

Ordinance No. 122459

Council Bill No. 115958

AN ORDINANCE relating to property at Sand Point, authorizing the Housing Director to consent to the assignment by Sand Point Community Housing Association to Sand Point Community Connections LLC of the lease of City of Seattle land authorized by Ordinance 118770, as amended; authorizing an Amended and Restated Lease between Sand Point Community Connections LLC and the City; authorizing the Housing Director to consent to the transfer of title to buildings and other property on such land in connection with the assignment of the lease; and authorizing related actions.

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Tom Roemer

Councilmember

Committee Action:

8-7-07 Pass 3-0 TR, S, C, PM

CF No. _____

Date Introduced:	<u>7-30-07</u>	
Date 1st Referred:	<u>7-30-07</u>	To: (committee) <u>HOUSING, HUMAN SERVICES AND HEALTH</u>
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>8-13-07</u>	Full Council Vote: <u>8-0</u>
Date Presented to Mayor:	<u>8-14-07</u>	Date Approved: <u>8-22-07</u>
Date Returned to City Clerk:	<u>8-22-07</u>	Date Published: <u>3</u> T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoed by Mayor:		Date Veto Published:
Date Passed Over Veto:		Veto Sustained:

8-13-07 Passed 8-0 (Absent: Drago)

This file is complete and ready for presentation to Full Council. Committee: _____

(initial/date)

Law Department

Law Department

Law Dept. Review

OMP Review

City Clerk Review

Electronic Copy Loaded

Indexed



City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

July 17, 2007

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

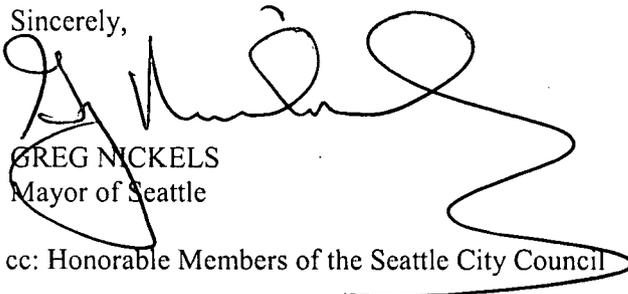
Dear Council President Licata:

I am pleased to transmit the attached proposed Council Bill that authorizes an amended lease for, and transfer of, Sand Point property from the Sand Point Community Housing Association (SPCHA) to Solid Ground Washington in order to develop housing for homeless individuals and families.

In 1997 the City leased property to SPCHA, which was an organization created to manage and maintain buildings and areas set aside for housing purposes. SPCHA developed 94 housing units in existing residential structures at Sand Point by sub-contracting the development and management functions. Because SPCHA was unable to create a viable business model, no additional housing units have been produced since 1999, although the base re-use plan calls for 200 units. This Bill would amend Sandpoint's existing lease and property assignment to enable Solid Ground Washington to take responsibility for ownership and operation of the existing housing, as well as the role of lead developer of the remaining 106 homeless housing units. Former SPCHA Boardmembers participated in the search and selection process, and support the transfer of the leases and lead developer role to Solid Ground.

Adoption of this legislation will enable plans to provide much-needed housing for homeless families and individuals to move forward. Thank you for your consideration. Should you have questions, please contact Bill Rumpf at 5-1577.

Sincerely,



GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

CITY CLERK

1 ordinance as Attachment 1, consenting to the transfer of the Lease and the title to buildings and
2 other property from Sand Point Community Housing Association, a Washington nonprofit
3 corporation ("SPCHA") to Sand Point Community Connections LLC, a Washington limited
4 liability company ("Assignee"), and to other matters set forth in the Agreement. It is the intention
5 of the City that such assignment and transfer not be considered a termination of the leasehold
6 interest granted to SPCHA and that it not cause any reversion of the title or interest in any
7 buildings or other property granted to SPCHA by the City by deed recorded under King County
8 recording no. 199804240455.
9

10 Section 2. The Director is authorized to execute, deliver, acknowledge, accept, record,
11 perform, enforce and administer on behalf of the City an amended and restated lease ("Amended
12 Lease"), substantially in the form attached to this ordinance as Attachment 2, from the City to
13 Assignee. The Mayor, Director, and their respective designees shall have the same authority with
14 respect to the Amended Lease as granted to the Mayor, Director of Housing and Human Services,
15 and their respective designees with respect to the Lease under Section 2 of Ordinance 118770, in
16 addition to any other authority granted by this ordinance or otherwise by ordinance.
17
18

19 Section 3. The Mayor or Director is authorized to execute, deliver, acknowledge, accept,
20 record, perform, enforce and administer on behalf of the City such other documents as the Mayor
21 or Director may deem necessary or appropriate to carry out the purposes of this ordinance and the
22 documents authorized herein, which documents may include, without limitation, a quitclaim deed
23 to the Assignee of some or all of the property previously conveyed by the deed to SPCHA
24 referred to in Section 1, on substantially the same terms as set forth in that deed, and to grant
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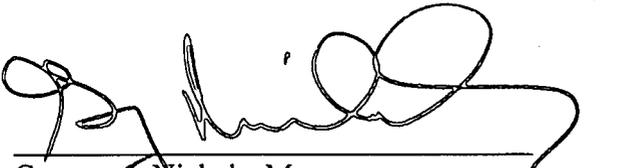
1 such consents and approvals, and perform such other acts on behalf of the City, as the Director
2 shall deem necessary or appropriate for such purposes.

3 Section 4. This ordinance shall take effect and be in force thirty (30) days from and after
4 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days
5 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

6 Passed by the City Council the 13th day of August, 2007, and signed by me in open
7 session in authentication of its passage this 13th day of August, 2007.
8

9
10 
11 President _____ of the City Council

12 Approved by me this 22nd day of August, 2007.
13

14
15 
16 Gregory J. Nickels, Mayor
17

18 Filed by me this 22nd day of August, 2007.
19

20
21 
22 City Clerk

23 (Seal)

24 [Attachment 1: Form of Assignment, Assumption and Consent Agreement]

25 [Attachment 2: Form of Amended and Restated Lease]

City of Seattle
Office of Housing
PO Box 94725
Seattle, WA 98124-4725
Attention: Thomas Mack

**Form of
ASSIGNMENT, ASSUMPTION, AND CONSENT AGREEMENT**

**Grantors: SAND POINT COMMUNITY HOUSING ASSOCIATION, a nonprofit corporation of the State of Washington ("Assignor")
SAND POINT COMMUNITY CONNECTIONS LLC, a Washington limited liability company**

**Grantees: THE CITY OF SEATTLE ("Lessor")
Sand Point Community Connections LLC, a Washington limited liability company ("Assignee")**

Abbrev. Legal Description: Abbreviated form: Ptn. E. 1/2 SW 1/4, Sec. 2, TWP 25N, RNG 4 E, W.M.; Blocks 3 and 4, Evergreen Add., Vol. 12, pg. 66, King County, WA

Full Legal Description: N/A (see document assigned)

**Assessor's Property Tax Parcel Account Nos.: 0225049065 [Parcel 5-F]; 0225049064 [5-D];
0225049066 [5-A]; 0225049063 [5-B];
0225049070 [5-H]; 0225049069 [5-G];
0225049068 [5-E]; 0225049067 [5-C];
2409500021 [5-I]**

Recorded Documents Assigned: 9805221596, 19990916001595

Ordinance Attachment 1: Form of Assignment, Assumption, and Consent Agreement



THIS ASSIGNMENT, ASSUMPTION, AND CONSENT AGREEMENT ("Assumption Agreement") is entered into as of this _____ day of _____, 2007, by and among **SAND POINT COMMUNITY HOUSING ASSOCIATION, a nonprofit corporation of the State of Washington**, with its principal offices at 7400 Sandpoint Way NE, Seattle, Washington 98115 ("Assignor" or "Lessee"), **Sand Point Community Connections LLC, a Washington limited liability company**, with its principal offices at 501 N 45th Street, Seattle, Washington 98103 ("Assignee"), and **THE CITY OF SEATTLE, a Washington municipal corporation**, acting through its Office of Housing, with its principal offices at 700 Fifth Avenue, Suite 5700, Post Office Box 94725, Seattle, Washington 98124-4725 ("**City**" or "**Lessor**").

WHEREAS, Assignor and City are parties to that certain lease dated April 22, 1998, recorded under King County Recording No. 9804240454, rerecorded under No. 9805221596 and amended by that certain First Amendment to Lease dated September 10, 1999, recorded under King County Recording No. 19990916001595 (the "Ground Lease" or "Lease"), under which City leased the land known as the Sand Point Property, and more particularly described on Exhibit D to the Lease (the "Property") to Assignor, and Assignor is the holder of fee title to certain improvements on the Property ("Improvements"), subject to the reversionary right of Lessor;

WHEREAS, the City Council of Lessor, by Ordinance _____, authorized the Director of the Office of Housing to consent to the transfer of the Ground Lease under certain conditions from Assignor to Assignee;

WHEREAS, Assignor and Assignee are parties to that certain Transfer Agreement dated _____, 2007 (the "Transfer Agreement");

WHEREAS, Assignor now wishes to assign to Assignee and to have Assignee assume all of Assignor's interest, rights, benefits, duties and obligations under the Ground Lease, and Assignee is willing to assume all of said obligations of Assignor thereunder;

WHEREAS, Assignor and Assignee now request the consent of the City to (i) the transfer of the Assignor's interest, rights, benefits, duties and obligations under the Ground Lease to Assignee, (ii) the assignment of the Lease from Assignor to Assignee and the assumption of the obligations of Assignor under the Ground Lease by Assignee; and (iii) the transfer of the Assignor's interests in the Improvements by deed to Assignee;

NOW, THEREFORE, in consideration of the mutual promises of the parties and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ASSIGNMENT AND ASSUMPTION

- a. Assignor hereby confirms its agreement to transfer all of its right, title and interest in the Ground Lease to Assignee and hereby transfers, assigns, grants, and

Ordinance Attachment 1: Form of Assignment, Assumption, and Consent Agreement

15
CITY
CLERK

conveys to Assignee all of its right, title, and beneficial interest existing as of this date in and under the Ground Lease.

- b. Assignee hereby expressly assumes and agrees to perform, observe and confirm all the covenants, agreements, terms, conditions, obligations, duties and liabilities of Assignor under the Ground Lease, as existing or as it may be amended, and any document or instrument executed and delivered or furnished by Assignor in connection therewith, and the obligations, duties and liabilities of Assignor as sublessor under each Sublease now in effect under the Ground Lease, and all other obligations of the Assignor to The City of Seattle referred to in the Transfer Agreement.
- c. Any references in the Ground Lease to Grantee or Lessee shall, with respect to all dates from and after the effective date of this Assumption Agreement, mean Sand Point Community Connections LLC, 501 N 45th Street, Seattle, Washington 98103.

