollars for 1994 in the HHS Appropriations conference report.

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Robert Wood Johnson Foundation Healthy Nations Grant - the Seattle Indian Health Board and the United Indians of All Tribes Foundation authored a joint grant to the Robert Wood Johnson Foundation under their "Healthy Nations" initiative for an alcohol and substance abuse prevention project. The project has a two year planning agenda followed by a five year implementation phase worth more than \$5 million. Our proposal was considered one of the strongest.

Fetal Alcohol Syndrome Update - our FAS/FAE work is also continuing. The SIHB will be hosting an FAS training in January sponsored by the Indian Health Service and the State Department of Social and Health Services. We have also started discussions with the Port of Seattle for potential start-up funds to initiate diagnostic study work here at Leschi and at our Thunderbird Treatment Center. We have also been contacted by the National Institute on Alcoholism and Alcohol Abuse (NIAAA) regarding an upcoming grant for increased work on fetal alcohol. This request was unsolicited based on our work with Drs. Streissguth and Clarren, the two foremost authorities on the topic in the nation.

With regard to your question on the effects of health care reform, future efforts on this topic remain unclear. However, the Seattle Indian Health Board is uniquely positioned to sustain any potential financial threats given the current directions of reform. We are currently aligned with the Providence Medical Center to participate in the expansion of the Basic Health Plan under Washington State Health Care Reform. Along with the 23 other community health centers in Washington state, the SIHB is participating in the Community Health Plan of Washington, a system developing to make adaptations to health reform efforts. Through this plan, we are currently participating in the AFDC Healthy Options program under Medicaid as a Primary Care Case Management organization providing services without capitation risk. Plans to become a fully-functioning risk bearing health plan are underway. Expected date of initiation is sometime in 1995.

From the national perspective, President Clinton's health care reform plan calls for the creation of a separate Indian health project outside of the health care alliance structure proposed. The plan calls for improved facility and services to prepare Indian programs to provide the full array of services to Indian people. Included for the first time in these plans are urban Indian health projects. Again, the Seattle Indian Health Board is uniquely located to become the conduit for specialty and hospitalization care for Indian people. Our existing linkages are far superior to those of reservation-based clinics. We have already started some discussions with the Portland Area Indian Health Service on this matter.

In general, we are planning that funding for the new building will be needed in fiscal year 1995. Some elements will be in place sooner, but 1995 is our target. In general, we are on course for this date and are confident that resources will be available at that time.

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Currently, the SIHB has approximately \$250,000 in reserves for this project. With the implementation of our currently outstanding projects, funding for the additional space is highly probable.

While there remains some outstanding issues, especially related to health care reform initiatives and the potential effects should Initiative 601 and 602 pass, we believe that the programs and projects currently advanced will not be dramatically affected. In fact, we know that Congress has already shifted considerable funding for primary care physician training, dollars that will support our Family Practice Residency, and we know of new dollars in the HHS budget to support the Center of Excellence proposal. We are working these processes now.

I hope this update meets with your satisfaction. The Seattle Indian Health Board remains a strong, vital organization dedicated to improving conditions for American Indians and Alaska Natives. The proposed programs were designed specifically to counterbalance any potential down turns in existing programs. And while threats to continuing funding in these areas remain, we have worked very hard to position ourselves to sustain not only this current change in the health care environment, but to be in a position to take advantage of new directions, i.e. move toward greater primary care services.

If you have any additional questions or concerns, please feel free to call on me.

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	1994												1995					
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Program Development	█																	
Budget Development & Review		█																
Schematics		█																
SISC Review			█															
Cost Review		█	█	█														
Design Development			█	█	█													
Outline Specifications				█														
Cost Review					█	█	█											
Construction Documents					█	█	█											
Specifications					█	█	█											
DCLU Review/Permit																		
SISC Tenant Review																		
Final Cost																		
Construction Start																		
Construction Completion																		
Move In																		

Development/Construction Schedule
 Seattle Indian Services Commission's
 Expansion for
 The Seattle Indian Health Board
 January 14, 1994

**EXHIBIT D
TO
AGREEMENT**

Description of the Public Facility

The Public Facility will consist of an administrative and community building of not more than 30,000 square feet. Approximately 20,000 square feet will be leased for a term of 30 years to the Indian Health Board for their administrative offices. The administrative offices of the Seattle Indian Services Commission will also be located in the new office building. In addition there will be a community meeting room and on site parking for approximately 100 cars.