2. REPRESENTATIONS AND WARRANTIES OF ASSIGNEE

In order to induce City to continue the Ground Lease and to consent to the assignment and assumption provided for herein and to induce Assignee to assume the obligations of Assignor, Assignee hereby represents and warrants to Lessor and Assignor that:

- a. Assignee is duly organized as a limited liability company under the laws of the State of Washington and has the full right, power and authority to conduct all of the activities which are now conducted by it or proposed to be conducted by it in connection with the Ground Lease, to execute, deliver and perform this Assumption Agreement, and to assume the obligations of Assignor and to fulfill its duties under the Ground Lease. Solid Ground Washington is the sole member of Assignee and is duly organized as a Washington nonprofit corporation with full power and authority to cause the Assignee to enter into and perform this Assumption Agreement and the Lease, and has taken all necessary corporate action to execute and deliver this Assumption Agreement for Assignee.
- b. There is no action, suit or proceeding or any investigation pending or, to the best of Assignee's knowledge, threatened against or affecting Assignee at law or in equity in any court or by any Federal, State, municipal or other governmental authority, department, commission, board, agency or other governmental instrumentality that is likely to have an adverse effect on Assignee's ability to undertake the Ground Lease or to assume the obligations and to fulfill the duties of Assignor under the terms of the Ground Lease.
- c. Assignee is not in default or alleged to be in default with respect to any judgment, order, writ, injunction or decree or in breach or alleged to be in breach or default



under any material lease, contract, agreement, commitment, instrument or obligation to which it is a party or by which it or its property is bound; and to the best of Assignee's knowledge, there is no state of facts which is likely to create or cause a default or breach under any such material lease, contract, agreement, commitment, instrument or obligation.

- d. To the best of Assignee's knowledge and belief, Assignee has complied in all material respects with all federal, state and local laws, regulations and orders applicable to the ownership of its properties and the conduct of its operations.
- e. Assignee has taken all corporate and other action, necessary to authorize the execution and delivery of this Assumption Agreement, and this Assumption Agreement is a valid and binding obligation of Assignee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other law and equity principles applied for the relief of debtors heretofore or hereafter enacted, to the extent that the same may be constitutionally applied.
- f. The representations and warranties of the Lessee in the Ground Lease, as applied to Assignee, are true and correct in all material respects as of the date hereof.
- g. Assignee has conducted its own inspections of the Property and is fully familiar with the condition thereof. Assignee is not relying on any representations or statements by or on behalf of City, express or implied, nor upon any duty of City to disclose information concerning the Property (whether or not known to City), in leasing the Property and entering into this Assumption Agreement.
- h. Assignor is transferring all of its right, title and interest in the Ground Lease to Assignee solely in consideration of the assumption by Assignee of the obligations of Assignor under the Ground Lease.

3. REPRESENTATIONS AND WARRANTIES OF ASSIGNOR

In order to induce Lessor to allow the assignment and assumption contemplated herein and to induce the Assignee to assume the obligations of Assignor, Assignor represents and warrants to City and Assignee that:

- a. The representations and warranties of Assignor in the Ground Lease are true and correct in all material respects as of the date hereof.
- b. To the best of Assignor's knowledge, no default under the Ground Lease, or event that with notice or the passage of time would constitute such a default, has occurred and is continuing.



- c. Assignor is transferring all of its right, title and interest in the Ground Lease to Assignee solely in consideration of the assumption by Assignee of the obligations of Assignor under the Ground Lease.

4. ACKNOWLEDGMENTS AND AGREEMENT OF ASSIGNOR AND ASSIGNEE

Assignor and Assignee acknowledge and agree that:

- a. The City has complied fully with all of its obligations to date under the Ground Lease.
- b. The Ground Lease has not been modified or amended except as set forth above and is in full force and effect.
- c. Nothing herein shall relieve Assignor of any liability or obligation for any act or omission up to the effective date hereof, nor relieve Assignor of any obligation to defend or indemnify the City or its officers, employees or agents with respect to any event or circumstances occurring or existing up to the date hereof.

5. CONSENTS

The City hereby consents to Assignor transferring all of its right, title and interest in the Ground Lease to Assignee and the assumption by Assignee of the obligations of Assignor under the Ground Lease, and to the transfer by deed of all Assignor's interest in the Improvements to Assignee.

6. FURTHER DOCUMENTS AND ASSURANCES. Assignor and Assignee shall execute such further documents and take such further acts as are reasonably required to complete the transfers of assets and assumption of liabilities contemplated by the Transfer Agreement. At any time and from time to time, upon City's request, Assignee will promptly and duly execute and deliver any and all further instruments and documents and take such further action as City may deem reasonable and appropriate to effect the purposes of this Assumption Agreement, including (without limitation) the execution of an amendment to the Ground Lease in form satisfactory to City. All costs in connection with any such additional instruments and documents, including the recording thereof, shall be paid by Assignee.
7. SUCCESSORS AND ASSIGNS. This Assumption Agreement shall be binding upon Assignee and its successors and assigns and shall inure to the benefit of the City and its successors and assigns. Assignee shall not have the right to assign any of its obligations or rights hereunder without the prior written consent of the City.

8. EFFECTIVE DATE. The effective date of this Assumption Agreement shall be the date the parties sign and complete the execution of this document and it is filed of record with the King County office of records and elections.
9. COUNTERPARTS. This Assumption Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument whether or not all parties execute each counterpart.

ASSIGNOR:

SAND POINT COMMUNITY HOUSING ASSOCIATION, a
nonprofit corporation of the State of Washington

By: _____
Print Name:
Title:

ASSIGNEE:

SAND POINT COMMUNITY CONNECTIONS LLC,
a Washington limited liability company
By: Solid Ground Washington, a Washington nonprofit corporation
Its Sole Member

By: _____
Print Name: _____
Title: _____

CITY:

THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
Print Name: Adrienne E. Quinn
Title: Director, Office of Housing

After recording return to:

City of Seattle
Office of Housing
PO Box 94725
Seattle, WA 98124-4725
Attention: Thomas Mack

**Form of
AMENDED AND RESTATED LEASE**

Reference numbers of related documents:

9805221596, 19990916001595

Grantor:

THE CITY OF SEATTLE

Grantee:

Sand Point Community Connections LLC

Legal Description:

1. Abbreviated form: Ptn. E. 1/2 SW 1/4, Sec. 2, TWP 25N, RNG 4 E, W.M.; Blocks 3 and 4, Evergreen Add., Vol. 12, pg. 66, King County, WA

2. Additional legal description is on Exhibit D to document.

Assessor's Property Tax Parcel Account Nos.: 0225049065 [Parcel 5-F]; 0225049064 [5-D]; 0225049066 [5-A]; 0225049063 [5-B]; 0225049070 [5-H]; 0225049069 [5-G]; 0225049068 [5-E]; 0225049067 [5-C]; 2409500021 [5-I]



AMENDED AND RESTATED LEASE

Between

The City of Seattle
a municipal corporation
of the State of Washington and

Sand Point Community Connections LLC,
a Washington limited liability company

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List of Exhibits:

- A. Map of Sand Point Property [to be substantially in the form attached to existing lease]
- B. Reserved
- C. Map of the Premises [to be substantially in the form attached to existing lease]
- D. Legal Description of Premises [to be substantially in the form attached to existing lease]
- E. Elements of Management and Operating Plan
- F. Lead-based Paint Disclosure Document [to be substantially in the form attached to existing lease]



AMENDED AND RESTATED LEASE

Between

The City of Seattle
a municipal corporation
of the State of Washington and

Sand Point Community Connections LLC,
a Washington limited liability company
of the State of Washington

**FOR THE DEVELOPMENT AND OPERATION
OF HOMELESS PROGRAMS AT SAND POINT**

This Amended and Restated Lease (“Amended Lease”) is entered into as of the _____ day of _____, 2007 by The City of Seattle, a municipal corporation of the State of Washington (“City” or “Lessor”) and the Sand Point Community Connections LLC, a Washington limited liability company of the State of Washington (“SPCC” or “Lessee”) and amends, continues and replaces that certain Lease dated April 22, 1998 between City as lessor and Sand Point Community Housing Association as lessee (“Original Lease”), recorded in King County, Washington under Auditor’s File No. 9804240454, rerecorded under No. 9805221596 and amended by that certain First Amendment to Lease dated September 10, 1999 and recorded in King County, Washington under Auditor’s File No. 19990916001595. The City is acting through its Director of Housing (referred to herein, together with any official who may succeed to the authority or responsibility of such Director to act for the City under this Amended Lease in the future, as the “Director”).

RECITALS

On April 24, 1998, the City acquired title to portions of the Naval Station Puget Sound at Sand Point from the United States government under terms and conditions requiring, among other public and community uses, the development and management of housing for the homeless and related services.



The City Council of Lessor, by Ordinance _____, authorized the Director of the Office of Housing to consent to the transfer of the lessee's interest to SPCC and to enter into an amended lease with SPCC covering the Premises.

Sand Point Community Housing Association, a Washington nonprofit corporation ("SPCHA") and its sublessees have developed 94 units of housing for the homeless on the Premises.

SPCC and City desire, subject to SPCC's ability to secure the funding necessary, that up to 106 additional units of housing for the homeless be developed on the Premises.

Pursuant to the Assignment, Assumption, and Consent Agreement dated _____, 2007 ("Assumption Agreement") SPCHA, as Assignor, transferred all of its right, title and interest in the Original Lease, as amended, to SPCC, and SPCC, as Assignee, assumed all of the obligations of SPCHA under the Original Lease.

SPCC anticipates continuing Subleases (defined below) and further subleasing to nonprofit social service organizations or their affiliates, which will (i) operate programs to serve qualified tenants; (ii) manage specific properties within the area leased to SPCC; and (iii) enforce common rules and operating procedures and assist in rent collection as well as security and maintenance.

THEREFORE, in consideration of the lease of the below-described premises by the City as Lessor to SPCC as Lessee, and for other valuable consideration received and covenants made, the parties agree as follows:

1. **DEFINITIONS**

The following capitalized terms used in this Amended Lease shall have the following meanings unless the context otherwise requires:

"Application" means the application submitted by the City to HUD for the transfer of the Premises to the City, as finally approved by HUD.