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RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Seattle
Office of Management and Budget
300 Municipal Building
600 Fourth Avenue
Seattle, Washington 98104
Attn: JoAnn Cowan, PDA Coordinator

DEED OF TRUST

THIS DEED OF TRUST, (the "Deed of Trust") made as of the day of _____, 1994 by SEATTLE INDIAN SERVICES COMMISSION, a Washington public corporation, herein as Grantor, whose address is 611 - 12th Avenue South, Suite 100, Seattle, Washington 98144 to TRANSAMERICA TITLE INSURANCE COMPANY, as Trustee, whose address is 1200 Sixth Avenue, Suite 100, Park Place Building, Seattle, Washington 98101 for the benefit of THE CITY OF SEATTLE, a municipal corporation organized and existing under the laws of the State of Washington ("Beneficiary"), whose address is c/o Office of Management and Budget, 300 Municipal Building, 600 Fourth Avenue, Seattle, Washington 98104.

Grantor hereby grants, bargains, sells, and conveys to Trustee in trust with power of sale, certain land, buildings, improvements, and fixtures situate in the City of Seattle, King County, Washington, more particularly bounded and described on Exhibit A, together with all easements and appurtenances thereto (the "Real Property").

TOGETHER with the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

FOR THE PURPOSE OF SECURING: The performance of each agreement of Grantor herein and payment of all indebtedness of Grantor to Beneficiary under that certain Cooperation Agreement between Grantor and Beneficiary of even date herewith, a copy of which is on file with the City Clerk of the City of Seattle, all future advances thereunder, and any renewals, extensions or modifications thereof (the "Cooperation Agreement") in an amount of up to SIX MILLION DOLLARS (\$6,000,000) and the performance of the obligations of the Grantor to the Beneficiary under the Cooperation Agreement. The Cooperation Agreement is executed in connection with the issuance by Grantor of \$6,000,000 in

EXHIBIT E

aggregate principal amount of its Special Obligation Bonds, Series 1994 (the "Bonds").

A. To protect the security of this Deed of Trust, Grantor agrees:

1. Maintenance of Real Property. To maintain the Real Property in good condition and repair, to complete or restore promptly and in good and workmanlike manner any building which may hereafter be constructed, damaged or destroyed thereon to the extent of any insurance proceeds available therefor, to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said Real Property or requiring any alterations or improvements to be made thereon, and not to commit or permit waste thereof.

2. Property Insurance. To provide, maintain and deliver to Beneficiary property insurance insuring against loss or damage from such causes of loss as are embraced by insurance policy of the type now known as "Builder's Risk" property insurance (written on an "all risk" or "open perils" basis), including, without limitation, fire and extended coverage and collapse of improvements, to agreed limits in an amount not less than the full replacement cost of all improvements located on the Real Property. All policies of insurance shall be issued by companies reasonably acceptable to Beneficiary and shall contain a loss payable clause in favor of Beneficiary and shall provide that the proceeds thereof shall be payable to Beneficiary. Beneficiary shall be furnished with a certificate of such insurance, which policy shall provide that it shall not be modified or canceled without thirty (30) days' written notice to Beneficiary.

3. Assignment of Insurance and Condemnation Proceeds. Should the Real Property or any part or appurtenance thereof or right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, all compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance affecting the Real Property, are hereby assigned to Beneficiary.

4. Use of Insurance and Condemnation Proceeds. Provided there is not an event of default under the Bonds or this Deed of Trust, the proceeds of a loss under any insurance policy, whether or not endorsed or payable to Beneficiary, or any awards made in any condemnation proceeding or deed in lieu thereof, shall be disbursed to Grantor and may be applied by Grantor, at its option, either to extraordinary redemption of the Bonds or to the restoration or replacement of any building on the Real Property, without in any way affecting the lien of this instrument or the

obligation of the Grantor or any other person for payment of the indebtedness secured hereby.

5. Defense of Actions. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust.

6. Payment of Taxes, Assessments and Liens. To pay prior to delinquency all taxes and assessments affecting said Real Property, and to pay when due, all encumbrances, charges and liens, with interest, on said Real Property or any part thereof and all costs, fees and expenses of this Trust; provided, however, such payments need not include the amount of such taxes and assessments which Grantor is in good faith contesting by proper legal proceedings diligently prosecuted.

7. Right to Protect Security. Should Grantor fail to make any payment within thirty (30) days following written notice by Beneficiary to Grantor or should Grantor fail to do any act as herein provided within ninety (90) days following written notice by Beneficiary to Grantor, then Beneficiary without obligation so to do and without releasing Grantor from any obligation hereof, may make or do the same in such manner and to such extent as may be necessary to protect the security hereof.

B. It is mutually agreed that:

1. The Real Property is not used principally for agricultural or farming purposes.

2. In the event that any portion of the Real Property is, or is construed to be, personal property, Grantor as debtor, hereby grants to Beneficiary, as secured party, a present security interest in and personal property lien upon all property referred to herein, or in any way connected with the use and enjoyment of the Real Property and owned by Grantor and any and all replacements, substitutions and proceeds thereof, and this Deed of Trust shall be deemed a security agreement as defined in the Uniform Commercial Code and an agreement to create a personal property lien, and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as prescribed (i) herein, or (ii) by general law, or (iii) by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election undertaken in accordance with the provisions of the Cooperation Agreement. Grantor and Beneficiary agree that the filing of a financing statement in the

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records of the appropriate filing office for personal property shall not be construed as in any way impairing this declaration and the intention of the parties as stated herein, that everything used in connection with the production of income from the Real Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with the Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time; provided, however, that said security interest shall not apply to Grantor's office equipment and furniture in any portion of the Real Property occupied by Grantor.

3. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums secured hereby.

4. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey all or any part of the Real Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in any conveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

6. As additional security, Grantor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Trust, to collect the rents, issues and profits of said Real Property, reserving unto Grantor the right, prior to any failure by Grantor to comply with any of its obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan to collect and retain such rents, issues and profits as they become due and payable. Upon the failure by Grantor to comply with any of its

obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan, Beneficiary may at any time upon ten (10) days prior written notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Real Property or any part thereof, in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The Beneficiary shall be entitled following ten (10) days prior written notice to the appointment of a receiver of the rents and profits of the Real Property and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to the Beneficiary in this Deed of Trust. The entering upon and taking possession of the Real Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The foregoing assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust as provided in RCW 7.28.230(3).

7. Upon the failure by Grantor to comply with any of its obligations under the Cooperation Agreement or any failure by Grantor to comply with a corrective action plan, Beneficiary may, following adoption of an ordinance by the City Council of Beneficiary, declare an event of default under this Deed of Trust. In the event of such default, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause to be sold the herein described property to satisfy the obligation hereof.

Notice of sale having been given as then required by law and not less than the time required by law having elapsed after recordation of such notice of default, Trustee, without demand on Grantor, shall sell said Real Property at the time and place of sale fixed by it in said notice of sale, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of said Real Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Real Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof not then repaid, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

8. Grantor understands that the indebtedness secured by this Deed of Trust is personal to Grantor and that Grantor's responsibility and control of the Real Property is a material inducement to Beneficiary to enter into the Cooperation Agreement. If there shall be any change in ownership of the Real Property, such change shall be deemed to increase the risk of Beneficiary, and Beneficiary may, at its sole option: (i) following adoption of an ordinance by the City Council of Beneficiary declare an event of default under the Cooperation Agreement, or (ii) consent to said change. Grantor shall give Beneficiary immediate notice of any such change in ownership of the Real Property. "Change in ownership" as used herein shall mean if all or any part of or any interest in the Real Property shall be sold, transferred, leased (other than space leases without options to purchase) or there is any further encumbrance of the Real Property.