"Article" means a portion of this Amended Lease designated by a number and a heading in all capital letters, and includes all Sections thereunder.

"Buildings" means the buildings on the Premises identified in the Application as Buildings 224, 26S, 26N, 330, 331, and 332 (including all fixtures therein or attached thereto), but does not include "buildings 6 and 310". Building numbers used in this Amended Lease correspond to the numbers in the Application.



“Certificate of Occupancy” means a temporary certificate of occupancy issued by DPD after the construction of Improvements, or, if no temporary certificate of occupancy is issued, then a permanent certificate of occupancy.

“Codes” include all land use, building, housing, fire, electrical, mechanical, plumbing and other codes applicable under City ordinances or State law, and all valid interpretations thereof issued by the agencies responsible for the administration thereof.

“Committees” means the advisory committees described in Article 32.

“Construction Plans” shall mean plans and specifications for the renovation of a Building or for the construction of new Improvements, in either case in sufficient detail for submission of a building permit application and in compliance with all applicable Codes.

“DPD” means the Seattle Department of Planning and Development, and any successor agency.

“Director” means the City of Seattle Director of the Office of Housing and any official who may succeed to the authority or responsibility of such Director to act for the Lessor under this Amended Lease in the future. In addition, in any instance in which action by the “Director” is contemplated by the terms of this Amended Lease, “Director” shall include any other City employee authorized by the Director or by the Mayor of The City of Seattle to take such action.

“Effective Date” means the date when this Amended Lease shall become effective as provided in Section 3.1.

“Environmental Review” means review by the United States government under the National Environmental Policy Act and related laws in connection with the transfer of the Premises or Sand Point Property.

“Grounds Maintenance Costs” means all costs of maintenance of the grounds of the Sand Point Property incurred by the City, or by such other entity as may be designated by the Lessor (and by any other owners of Sand Point Property) to manage grounds maintenance for the entire Sand Point Property.

“Historic Property Reuse and Protection Plan” or “HPRP Plan” means the Sand Point Historic Properties Reuse and Protection (HPRP) Plan on file with City of Seattle Department of Parks and Recreation for the Sand Point Property approved by the Lessor and the State Historic Preservation Officer as the same may be amended from time to time.



“Housing Advisory Committee” means the committee established by Lessee to advise Lessee on matters of interest to neighboring communities as described in the Physical Development Management Plan.

“HUD” means the United States Department of Housing and Urban Development and any successor department or agency.

“Improvements” means the Buildings, any additions or modifications thereof, and any other structures or fixtures that shall be constructed or installed on the Premises during the Term of this Amended Lease, but shall not include any infrastructure or utility improvements (including but not limited to streets; light and power poles; signs; water, sewer, electric and gas lines) presently existing or hereafter installed and owned by the City or any other public utility.

“Management Costs” means all costs incurred by the City, or by such other entity as may be designated by the Lessor (and by any other owners of Sand Point Property) to perform overall management functions for the Sand Point Property and to pay for any property insurance procured by the Lessor, as described in Section 4.2.

“Management and Operating Plan” or “MOP” means a plan for management and operation of the Premises to be submitted by Lessee hereunder, when approved by the Director with such modifications as the Director may require, and such amendments as the Director may thereafter approve.

“Navy Deed” means the deed conveying the Premises from the United States Navy to the Lessor dated April 22, 1998 and recorded under King County recording no. 9804240453.

“New Building” means any of the additional residential structures to be constructed or provided by Lessee as set forth in Section 10.3. New Buildings are included within the definition of Improvements.

“Parcel” means one of the parcels of the Premises designated in Exhibit D, as the same may be modified by lot boundary adjustment or otherwise.

“Participating Agency” means an organization providing housing or services to the homeless on the Premises under a Sublease or other agreement with Lessee or with a Sublessee.

“Personal Property” means (i) personal property on the Premises at inception of this Amended Lease other than that belonging to residential tenants and Participating Agencies; (ii) all replacements or substitutions therefor; and (iii) any personal property acquired for the operation or maintenance of the Premises with funding provided by the City or another government.



“Phase II” means the development and construction of additional Improvements on the Premises to provide housing for the homeless, as contemplated by the Application and to be described more particularly in the approved general housing and services plan identified in Section 10.3.

“Physical Development Management Plan” means the plan by that name approved by the Seattle City Council in Resolution 29429, as now or hereafter amended.

“Premises” means the land depicted in Exhibit C and described in Exhibit D attached hereto and incorporated by this reference.

“Rent” means the rent fixed in Section 4.1 plus the portions of Management Costs and Grounds Maintenance Costs allocated to the Premises under Section 4.2.

“Sand Point Property” means the land generally depicted on Exhibit A, including both land acquired from the United States by the Lessor and land acquired or to be acquired by other parties, and all buildings and improvements now or hereafter located thereon, subject to any deletions, additions or adjustments as may have been or may be required by the United States government in connection with the transfers of property.

“Section” means a part of this Amended Lease designated by a number with a numeral after a decimal point, such as “11.3”, including all subsections, paragraphs and clauses therein.

“Sublease” shall mean any lease, rental agreement, operating agreement or other agreement or instrument entered into by SPCHA for any part of the Premises prior to the date of this Amended Lease with the consent of the Lessor, and any lease, rental agreement, operating agreement or other agreement or instrument hereafter entered into by Lessee under which any person or entity shall become or continue as a “Sublessee”, as defined below.

“Sublessee” shall include any person or entity subleasing any portion of the Premises, or leasing any part of any Building or Improvement from Lessee, directly or indirectly, but shall not include any Tenant occupying a housing unit. “Sublessee” also shall include (a) any person or entity to whom Lessee transfers fee title to any Building or Improvement, or any part thereof; and (b) any person or entity entitled to possess, use, occupy or control the occupancy of any Building or Improvement, or portion thereof, under an “operating agreement” or other agreement with Lessee or any Sublessee, except for (i) a Tenant; (ii) an individual client of a social service agency; or (iii) a property manager paid by Lessee or a Sublessee to manage a portion of the Premises in accordance with the direction of Lessee or a Sublessee.

“SPCC” means the Sand Point Community Connections LLC, a Washington limited liability company.

“SPCHA” means the Sand Point Community Housing Association, a Washington nonprofit corporation.

“Tenant” means any residential tenant or subtenant occupying a housing unit, and any member of any such person’s household, and shall include any residential client of a facility for the homeless, whether or not such person has the status of a tenant under applicable law.

“Term” means the term of this Amended Lease specified in Section 3.1.

2. **INTENTIONALLY DELETED**

3. **TERM**

3.1 **Term of Amended Lease.** Subject to the provisions of this Amended Lease and the terms of the Navy Deed, Lessor leases to Lessee and Lessee leases from Lessor the Premises described below, as a continuation of the Original Lease, which commenced on April 24, 1998. This Amended Lease shall be in effect from the execution date of this Amended Lease (“Effective Date”) through December 31, 2049 (“Term”), unless sooner terminated as provided elsewhere in this Amended Lease. The Term of this Amended Lease may be extended by the Director as needed for completion of the development of Phase II as described in Section 10.3 below.

3.2 **Early Termination.** The Amended Lease may be terminated earlier, in whole or in part, by written agreement of the Lessor and Lessee; or for default as described in Article 17, after any applicable cure period; or due to casualty as provided in Article 15; or as provided below in this Article or in Articles 5, 6, 8, 18 or 31. If not otherwise specified, termination shall be effective ninety (90) days after written notice of termination from the Lessor. In addition, because Parcel 3 abuts only on Parcel 2 and is to remain unimproved, if this Amended Lease shall be terminated for any reason as to Parcel 2, then Lessor or Lessee each shall have the right, at its option, by written notice to the other, to terminate this Amended Lease as to Parcel 3 effective at any time on or after the effective date of termination as to Parcel 2.

3.3 **Termination if Premises No Longer Used for Homeless.** Lessor shall have the right to terminate this Amended Lease by written notice to Lessee if the Premises cease to be used for the homeless.

4. RENT AND OTHER CHARGES

4.1 Rent. Lessee shall pay Lessor base rent for the Premises during the Term at the rate of ONE HUNDRED DOLLARS (\$100.00) per year. Rent shall be due and payable by Lessee to Lessor on the execution date of the Amended Lease for the first year of the Term and subsequently payable by Lessee on each anniversary of the execution date of the Amended Lease. Lessee reserves the right to prepay the entire Term or portions thereof, but no acceptance of prepayment shall affect the right of the Lessor to terminate this Lease upon the circumstances set forth herein, and there shall be no right to any rebate of prepaid rent upon any such termination.

4.2 Property Management Costs and Grounds Maintenance Costs.

(a) Lessee shall pay to Lessor, as additional rent, an amount determined annually by Lessor to cover the share fairly allocable to the Premises of the costs of management of the Sand Point Property (“Management Costs”) and the costs of the maintenance of the grounds of the Sand Point Property (“Grounds Maintenance Costs”). Management Costs shall include:

- (i) costs of preparation and administration of the plans and guidelines identified in Article 32 of this Amended Lease;
- (ii) related administrative costs (including the costs of maintaining an administrative office on the Sand Point Property).

The Lessor shall reasonably allocate Sand Point Property Management Costs and Grounds Maintenance Costs among Lessee and the users of other Sand Point Property, using any reasonable methods of cost allocation; provided, however (1) the total additional rental cost charged to Lessee shall not exceed \$100,000.00 per year; (2) the Premises’ shares of Sand Point Property Management Costs and Grounds Maintenance Costs shall not exceed 25% of each in any year; and (3) in the event of any reduction in area of the Premises due to partial termination of this Amended Lease, the Lessee’s share of Grounds Maintenance Costs shall be based on the reduced area and the 25% maximum for Grounds Maintenance Costs in clause (2) above shall be proportionately reduced. Lessor shall give a written statement to Lessee annually of Lessee’s share of Management Costs and Grounds Maintenance Costs for the previous calendar year, and Lessee shall pay such Costs within thirty (30) days of receipt of such statement. Such payment shall be without prejudice to Lessee’s right to make timely objection to the allocation or calculation of such Costs, or a portion thereof, by appeal as provided in Section 4.3 below.

In order to assist Lessee in budgeting expenditures, no later than November 30th of each year, the Lessor shall develop and provide to Lessee an estimate of Lessee’s share of



Sand Point Property Management Costs and Grounds Maintenance Costs for the next calendar year and a narrative describing the proposed method of allocation.