9. Grantor agrees to reimburse Beneficiary for all reasonable costs, expenses and attorneys' fees which Beneficiary incurs in connection with the enforcement of any remedy contained in this Deed of Trust including such costs, expenses and fees as may be incurred on appeal or in any bankruptcy. Said costs, expenses and fees shall be secured by this Deed of Trust.

10. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, successors and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

12. Beneficiary may, from time to time, as provided by statute, appoint another Trustee in place and stead of Trustee herein named, and thereupon, the Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder with the same effect as if originally named Trustee herein.

13. This Deed of Trust shall also constitute a financing statement filed for record in the real property records as a fixture filing pursuant to the Uniform Commercial Code.

14. Notwithstanding anything to the contrary contained herein, or in the Cooperation Agreement or in the Bonds, but without in any manner releasing, impairing or otherwise affecting the Cooperation Agreement, the Bonds, this Deed of Trust, or the validity hereof or thereof or the lien hereof, in the event of any default under the terms of the Cooperation Agreement, the Bonds or this Deed of Trust, Beneficiary will not hold Grantor personally liable (except for fraud), for repayment of the indebtedness evidenced by the Cooperation Agreement or the Bonds or for any other sums due as a result of any defaults under the Cooperation Agreement, the Bonds, this Deed of Trust, or for the payment of any deficiency established after judicial foreclosure, or after Trustee's sale under this Deed of Trust, except to the extent of Grantor's interest in the property conveyed by this Deed of Trust, and the recourse of Beneficiary for any and all such defaults shall be by judicial foreclosure or by the exercise of the Trustee's power of sale or other remedies set forth in the Deed of Trust. Provided, however, that nothing contained in this paragraph shall be deemed to prejudice the rights of Beneficiary to recover such other amounts secured by the Deed of Trust, or recover any funds, damages or costs (including without limitation reasonable attorneys' fees) incurred by Beneficiary as a result of fraud, as provided above.

15. This Deed of Trust is to be governed by and construed in accordance with the laws of the State of Washington. At the option of the Beneficiary the venue of any action to enforce the provisions hereof shall be laid in King County, Washington.

16. Statutory Notice. Seattle Indian Services Commission is a public corporation organized pursuant to Seattle Municipal Code (SMC) 3.110 and RCW 35.21.660, 35.21.670, and 35.21.730-.755. RCW 35.21.750 provides as follows:

"All liabilities incurred by such public corporation, commission or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town or county creating such public corporation, commission or authority on account of any debts, obligations or liabilities of such public corporation, commission or authority."

ORDINANCE

1 AN ORDINANCE relating to the Seattle Indian Services Commission;
2 authorizing the City to provide a guaranty or other
3 security in support of not to exceed Six Million Dollars
4 (\$6,000,000) in tax-exempt bonds to be issued by the
5 Commission; establishing the terms and conditions under
6 which the City will provide such guaranty or other
7 security; and authorizing an agreement between the City and
8 the Commission with regard to the acquisition of real
9 property for the expansion of the Leschi Center.

10 WHEREAS, the Seattle Indian Services Commission (hereinafter,
11 the "Commission") was chartered pursuant to Chapter 3.110
12 of the Seattle Municipal Code ("SMC") (Ordinance 103387 as
13 amended), and RCW 35.21.730 et seq., to provide effective,
14 comprehensive, and coordinated planning, services, acti-
15 vities, and programs that will meet the unique needs of the
16 many Native American residents who are scattered throughout
17 the City; and

18 WHEREAS, the City has previously guaranteed bonds of the
19 Commission which were issued to build the Leschi Center, a
20 public health facility for Native American residents of
21 Seattle; and