(b) The Lessor shall have the right to discontinue procurement of grounds maintenance services on ninety (90) days written notice to Lessee. If Lessee shall secure express written consent from the Director as part of the MOP of alternative grounds maintenance services to be obtained by Lessee, then Lessee shall have the right, on ninety (90) days written notice, to discontinue participation in the grounds maintenance services procured by Lessor, provided that Lessee shall have entered into, and shall maintain in effect until otherwise approved by the Director in writing, a contract for such alternative grounds maintenance services as shall have been consented to by the Director, which contract shall be reasonably acceptable to the Director and shall not be subject to cancellation without ninety (90) days written notice to the Director. At least thirty (30) days prior to the expiration of any such contract, Lessee shall renew such contract or procure a substitute contract acceptable to the Director and shall provide evidence of renewal, or a copy of the signed substitute contract, to the Director. For so long as grounds maintenance services procured by Lessor are discontinued, Lessee shall not be liable to Lessor for Grounds Maintenance Costs hereunder. Lessor shall have the right to reinstate procurement of grounds maintenance services, to be charged to Lessee hereunder, as follows: (i) upon thirty (30) days' notice to Lessee if Lessor shall have elected to discontinue procurement of grounds maintenance services under this Section and Lessee shall not have contracted for substitute services, or (ii) upon fifteen (15) days' notice to Lessee if Lessee shall have contracted for such services, Lessor shall have determined that such services are not sufficient or are not being performed in an acceptable manner, and Lessee shall have failed to remedy such situation within fifteen (15) days after a previous notice to Lessee; or (iii) at any time without prior notice if Lessee shall have elected to discontinue Lessor-provided grounds maintenance services and thereafter Lessee shall have failed to renew its contract for grounds maintenance services (or provide a substitute contract acceptable to Lessor) at least thirty (30) days prior to the expiration of such contract, or the services contracted for by Lessee shall have been suspended or terminated for any reason.

4.3 Lessee's Right to Contest Costs; Mediation.

(a) If Lessee gives written notice to Lessor, within fifteen (15) days of receipt of the statement under Section 4.2, that it contests the method of allocation or the computation of Management Costs or Grounds Maintenance Costs, setting forth the specific item or items to which it objects, the dollar amount that Lessee believes should be payable, and the general grounds for such objection (a "Contest Notice") then within fifteen (15) days of receipt of the Contest Notice Lessor shall give written notice to Lessee of whether Lessor will revise the allocation or computation. If Lessor elects to perform such a revision, then within fifteen (15) days thereafter Lessor shall deliver to Lessee its revised computation and Lessee shall have the same right, within fifteen (15) days after receipt of the revised computation, to send another Contest Notice with respect to the revised computation, in which case the same procedure shall apply.

(b) If the Lessor gives notice that it does not intend to revise its computation, or does not respond to Lessee's Contest Notice within fifteen (15) days after the receipt thereof, then Lessee may, within ten (10) days after such notice from Lessor or the expiration of such period, as the case may be, request a conference with Lessor to discuss the points of dispute. Lessor shall schedule such conference, involving Lessor and Lessee representatives with authority to resolve the dispute, within ten (10) days of receipt of such request, with at least five (5) days advance notice to Lessee of the time and place. If the dispute is not resolved at such conference or if Lessee does not request such a conference, then Lessee shall prepare and submit to Lessor, within thirty (30) days after the date when Lessee became entitled to request such conference, the Lessee's detailed computation of the items in dispute showing the amount that Lessee believes should have been payable by Lessee for each disputed item and the method of allocation used. Lessor shall make available to Lessee, to assist in such preparation, all relevant documents in Lessor's possession (subject to any applicable privileges). If requested by Lessor, the Lessee shall meet with Lessor to explain Lessee's detailed calculation.

(c) If the procedure required by the preceding paragraph does not result in resolution of the appeal, then not fewer than ten (10) days after the submission of Lessee's detailed calculation, either party may initiate by written notice to the other party a non-binding, structured mediation with the assistance of an individual or organization experienced in alternative dispute resolution ("ADR"). Such written notice must propose one or more independent mediators or organizations with such experience. The Lessor and the Lessee shall use best efforts to agree on a single qualified mediator. If the parties do not agree on a mediator within ten (10) days after the date of delivery of the notice electing mediation, then either party may request that a mediator be appointed by the Judicial Arbitration and Mediation Services in Seattle, WA or in the absence of such private service, then a similar dispute resolution organization appointed by the presiding judge of King County Superior Court and the designation of such organization shall be binding. The ADR process will be initiated within thirty (30) days of the date of the notice electing mediation unless extended by an agreement of both parties. The ADR procedures utilized for the mediation shall include the exchange of written claims and responses, with supporting information, at least ten (10) days prior to the actual mediation. Each party waives, for purpose of any subsequent arbitration or legal proceeding, any evidentiary privilege with respect to communications made between the parties during the mediation. The findings and recommendations of the mediator shall be admissible in any subsequent arbitration or legal proceeding. If the mediation, or any subsequent judgment, arbitration award or agreement, results in payment by the Lessee of an amount less than one-half the dollar amount then in dispute, defined as the difference in dollar amount between the Lessor's and Lessee's written positions as submitted to the mediator, then all fees and costs of the mediator shall be paid by Lessor; otherwise all such fees and costs shall be paid by Lessee. Any costs or fees of attorneys or experts incurred for purposes of mediation may be awarded in favor of the substantially prevailing party in any

subsequent arbitration or court proceeding, to the extent such costs reasonably would have been incurred for purposes of trial or hearing in the absence of mediation.

(d) If Lessee fails to comply with any of the deadlines set forth in subsections (a) or (b) of this Section then the allocation and computation as most recently provided to Lessee by Lessor shall become final and binding. If neither party elects mediation within the period set forth in subsection (c), or if for any reason no mediator is agreed upon or appointed within thirty (30) days after the date of the notice of election of mediation, or if mediation fails to result in agreement within sixty (60) days of the date of such notice, then either party may initiate legal proceedings to resolve the issues in dispute.

(e) Lessee shall, as a condition of its right to contest any allocation or computation, pay to the Lessor, together with any Contest Notice or any subsequent calculation by Lessee of the amounts payable with respect to the items in dispute, the entire amount of Grounds Maintenance Costs and Management Costs that would be payable if the Lessee's position were accepted (to the extent such amounts shall not have been paid previously). If it shall later be determined or agreed that all or a portion of the amount in dispute was properly payable, or if any such amount becomes properly payable then Lessee shall promptly pay such amount, together with interest (if any) at the rate of twelve percent (12%) per annum from and after the earlier of ten (10) days after the date of such determination or agreement; ten (10) days after Lessee's failure to comply with a deadline in this Section; or forty-five (45) days after the date when such amount was payable under the terms of this Amended Lease.

(f) If at any time during the Term, Lessee believes that the Lessor's property management services or grounds maintenance services provided for the Premises are inadequate or incomplete, Lessee may identify such problems in writing to the Lessor and to the Magnuson Park Community Communications Committee described in Section 32.1 within a reasonable period of time after Lessee is, or should reasonably be, aware of such problems. Such letter shall reference this subsection of this Amended Lease. The Lessor shall promptly review the problems identified in the letter and, if so requested by Lessee, convene a meeting within fifteen (15) days of receipt of the letter between appropriate representatives of the Lessor and Lessee to review the issues and potential solutions. Within forty-five (45) days following receipt of the letter, the Lessor shall issue a written response fully addressing the problems identified by Lessee and discussed at the meeting. If Lessee believes the response is incomplete or inadequate or that solutions proposed by the Lessor will result in unfair allocation of Management Costs or Grounds Maintenance Costs, Lessee will promptly notify the Lessor in writing of that position. Failure of Lessee to provide reasonable notice of problems as required in this subsection shall constitute a waiver by Lessee of its rights under this Amended Lease to contest the fairness of the Lessor's allocation or computation of Management Costs or Grounds Maintenance Costs directly related to such problems.

5. **PREMISES; USE**

5.1 Use of Premises.

(a) Lessee agrees that, except as otherwise expressly provided herein, the Premises shall be solely devoted to the development and operation of a residential living complex for homeless persons and families (including community space, computer lab, landscaping, gardens, playgrounds and other open space available to such residents), and for related services to the homeless and persons at risk of being homeless as may be approved by the Lessor and as may be consistent with applicable federal or state laws and regulations. On an interim basis, and with the express written consent of the Director, Lessee may conduct or permit other uses on portions of the Premises on which development of facilities for the homeless is not yet ready to begin, provided that such uses are consistent with all applicable laws, regulations, ordinances, plans, guidelines and policies, that Lessee complies with any conditions stated by the Director in granting any such consent, and that such uses do not conflict with or delay the development and use of the Premises for the homeless. Any net revenue to Lessee from any such interim uses shall be used for costs of developing the Premises for use by the homeless or for services to the homeless.

(b) All nonresidential space in the buildings on the Premises shall be used solely for services to the homeless (including formerly homeless persons residing on the Premises) unless otherwise expressly agreed in writing by the Lessor. Lessee shall maintain and produce for inspection and copying upon demand by the Lessor or HUD records demonstrating compliance with this Section.

(c) At all times during the Amended Lease, unless otherwise approved in writing by the Lessor, all usable space in the Improvements on the Premises shall be used for purposes that qualify as the necessary support of the poor or infirm, as authorized under Article VIII, Section 7 of the Washington State Constitution.

5.2 Inability to Continue Use for Homeless. If Lessee is unable to continue operation of any part of the Premises consistent with this Amended Lease and the MOP, other than a portion that is then subject to a Sublease, due to unavailability of sufficient operating funds, then Lessee shall so inform Lessor in writing and Lessee shall have no liability in damages to Lessor for failure to continue such use. Upon such notification, Lessor shall then have the right to terminate this Amended Lease, by thirty (30) days' written notice to Lessee, as to the Parcel or Parcels of the Premises as to which such notice is given.