22 WHEREAS, the Commission has executed an option to acquire real
23 property near the Leschi Center to expand the facilities of
24 the Seattle Indian Health Board or for other purposes
25 consistent with the Commission's Charter; and

26 WHEREAS, in order to obtain affordable financing to acquire the
27 real property, the Commission has requested the City's
28 guarantee or other security in support of the payment of
principal of and interest on the Commission's bonds, NOW
THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council hereby makes the
following findings:

It is in the best interests of the City and its citizens
for the Seattle Indian Services Commission (the "Commission") to
expand the facilities located at the Leschi Center to serve the
poor and infirm as well as the urban Seattle Native American
community through a lease with the Seattle Indian Health Board,
or for other purposes consistent with the Commission's Charter.
The Commission has executed an option to buy real property to do
so and has presented to the City pro formas demonstrating the
Commission's financial capacity to retire the debt required for
this acquisition.

The Commission, on its own, is unable to acquire financing
for the needed public purpose on terms and conditions that make

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1 it economically and financially feasible. The pledge by the
2 City of its full faith and credit to guarantee payment or to
3 provide other security for the payment of the principal of and
4 interest on bonds of the Commission in an amount not to exceed
5 Six Million Dollars (\$6,000,000) will significantly reduce the
6 costs of Commission borrowing and thereby enable the Commission
7 to meet its debt service requirements. The Commission will
8 derive funds for the repayment of its bonds from the lease of
9 the acquired property and other sources available to it.

10 The City Council concludes that the most appropriate method
11 of assisting the Commission in furtherance of its public purpose
12 is to pledge its full faith and credit to guarantee or otherwise
13 provide security for the payment of the principal of and
14 interest on the bonds issued by the Commission.

15 Such guarantee or provision of security shall be provided
16 in the manner hereinafter set forth in an agreement
17 substantially in the form contained in Exhibit A. The City
18 Council hereby further finds and declares that the expenditure
19 of public funds for the acquisition of such real property
20 pursuant to this ordinance is for a public and a strictly
21 municipal purpose.

22 Section 2. The Mayor is authorized to execute, on behalf
23 of the City, an agreement with the Seattle Indian Services
24 Commission, a public corporation chartered by the City,
25 substantially in the form contained in Exhibit A hereto.

26 Section 3. Any acts consistent with and prior to the
27 effective date of this ordinance are hereby ratified and
28 confirmed.

Section 4. This ordinance shall take effect and be in
force thirty days from and after its passage and approval, if
approved by the Mayor; otherwise it shall take effect at the

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time it shall become a law under the provisions of the City Charter.

Passed by the City Council the _____ day of _____, 1993, and signed by me in open session in authentication of its passage this _____ day of _____, 1993.

President of the City Council

Approved by me this _____ day of _____, 1993.

Norman E. Rice, Mayor

Filed by me this _____ day of _____, 1993.

Deputy Clerk

(SEAL)

Published _____

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ORDINANCE _____

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3 security in support of not to exceed Six Million Dollars
4 (\$6,000,000) in tax-exempt bonds to be issued by the
5 Commission; establishing the terms and conditions under
6 which the City will provide such guaranty or other
7 security; and authorizing an agreement between the City and
8 the Commission with regard to the acquisition of real
9 property for the expansion of the Leschi Center.

10 WHEREAS, the Seattle Indian Services Commission (hereinafter,
11 the "Commission") was chartered pursuant to Chapter 3.110
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13 amended), and RCW 35.21.730 et seq., to provide effective,
14 comprehensive, and coordinated planning, services, activi-
15 ties, and programs that will meet the unique needs of the
16 many Native American residents who are scattered throughout
17 the City; and

18 WHEREAS, the City has previously guaranteed bonds of the
19 Commission which were issued to build the Leschi Center, a
20 public health facility for Native American residents of
21 Seattle; and

22 WHEREAS, the Commission has executed an option to acquire real
23 property near the Leschi Center to expand the facilities of
24 the Seattle Indian Health Board and for administrative
25 offices, community meeting space, and related parking; and

26 WHEREAS, in order to obtain affordable financing to acquire the
27 land and construct the facility, the Commission has
28 requested the City's guaranty or other security in support
of the payment of principal of and interest on the
Commission's bonds, NOW THEREFORE

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Findings. The City Council hereby makes the
following findings:

It is in the best interests of the City and its citizens
for the Seattle Indian Services Commission (the "Commission") to
expand the Seattle Indian Health Board facilities located at the
Leschi Center to serve the poor and infirm as well as provide
other facilities to serve the urban Seattle Native American
community. The Commission has executed an option to buy land to
do so and has presented to the City pro formas demonstrating the
Commission's financial capacity to retire the debt required for
this acquisition and for the construction of an appropriate
facility.

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The Commission, on its own, is unable to acquire financing for the needed public purpose on terms and conditions that make it economically and financially feasible. The pledge by the City of its full faith and credit to guarantee payment or to provide other security for the payment of the principal of and interest on bonds of the Commission in an amount not to exceed Six Million Dollars (\$6,000,000) will significantly reduce the costs of Commission borrowing and thereby enable the Commission to meet its debt service requirements. The Commission will derive funds for the repayment of its bonds from the lease of the acquired property and other sources available to it.

The City Council concludes that the most appropriate method of assisting the Commission in furtherance of its public purpose is to pledge its full faith and credit to guarantee or otherwise provide security for the payment of the principal of and interest on the bonds issued by the Commission.

Such guarantee or provision of security shall be provided in the manner hereinafter set forth in an agreement substantially in the form contained in Exhibit A or containing provisions that are modifications of those in Exhibit A. The City Council hereby further finds and declares that the expenditure of public funds for the acquisition of such real property pursuant to this ordinance is for a public and a strictly municipal purpose.

Section 2. If he finds it to be in the best interest of the City to do so, the Mayor is authorized to execute, on behalf of the City, an agreement with the Seattle Indian Services Commission, a public corporation chartered by the City, substantially in the form contained in Exhibit A hereto. The Mayor further is authorized to execute an Agreement that contains provisions that are modifications of the provisions contained in Exhibit A if he finds that such Agreement, as

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modified, is in the best interest of the City. Should no Agreement satisfactory to the Mayor be signed by the Commission on or before January 31, 1994, these authorizations shall automatically be void and of no force or effect.

Section 3. Any acts consistent with and prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 4. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the City Charter.

Passed by the City Council the _____ day of _____, 1993, and signed by me in open session in authentication of its passage this _____ day of _____, 1993.

President of the City Council

Approved by me this _____ day of _____, 1993.

Norman B. Rice, Mayor

Filed by me this _____ day of _____, 1993.

Deputy Clerk

(SEAL)
Published _____

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TIME AND DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

Tom Thibault

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO:

PRESIDENT'S SIGNATURE

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STATE OF WASHINGTON - KING COUNTY

39341
City of Seattle, City Clerk

-ss-

No. ORDINANCE 11

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

10:117014-117016

was published on
02/01/94

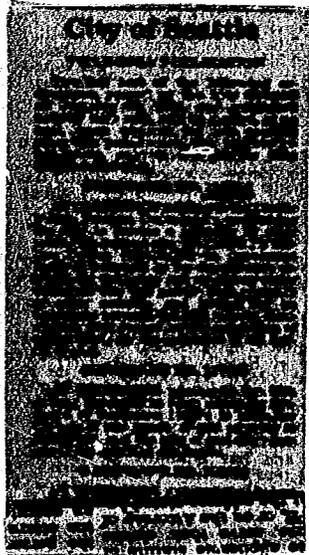
The amount of the fee charged for the foregoing publication is the sum of \$ which amount has been paid in full.

(Handwritten signature)

Subscribed and sworn to before me on
02/01/94

(Handwritten signature)

Notary Public for the State of Washington,
residing in Seattle



Affidavit of Publication

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