5.3 Title to Improvements and Personal Property. Lessee represents and warrants that SPCHA has conveyed to the Lessee all right title and interest to all Buildings on the Premises, except the right, title and interest of Sublessees and Tenants. In addition, the Lessee represents and warrants that SPCHA has transferred to Lessee all of its right, title and interest in and to all personal property on the Premises that was owned by SPCHA at the time of the execution of the Assumption Agreement. Lessee, or if so permitted in writing by the Lessor, a

Sublessee, shall hold title to all New Buildings constructed on the Premises, and in the event of termination of a Sublease to a Sublessee that holds title to any Improvements, such title shall vest in Lessee to the full extent permitted by law and the terms of any liens thereon (including any liens in favor of the Lessor). Lessee's title to all Improvements and personal property shall be subject to all the terms and conditions of this Amended Lease, including without limitation the reversion to the Lessor upon termination. Lessee's title to the Buildings and Personal Property shall be subject to any reservations, conditions, and restrictions contained in the conveyance of such property from the United States to the Lessor. Lessee shall have no right to remove, destroy, damage or alter any Improvement or portion thereof, nor to permit any Sublessee to do any of the foregoing, without the express written consent of the Director.

6. OWNERSHIP OF IMPROVEMENTS AND PERMISSION OF LESSOR

[6.1-6.4 Reserved]

6.5 Ownership of Improvements. The parties acknowledge that at the inception of the Original Lease the Lessor conveyed title to the Improvements then on the Premises to SPCHA by quitclaim deed with reversion, and the SPCHA subsequently conveyed title to certain Buildings to Sublessees, with the consent of the Lessor. Lessee has received and recorded a quitclaim deed to the Improvements from SPCHA, with the consent of the Lessor. The parties intend that, because the Original Lease has not terminated, but rather has been assigned and amended with the agreement of Lessor, there is no reversion of title under the deed from the Lessor to SPCHA. Subject to the terms of this Amended Lease, and to the interests of any Sublessees and their successors and assigns, Lessee shall retain ownership of the Improvements until the expiration of the Amended Lease, or the termination of the Amended Lease either in whole or with respect to the portion of the Premises where specific Improvements are located. Lessee acknowledges that Lessor makes no warranty or representation whatever as to title or ownership of any interests in the Improvements as of the Effective Date of this Amended Lease. At the expiration of the Term, or if this Amended Lease is earlier terminated as provided under this Amended Lease, the Improvements (or those Improvements located on the portion of the Premises as to which the Amended Lease is terminated, in case of a partial termination), together with all related Personal Property, shall become the property of Lessor without any payment by Lessor; provided, that the Lessor may require the Lessee to remove, within ten (10) days after notice to Lessee, at Lessee's sole expense, any fixtures or structures on or under the Premises that were constructed, affixed or substantially modified without the approval of the Lessor or in violation of applicable laws, regulations or Codes, or that were permitted by Lessor on condition that they be removed upon expiration or termination of the Amended Lease.

6.6 Permission of Lessor. Subject to any restrictions on the Property reserved in the conveyance by the United States, the Director shall not unreasonably withhold permission for Lessee and its contractors and subcontractors to engage in any excavation or construction

activities reasonably necessary to construct, repair, alter or improve the Buildings consistent with Construction Plans acceptable to the Director. Lessor agrees to timely review and respond to requests for approvals or permissions for related excavation and construction as may be necessary under this Amended Lease or as may be necessary to secure building or other permits as may be required by applicable law. Lessor further agrees to cooperate with and permit the hook-up of any and all necessary utilities to the Buildings. However, Lessee shall obtain any and all necessary permits for utility hook-ups as required by applicable law.

7. MANAGEMENT AND OPERATION

7.1 Management and Operating Plan. The operation and management of the Premises by Lessee shall be conducted consistent with the Management and Operating Plan (“MOP”) with annual updates approved by the Lessor as described in Article 36, and consistent with the plans and guidelines referred to in Article 32, subject to the express provisions of this Amended Lease and to requirements of applicable laws, regulations and ordinances.

7.2 Property Manager. Lessee may contract with one or more property managers to manage the operation of the Premises consistent with this Amended Lease and the MOP, but no delegation of any duty or obligation to any property manager shall limit the responsibility or liability of Lessee hereunder.

7.3 Buildings Operated by Lessee; Operation Funding. Buildings 330, 331, 332, 224, and Buildings 26N and 26S initially shall be operated by Sublessees, subject to the provisions of Article 18 below.

7.4 Rules and Regulations. The Lessee agrees to observe, and to take all reasonable measures to cause Sublessees, Tenants and other persons allowed on the Premises to observe, such reasonable rules and regulations governing the Premises as the Lessor as landlord may promulgate from time to time.

8. DELAY IN PERFORMANCE

8.1 Force Majeure. Subject to Section 8.2, Lessee shall not be considered in breach of its obligations under this Amended Lease, including but not limited to the development of plans and specifications, securing of funding commitments or commencement and completion of construction of the Improvements, in the event of delays in the performance of its obligations due to causes beyond Lessee’s reasonable control and without its negligence, including but not restricted to, any delays or suspensions of construction compelled by court order, acts of God, acts of the public enemy, reasonably unforeseeable acts of a unit of local, state or federal government, reasonably unforeseeable acts or omissions by other parties, fires, floods, strikes, embargoes, delays in essential utility services and unusually severe weather or delays of contractors or subcontractors due to such causes. The time for the performance of

the obligation shall be extended for the period of the enforced delay if Lessee shall request promptly an extension of time in writing from Lessor but, in any event within thirty (30) days after Lessee becomes aware, or reasonably should have been aware, of the cause of any such delay. Failure of the Lessee or its Sublessee to obtain sufficient funding for the construction of new Improvements, after exercising its best efforts, shall be considered a cause beyond Lessee's reasonable control under this Section, provided that Lessee shall be continuing diligent efforts to obtain such funding.

8.2 Lessor's Right of Termination Notwithstanding Force Majeure.

Notwithstanding any force majeure under Section 8.1 or any other provision of this Amended Lease, the parties recognize that the capital funding, operational funding and other aspects of the Phase II development are subject to uncertainties beyond the control of Lessee. The parties recognize, however, that extended delays in carrying out development of Phase II, whether or not due to fault of Lessee, could frustrate the purpose of this Amended Lease. Therefore, if for any reason, whether or not within the control of Lessee, the Lessee shall not have completed the construction of one or more New Buildings on each of Parcels 1, 5 and 9 substantially in compliance with this Amended Lease within six (6) years following the Effective Date of this Amended Lease, then the Lessor, without any recourse by Lessee under the terms of this Amended Lease, shall have the absolute right, upon ninety (90) days' notice to Lessee, to terminate this Amended Lease as to each such Parcel on which no New Building shall then have been so completed, but the Amended Lease shall remain in effect as to any of such Parcels on which one or more New Buildings shall then have been so completed.

9. TAXES AND UTILITY CHARGES

9.1 Taxes. The Lessee shall pay, before delinquency, all taxes, levies, and assessments arising from its activities on or occupancy of the Premises, including, but not limited to taxes arising out of the activity or business conducted on the Premises such as the rental or sale of goods or services; taxes levied on its property, equipment, and improvements on the Premises; and taxes on the Lessee's interest under this Amended Lease and any leasehold interest deemed to have been created thereby under Ch. 82.29A RCW. In the event the State of Washington makes any demand upon the City as Lessor for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the Lessor to enforce collection of leasehold excise taxes, the Lessee shall, at its sole expense, contest such action and indemnify the Lessor for all sums expended by, or withheld by the State from, the Lessor in connection with such taxation.

9.2 Utility Charges. The Lessee, at the Lessee's sole expense, shall pay for, when due, all costs for providing all utilities and other services on or to the Premises, including but not limited to, elevator service, electricity, gas, water, telephone, sewer, garbage, heating and janitorial, and shall also pay all charges for utility installation and modifications thereto within or in the immediate area of any of the existing or new buildings on the Premises, including new connections to water or sewer mains required in connection with the construction,



rehabilitation, modification or use thereof as contemplated hereby. The Lessor shall be responsible for the installation or improvement of water or sewer mains, drainage facilities and electricity lines to the Premises if required for the purposes of the uses contemplated by this Amended Lease, but shall not be responsible for connections, meters and related installations that would be the responsibility of the owner or developer of a building on private property according to standard policies of Lessor for utilities. Lessor's installations and improvements shall be made, to the extent required, in time to serve new Improvements constructed on the Premises in accordance with this Amended Lease. Lessee acknowledges that the cost of such utility improvements may be paid wholly or in part from funds previously appropriated for housing at the Sand Point Property. The Lessor shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of utility services due to any causes whatsoever except the Lessor's gross negligence or breach of this Amended Lease. The Lessee shall not be entitled to an offset, reduction, or return of Rent as a result of any interruption or failure of said services.

9.3 No Charges for Service to Other Property. Nothing contained herein shall require Lessee to pay any gas, electrical, water, sewer or any other charge for utility service furnished to the Sand Point Property retained by Lessor and not conveyed to Lessee under the terms of this Amended Lease.

9.4 Lessee's Right to Contest. Lessee shall have the right to contest or review by legal proceedings or in such other manner as may be legal, any tax, assessment, utility charge or other governmental imposition mentioned above and to pay such items under protest; provided, that nothing in this Section shall be construed to restrain the exercise of any remedy by any City utility for nonpayment, and provided further that notwithstanding any protest or challenge Lessee shall timely pay such amounts as are necessary to avoid interruption in service, including any interruption that would occur from application of the normal policy or procedure of any City utility.

10. ALTERATIONS; CONDITION AND CARE OF PREMISES

10.1 General Condition. The Lessee shall at all times keep the Premises in a neat, clean, safe and sanitary condition, and shall use and maintain the Premises in accordance with the laws of the State of Washington and Charter, ordinances and Codes of The City of Seattle, and in accordance with all valid rules and regulations of the Health Officer, Fire Marshal, Director of DPD and other appropriate officers of The City of Seattle. The Lessee shall comply with the previous sentence at the sole cost and expense of the Lessee, except as otherwise expressly provided herein. The Lessee shall not cause or permit any waste, damage, or injury to the Premises; use or permit on said Premises anything that will increase the rate of fire insurance thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors; permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises that in any way will tend to create a nuisance.

10.2 Lessee Accepts Premises AS IS; Maintenance-Repairs:

(a) Lessee has fully inspected the Premises. Lessee is fully familiar with the condition of the Premises. Lessee accepts the Premises **AS IS**, in their condition on the Effective Date, and **ASSUMES THE RISK** of any defects in the condition of the Premises and of all the matters set forth below. Lessor makes **NO WARRANTIES OR REPRESENTATIONS OF ANY KIND**. Lessee agrees that any express or implied representations or warranties made by or on behalf of the Lessor prior to the date hereof, unless expressly set forth in this Amended Lease, are hereby revoked and canceled and shall have no force or effect. Lessee further agrees that no representations or warranties are implied by any provision of this Amended Lease or any other words or conduct in connection with this transaction.

(b) Without limiting the generality of the foregoing paragraph, Lessee agrees that, except as may be specifically set forth in this Amended Lease, neither Lessor nor any person for whom Lessor may have any responsibility makes any representation, warranty or promise of any kind with regard to any of the following: (1) the physical condition of the Premises or improvements (land, buildings, fixtures, or infrastructure), whether or not readily determined by inspection; (2) the presence or absence of any underground tanks or any hazardous or defective substances or conditions on or about the Property, or on adjacent properties; (3) the history of the Property or activities that may have occurred or been conducted thereon or thereunder; (4) soils conditions or drainage; (5) square footage of land or buildings; (6) encroachments; or (7) location or condition of utility lines.

(c) Except as otherwise expressly provided in this Amended Lease, Lessee hereby irrevocably releases and waives any and all claims that Lessee has or may have hereafter against Lessor with respect to the condition of the Property or arising pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or the Washington State Model Toxics Control Act, as amended.

(d) Lessee agrees that the Lessor shall have no liability or obligation as a result of any defect or condition of the Premises, including without limitation latent defects. The Lessor shall have no obligation for any repairs, maintenance, or work of any kind except as expressly set forth in this Amended Lease.

(e) Lessee acknowledges that the improvements on the Premises may not be fit for occupancy for the purposes intended, or in some cases for any purpose, without substantial rehabilitation and modifications. Lessee further acknowledges that the buildings on the Premises may not be in compliance with applicable Codes and may not satisfy standards of various potential funding sources for operation of the buildings. Lessee agrees that Lessor has no obligation to cause any such buildings to comply with any such Codes or standards, and

that if Lessee fails to bring such buildings into compliance Lessee and its Sublessees will not be permitted to use or occupy the buildings for the purposes intended.

(f) Lessee and Lessor acknowledge that this Section has been specifically bargained for and that Lessor would not be willing to lease the Premises on the terms and conditions set forth herein without Lessee's agreement to the terms of this Section.

10.3 Phase II: New Construction. The parties agree that "Phase II" of the development of the Premises shall consist of the demolition of building 310 and the new construction of additional residential structures as New Buildings for the homeless. Lessee shall develop a general housing and services plan for Phase II development, which shall be prepared according to a format approved by the Director and in cooperation with the Lessor, the neighboring community, and the Committees. No later than December 31, 2007, the Lessee shall submit a general housing and services plan for Phase II development acceptable to the Director and consistent with the Application. The plan may include several distinct sequential steps such as a Phase IIA and Phase IIB, for example. The plan shall include, without limitation, a schedule for development, cost estimates, intended fund sources, and an open space element. Upon approval of the plan for Phase II by the Lessor (which may involve action by the City Council after acceptance by the Director), with such modifications or additions as the Lessor may reasonably require, the Lessee shall pursue diligent efforts to implement the Plan in accordance with the schedule contained therein. Such efforts shall include, without limitation, timely submission of complete applications for funding to all appropriate funding sources and submission of all applications required under all Codes. In the planning, design and construction of New Buildings and related Improvements the Lessee shall comply fully with all of the following plans approved or to be approved by the Lessor, as the same may be amended by Lessor: Physical Development Management Plan and Historic Property Reuse and Protection Plan.

10.4 Alterations.

(a) The Lessee shall not make, or cause to be made, any alteration, addition or improvement in the Premises, including without limitation installation, removal or modification of fencing or landscaping, without first obtaining the written consent of the Director for such work. The Director's approval of alterations, additions or improvements expressly contemplated by this Amended Lease shall not be unreasonably withheld, provided that the Lessee demonstrates the availability of sufficient financial resources to complete such alterations, additions or improvements and provided that the Construction Plans conform to the plans and guidelines referred to in Section 10.3. Ordinary repairs and any non-structural alteration of any structure that, together with all other items of the same nature during the calendar year, cost less than \$15,000.00, and emergency repairs immediately necessary for the usual and customary usage of the Premises, in each case if at the sole expense of Lessee, shall not require such prior written consent. All alterations, additions and improvements made shall be at the sole cost and expense of the Lessee, and unless otherwise agreed in writing by

the Director, shall remain in and be surrendered with the Premises as a part thereof at the expiration or termination of this Amended Lease, without disturbance, molestation or injury.

(b) The Lessor reserves an unqualified right to make repairs or alterations to the Premises or to the buildings thereon (i) where conditions deemed by the Director to constitute an emergency exist, or (ii) after prior written notice to Lessee requesting Lessee to make such repair or alteration in order to correct deficiencies in compliance with any applicable law, regulation or Code. Lessee shall reimburse Lessor on demand for the cost of any such repairs or alterations if made after the Lessee shall have failed or refused to do so. The Lessor also reserves the right to make general alterations to the Premises or to any buildings thereon at no cost to Lessee where such general alterations will not unreasonably interfere with the ordinary operation of the Premises or such building by the Lessee or its permitted Sublessees. Without limiting the generality of the foregoing, the Lessor reserves the right to demolish Building 310, and shall be under no obligation to replace such building.

(c) In the event that, after a Building or other Improvement on the Premises has been placed in service as contemplated by the Application after the commencement of the Original Lease, such Building shall, in the Lessor's reasonable judgment, immediately require an extraordinary capital improvement (such as replacement of a major building system), and sufficient funds are not available in the Lessee's capital reserves for such purpose, then the Lessor may make such capital improvement, and may require that the Lessee contribute all available funds in Lessee's capital reserves toward the cost of such capital improvement, subject to any approval required by any funding agreement approved in writing by the Lessor.

10.5 Access. The Lessor reserves for itself, its officers, employees, agents and contractors, free access to said Premises, including the buildings thereon, at all reasonable times for the purpose of inspecting, cleaning, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the Lessor, but this right shall not be construed as an agreement on the part of the Lessor to make said inspections, or to clean or make repairs, additions or alterations.

10.6 Signs. Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except those indicating the name of Lessee or its Sublessee and the names and nature of the programs, services and facilities provided by Lessee and Sublessees on the Premises, without approval in writing by the Director prior to such placement.

10.7 Keys. Any change in locks shall be at the sole expense of the Lessee. If a lock change is made to the exterior door of any Building, Lessee shall provide the Director with one (1) key for each lock changed immediately after such change has been completed.

10.8 Equipment; Personal Property. All equipment and all appliances such as dishwashers, stoves, refrigerators, washers, and dryers located on the Premises shall be maintained and repaired by the Lessee at no cost to the Lessor.

10.9 Contracting for Alterations, Maintenance, Repairs, and Construction. Lessee shall ensure that all contracts and subcontracts for any alterations, maintenance, repairs, and construction activities (including contracts for related professional services) shall be made, entered into, and performed in full compliance with all applicable laws, regulations, ordinances, fund source requirements, and the terms of this Amended Lease (collectively, "requirements"), whether such contracts are let or made by the Lessee or by a Sublessee or other person. Lessee shall ensure, under all such contracts and subcontracts, that work shall be performed by licensed and qualified contractors, and that wages and benefits shall be paid in compliance with all applicable requirements. Lessee shall defend, indemnify and hold harmless the Lessor and its officers and employees from any claim, demand, liability, or cost (including attorneys fees) resulting from any failure by Lessee to ensure compliance as set forth in this Section.

10.10 Hazardous Waste or Materials.

(a) Restriction on Use; Response Plan; Definition. Lessee shall not dispose of or otherwise allow the release of any hazardous substances in, on or under the Premises, or any adjacent property, or in any Improvements placed on the Premises. Lessee represents, warrants and agrees that Lessee's uses of the Premises (including uses by Tenants, invitees or licensees) shall not involve the use, production, disposal or bringing onto the premises of any hazardous substances, except for cleaning and maintenance supplies normally used in the operation of similar buildings that shall be used, stored and disposed of in compliance with all applicable laws, regulations and prudent practices. Lessee understands and agrees that flammable or hazardous substances are not allowed on the Premises without the express written permission of the Lessor. In the event such written permission is granted by the Lessor, then Lessee shall handle and dispose of such hazardous materials in accordance with all applicable laws. Prior to bringing any hazardous substance onto the Premises, Lessee shall prepare and submit to the Lessor a hazardous materials response plan, acceptable to the Lessor. Lessee shall comply fully with such plan, at Lessee's sole expense. As used herein, the term "hazardous substances" includes asbestos, polychlorinated biphenyls, petroleum products, lead, explosives, paint, resins, solvents and any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., and the Model Toxics Control Act, RCW 70.105D.

(b) Receipt of Information; Treatment of Existing Hazardous Substances.

Lessee acknowledges that it has received a copy of the report of the "Lead Inspection Data, NAVSTA Puget Sound, Seattle, Washington" prepared by Environmental Engineering Branch, Code 414, Navy Public Works Center, Norfolk, Virginia (undated), the Department of the Navy's Finding of Suitability to Lease dated July 1, 1996; the Washington Department of Ecology's "No Further Action" Letter dated May 16, 1996 (including Appendix I thereto);

the Department of the Navy's Draft Environmental Impact Statement dated November 1996 and the lead-based paint disclosure document attached as Exhibit F, and that all documents referred to in the foregoing, plus the materials compiled by the Department of the Navy regarding asbestos-containing material ("ACM") on the Premises, have been made available to the Lessee. Prior to the removal of ACM and lead-based paint, Lessee shall use due care not to disturb or cause the deterioration or release of any such ACM or lead-based paint and shall, in connection with any work done on the buildings containing the lead-based paint and ACM, cause all lead-based paint hazards to be abated, and shall cause ACM to be removed and disposed of, or professionally encapsulated if such alternative is in accordance with applicable laws, regulations, and prudent practices. Lessee shall cause all abatement and encapsulation work to be performed, and all disposal activities to be performed, in full compliance with all applicable laws, regulations and guidelines, including without limitation the "Guidelines for Evaluation and Control of Lead-Based Paint in Housing" issued by the United States Department of Housing and Urban Development ("HUD"), as in effect at the time such work is performed, and Lessee shall maintain adequate documentation to demonstrate such compliance.

(c) Compliance. Lessee shall promptly comply at Lessee's expense with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, treatment, disposal, storage, control, removal or cleanup of hazardous substances either

(i) in, on, around or under the Buildings, regardless of the source of the hazardous substances, or

(ii) in, on or under any other part of the Premises or any adjacent property if resulting from a release caused by the act or omission of Lessee, any Sublessee, or any of their respective employees, agents, contractors, Tenants, licensees or invitees.

(d) Rights of Lessor. After notice to Lessee and a reasonable opportunity for Lessee to effect such compliance, Lessor may, but is not obligated to, enter upon the Premises and take such actions and incur such costs and expenses to comply with any applicable laws, regulations or guidelines regarding hazardous substances as the Lessor deems advisable to protect its interest in the Premises, provided, however, that Lessor shall not be obligated to give Lessee notice and an opportunity to effect such compliance if such delay may reasonably result in material harm to the City, the tenants, providers, the public or the United States and, (i) Lessee has already had actual knowledge of the situation and a reasonable opportunity to effect such compliance, or (ii) Lessor deems that an emergency exists. Whether or not Lessee has actual knowledge of the release of hazardous substances, Lessee shall reimburse Lessor on demand for the full amount of all costs and expenses incurred by Lessor in connection with compliance activities with respect to hazardous substances for which Lessee has responsibility under subsection 10.10(b) or (c) of this

Amended Lease, and such obligation shall continue even after the termination of this Amended Lease.

(e) Lessee's Duty to Notify and Cooperate; Response to Release. Lessee agrees to cooperate in any environmental assessments conducted by the Lessor's staff or independent third parties. Lessee agrees to provide the Lessor with notice of every governmental inspection of the leased Premises, notice of violation, and order to clean up contamination, within five (5) days after the receipt thereof by Lessee. Lessee agrees to permit the Lessor to participate in all settlement or abatement discussions. In addition, Lessee shall notify Lessor immediately of the presence or release of any hazardous substances as described in subsection (c) of this Section (other than hazardous substances permitted under subsection (a) that are stored, used, handled and disposed or in compliance herewith) and shall take timely and appropriate steps to protect persons and property from, and remedy the effects of, any such hazardous substances, which steps shall include immediate action in the case of any material release of hazardous substances.

(f) Removal Upon Surrender. Upon surrender of the Premises or any Parcel(s) thereof to the Lessor, whether upon expiration or earlier termination of this Amended Lease (in whole or in part), Lessee shall remove and properly dispose of any hazardous substances that were introduced into, or released on, in or under, the Premises or such Parcel(s), as the case may be, at any time during the Term hereof, whether by Lessee, any Sublessee, or any of their respective employees, agents, contractors, Tenants, licensees or invitees, or any other person except for the Lessor or its employees, agents or contractors.

(g) Indemnity. Lessee agrees to defend, indemnify and hold harmless Lessor against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, clean-up costs, remedial actions, costs and expenses (including, without limitation, consultants' fees, attorneys' fees and disbursements) that may be imposed on, incurred or paid by, or asserted against Lessor or the Premises by reason of, or in connection with (i) any misrepresentation, breach of warranty or other default by Lessee under this Amended Lease; (ii) the acts or omissions of Lessee, any Sublessee or any of their respective employees, agents, contractors, Tenants, licensees or invitees, resulting in the release of any hazardous substances; (iii) any actual or alleged injury, illness, death or damage to any person resulting from the presence or release of any hazardous substance in, on, or under the Premises, whether or not present at the inception of this Amended Lease; or (iv) any off-site disposal, handling, treatment, storage, or transportation of any hazardous substances, including petroleum products, removed from the Buildings or Premises by Lessee or its Sublessees, or their respective Tenants, invitees, contractors or subcontractors. This indemnity provision shall survive termination or expiration of this Amended Lease.

(h) No Waiver of Federal Obligations; Notices and Enforcement by Lessee. Nothing in this Section shall be construed to relieve the United States government or any department thereof from any liability or responsibility with respect to hazardous substances.

In the event that Lessee becomes aware of any hazardous substance condition, or any complaint, notice or claim related to any hazardous substance(s), with respect to which the United States or a department thereof may have any obligation pursuant to the terms of the Navy Deed or pursuant to applicable law, the Lessee shall give written notice of the pertinent facts, together with a copy of any written complaint, notice or claim, to the Director and to the United States Department of the Navy as soon as practicable and in any event not later than ninety (90) days after learning of any such condition or fifteen (15) days after receipt of any such complaint, notice or claim, whichever is earlier. Lessee shall provide the United States Navy, and any other agency responsible for investigation, remediation, or defense of the matter, all additional documents and cooperation requested or required by the terms of the Navy Deed or by law. To the full extent permitted by the terms of the Navy Deed and applicable law, the Lessee shall have the right, after consultation with Lessor, to make demand on the United States to fulfill its obligations with respect to any hazardous substances discovered in, on or under the Premises and to enforce such obligations in its own name, provided that (i) Lessee shall not waive or release any rights without the express written consent of the Director; (ii) Lessee shall send copies of all related correspondence to the Director immediately upon sending or receipt thereof by Lessee; (iii) Lessee shall not request or authorize any excavation, demolition or other response action without the written consent of the Director if such action could reasonably adversely affect any Improvements on the Premises or any utilities on, in, or under the Premises, or if such action could reasonably interfere materially with the use of any portion of the Premises for the purposes intended by this Amended Lease.

(i) Mutual Obligations to Cooperate Regarding Federal Environmental Obligations. If any circumstances arise that would provide reasonable grounds for the enforcement of any obligations (including without limitation indemnities) of the United States regarding environmental matters in the Navy Deed, or any obligations of the United States with respect to the Premises under applicable laws regarding environmental matters (either generally or with respect to base closures), and if Lessee or Lessor gives notice to the other of such circumstances and requests cooperation in pursuing such enforcement, then the other party shall cooperate in securing the benefits of such obligations. Nothing in this subsection (i) shall require either party (A) to expend funds except as authorized by its governing body, in its discretion, nor (B) to bring or join in any legal or administrative action if such party determines in good faith that such action would not be in the best interests of such party.

11. MAINTENANCE

11.1 Protection and Maintenance Obligations of Lessee.

(a) Lessee shall at all times keep the Buildings and other Improvements in a neat, clean, safe and sanitary condition; shall not cause or permit waste, damage or injury; and shall use and maintain the Buildings and other Improvements in accordance with the laws

of the State of Washington and Charter, ordinances and Codes of The City of Seattle, and in accordance with all valid rules and regulations of the Health Officer, Fire Marshal, Director of Planning and Development (“DPD”) and other appropriate officers of The City of Seattle. Lessee shall maintain building 310, prior to its demolition, according to the standards for vacant buildings in City Codes and DPD rules.

(b) Lessee shall comply with this Section at the sole cost and expense of the Lessee, except as otherwise expressly provided herein. The Lessee shall not cause or permit any waste, damage, or injury to the Buildings; use or permit on or in the Buildings anything that will increase the rate of fire insurance thereon; maintain anything on or in the Buildings that may be dangerous to life or limb; overload the floors; permit any objectionable noise or odor to escape or to be emitted from the Buildings; or permit anything to be done in or around the Buildings that in any way will tend to create a nuisance.

(c) Unless otherwise provided in provision of the approved MOP that expressly refers to and modifies this Section, the sole exception to Lessee’s maintenance obligation under this Section shall be Lessor’s obligation for ordinary grounds maintenance under Section 11.2. Unless otherwise agreed in writing by Lessor, Lessee, and not Lessor, shall be responsible for the prompt removal of any rubbish deposited on the Premises by Lessee or its Sublessees or their respective Tenants, licensees or invitees, including without limitation any abandoned automobiles or appliances, and for any extraordinary grounds maintenance required as a result of the acts of Lessee, Sublessees, or the Tenants, licensees or invitees of Lessee or Sublessees.

11.2 Lessor’s Grounds Maintenance Obligation; Limitations. Unless otherwise provided in a specific provision of the MOP, Lessor shall be responsible for the ordinary maintenance of the grounds on the Premises (but not Buildings or Improvements), including lawn mowing, trimming or removal of plants when required, control of noxious weeds, clearing of leaves and other natural debris, and street, parking area and general access maintenance. Such maintenance shall be to the same standard, and generally with the same frequency, as maintenance of other grounds and general access at the Sand Point Property owned by the Lessor (not including park natural areas). Unless otherwise agreed in writing by the parties, Lessor shall not be responsible for clearing snow, ice, obstructions and hazards from sidewalks, driveways, parking areas, walkways, steps, ramps and other paved surfaces in the Premises, or for repair of holes, cracks, or other defects in such surfaces. With regard to the streets serving the Premises, the City shall have only such obligations as the City has generally for all streets, and shall have no special obligations under this Amended Lease.

12. COMPLIANCE WITH LAWS AND FEDERAL REQUIREMENTS

12.1 General Requirement. The Lessee, at its sole cost and expense, shall perform and comply with all applicable laws of the United States and the State of Washington; the Charter, ordinances and Codes of The City of Seattle; the rules, regulations, orders, and

directives of their administrative agencies and officers thereof; and all requirements associated with any fund source for the improvement of, or operations on, the Premises. Lessee shall take all reasonable measures to cause each Sublessee and Tenant, and each of their invitees and licensees, to comply with all requirements of all of the foregoing.

12.2 Licenses and Similar Authorizations. The Lessee, at no expense to the Lessor, shall secure and maintain in full force and effect during the term of this Amended Lease, all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

12.3 Nondiscrimination and Affirmative Action.

(a) Fair Housing and Other Nondiscrimination Laws. Lessee agrees to and shall comply with, and shall require all Sublessees to comply with, all Federal, State and local laws and ordinances, including without limitation Fair Housing Laws, prohibiting discrimination with regard to race, color, national origin, age, “families with children status,” ancestry, creed, religion, political ideology, sex, sexual orientation, gender identity, marital status, the presence of any sensory, mental or physical handicap or the use of a guide or service animal by a person with a disability.

(b) Equal Employment Opportunity and Nondiscrimination. The Lessee shall comply with, and shall require all Sublessees to comply with, all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and the City of Seattle, including but not limited to Chapters 14.04, 14.10, and 20.42 of the Seattle Municipal Code (SMC), as they may be amended; and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

12.4 Lead-based Paint. Lessee shall comply with all requirements of applicable laws and regulations with regard to lead-based paint. Without limiting the foregoing, Lessee shall comply with all requirements of federal regulations at 24 CFR Part 35, including regulations promulgated at 61 Federal Register 9063 *et seq.* with regard to disclosure of information concerning lead-based paint. In accordance with such regulations, Lessee shall provide the required information to, and shall obtain signed acknowledgments from, each residential Tenant of the Buildings, and shall provide copies of such documents to the Lessor upon the Lessor’s request. To the extent that the Premises are subleased other than directly to residential Tenants, Lessee shall take all reasonable measures to cause each Sublessee to comply with the terms of this Section.

12.5 Historic Preservation. Lessee shall comply, and shall take all reasonable measures to cause each Sublessee and Tenant (and the invitees and licensees of any of the foregoing) to comply, with all applicable laws, regulations and ordinances concerning historic preservation, and with all provisions in the Navy Deed with respect to historic preservation.

In addition, Lessee shall comply with all provisions of the Historic Property Reuse and Protection Plan to the extent it applies to the Premises. It shall be the sole responsibility of Lessee to make timely application for, and to obtain, any and all permits and approvals related to historic preservation in connection with any renovation, repairs, construction or excavation.

12.6 U.S. Government and Funding Agency Restrictions. Lessee agrees to comply, and to take all reasonable measures to cause each Sublessee and Tenant, and all invitees or licensees of any of the foregoing, to comply with the terms and conditions of all covenants and restrictions imposed by the United States related to the transfer of the Sand Point Property to the Lessor, and of all agreements now or hereafter entered into by the Lessee or any Sublessee for the funding of the Improvements; the construction, maintenance, repair, or rehabilitation thereof; or the operations thereof. Without limiting the foregoing, Lessee agrees that as between Lessee and Lessor, each and every covenant of "Grantee" in Navy Deed from the United States to the Lessor for the Premises, as such covenant relates to any Parcel of the Premises, for so long as this Amended Lease remains in effect as to such Parcel, shall be the obligation of Lessee, and that Lessee shall defend and indemnify Lessor from any liability, loss, damage or expense (including attorneys' and experts fees) arising from Lessee's breach of any such obligation. Lessee acknowledges that prior to the execution of this Amended Lease the Lessee has reviewed the Navy Deed.

13. LIENS

13.1 If, because of any act or omission of Lessee or any Sublessee, any mechanic or other lien or order for payment of money shall be filed against the Premises or the Improvements, Lessee shall at its sole expense cause the same to be discharged or bonded within thirty (30) days after the date of such filing.

14. LIABILITY AND INSURANCE.

14.1 Indemnity: The Lessee hereby releases the Lessor from, and shall indemnify and hold the Lessor harmless from, any and all losses, claims, actions, damages and expenses arising or that may arise in the future out of or resulting from any occurrence in or on the Premises, except to the extent, if any, that such losses, claims, actions, damages and expenses are proximately caused by either (a) the negligent or otherwise wrongful act of the Lessor or its employees, agents or contractors in violation either of a duty of care owed to the third party making a claim or of a duty owed by the Lessor to Lessee; or (b) the failure of the Lessor to perform an express obligation of the Lessor under this Amended Lease. Neither the approval by the Lessor of any action, omission or policy proposed by Lessee, nor the failure by the Lessor to enforce any obligation of Lessee or a Sublessee, shall give rise to an exception from the foregoing release and indemnity. In the event that any suit based upon such losses, claims, actions, damages, or expenses is brought against the Lessor, the Lessee, upon notice of the commencement thereof, shall defend the same by counsel satisfactory to the Lessor at Lessee's sole cost and expense (provided that the Lessor shall have the right to appear in and

defend any such action by its own counsel); and if final judgment be adverse to the Lessor, or the Lessor and the Lessee jointly, or if the Lessor shall enter into a reasonable settlement of any such claim or action after notice to and consultation with Lessee, the Lessee shall promptly satisfy the same. Except as stated in clauses (a) and (b) of the first sentence of this Section, the obligation of Lessee to indemnify the Lessor described in this Section shall not be diminished by the fact, if it be a fact, that any such death, injury, damage, loss, cost or expense may have been contributed to, or may be alleged to have been contributed to, in part, by an act or omission of Lessor, its officers, employees or agents, provided that to the extent that RCW 4.24.115 (or successor provision) applies, (1) this indemnity shall not apply in case of any liability for damages arising out of bodily injury to persons or damage to property caused or resulting from the sole negligence of the Lessor, its agents or employees, and (2) in case of liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of (a) Lessor or its agents or employees, and (b) Lessee or its agents or employees, this indemnity shall apply only to the extent of Lessee's negligence.

14.2 Intentionally Deleted

14.3 Worker's Compensation. **Solely with respect to claims for indemnification under this Amended Lease, Lessee waives its immunity under Industrial Insurance laws. This section has been negotiated by the parties as indicated by their initials below, and Lessee acknowledges that the Lessor would not enter into this Amended Lease absent this Section.** Lessee shall ensure that the provisions of this Section are incorporated in any Sublease and are binding on the Sublessee for the benefit of the Lessor.

Lessor: _____

Lessee: _____

14.4 Insurance.

(a) Building Renovation and New Construction. The Lessee shall, at all times during the term of this Amended Lease when any renovation or construction activity is in process on the Premises, obtain and maintain continuously, at its own expense, insurance as specified in this subsection (a), and shall file with the Director and the Lessor's Risk Manager, evidence of a policy or policies of insurance as enumerated below, covering such activity and each Building and Improvement affected by such activity:

(1) A policy of **Commercial General Liability Insurance**, written on an insurance industry standard occurrence form (CG 00 01) or equivalent, including all the usual coverages known as:

- Premises/Operations Liability
- Products/Completed Operations
- Personal/Advertising Injury
- Contractual Liability
- Independent Contractors Liability
- Stop Gap or Employers Contingent Liability
- Explosion, Collapse, or Underground (XCU), (as applicable)*
- Liquor Liability/Host Liquor Liability (as applicable)*
- Fire Damage Legal
- Per Location Aggregate CG2504

*These coverages are required only when the work on the Premises may include exposures to which these specified coverages respond.

Such policy(ies) must provide the following minimum limits:

Bodily Injury and Property Damage -	
\$ 2,000,000	General Aggregate
\$ 2,000,000	Products & Completed Operations Aggregate
\$ 1,000,000	Personal & Advertising Injury
\$ 1,000,000	Each Occurrence
\$ 100,000	Fire Damage

Stop Gap or Employers Contingent Liability	
\$ 1,000,000	Each Accident
\$ 1,000,000	Disease - Policy Limit
\$ 1,000,000	Disease - Each Employee

Lessee shall be responsible for any deductibles and any amounts of losses not covered due to coinsurance provisions. There shall be no deductible or self-insured retention except as expressly approved in writing by the Lessor's Risk Manager after consultation with Lessee. The cost of any claim payments falling within the deductible shall be the responsibility of the Lessee.

(2) A policy of **Business Automobile Liability**, including coverage for owned, non-owned, leased or hired vehicles written on an insurance industry standard form (CA 00 01) or equivalent.

Such policy(ies) must provide the following minimum limit:

Bodily Injury and Property Damage -
\$ 1,000,000 per accident

(3) A policy of **Pollution Liability** providing coverage for claims (A) involving remediation, disposal or other handling of pollutants arising out of operations of Lessee or its Sublessees or their respective contractors and subcontractors, including coverages generally known as “contractor’s operations for others”, and “contractor’s site (owned)”; (B) arising from the transportation of hazardous materials; or (C) involving remediation, abatement, repair, maintenance or other work with lead-based paint or materials and/or with asbestos or materials containing asbestos. Such Pollution Liability policy(ies) shall provide the following minimum Limit:

Bodily Injury and Property Damage:
\$1,000,000 per occurrence

If any such policy is written on a claims made form, the policy shall state that coverage is claims made, and state the retroactive date, which shall be prior to or coincident with the date of this Amended Lease. Claims made form coverage shall be maintained by the Lessee for a minimum of three years following the termination of the contract for the renovation or construction work, and the Lessee shall annually provide the Lessor with proof of renewal, on or before each anniversary of the Effective Date of this Amended Lease. If renewal of the claims made form of coverage becomes unavailable, or economically prohibitive, the Lessee shall purchase an extended reporting period (“tail”) or provide another form of security acceptable to the Lessor to assure financial responsibility for liability that would be covered by such policy.

Such insurance, as provided under subsections (1), (2) and (3) above, shall be endorsed to include as additional insureds Lessee, its officers, directors, employees, agents, volunteers and the City of Seattle, its officers, elected and appointed officials, employees, agents and volunteers, and shall not be reduced or canceled without forty-five (45) days prior written notice to Lessee and to the Lessor’s Risk Manager. In addition, the Lessee’s insurance shall be primary as respects the Lessor, and any other insurance maintained by the Lessor shall be excess and not contributing insurance with the Lessee’s insurance.

(4) A policy of **Worker’s Compensation**. As respects Workers’ Compensation insurance in the state of Washington, Lessee shall secure its liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington. If Lessee is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Lessee shall so certify by letter signed

by a corporate officer indicating that it is a qualified self insured, and setting forth the limits of any policy of excess insurance covering its employees.

(5) A policy of **Builder's Risk Insurance - Physical Damage**

Insurance:

Unless otherwise directed in writing by Lessor, the Lessee shall purchase and maintain property insurance, with Lessor as an additional insured, to include the perils of "All Risk", including Earthquake and Flood coverage to the extent required by the City's Risk Manager, for the full replacement value of the Improvements. Lessee shall be responsible for any deductibles and any amounts of losses not covered due to coinsurance provisions.

Lessor reserves the right to purchase Builder's Risk insurance to include the perils of "All Risk" including (in Lessor's discretion) Earthquake & Flood coverages. If Lessor gives notice to Lessee that Lessor shall maintain Builder's Risk insurance, then Lessee shall be responsible for the Lessor's policy deductible (currently \$10,000) and Lessee shall pay on demand to Lessor the amount of each premium billed to Lessor for such insurance. Lessee will be added as an additional insured to the policy.

Lessor and Lessee waive all subrogation rights against each other, any Sublessees, contractors, subcontractors, architects, architects' sub-consultants, separate contractors, if any, and any of their subcontractors, for damages caused by fire or other perils to the extent that the loss that would be the basis for a subrogation claim is covered by property insurance obtained pursuant to this subsection or other property insurance, except that Lessor and Lessee do not waive such rights as they have to proceeds of such insurance held by any person as fiduciary. This waiver shall not apply to the portion of any loss within the deductible of the applicable insurance policy. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

(6) **Insurance to Protect Lessee's/Contractor's Equipment:**

Lessee shall purchase and maintain physical damage insurance upon Lessee's and contractors' equipment for the actual cash value of such equipment as of the time of any loss. This insurance shall insure against loss from the perils of Fire, and other risks of direct physical loss or damage, also known as "All Risk" perils protection.

Lessee shall be responsible for any deductibles and any amounts of losses not covered due to coinsurance provisions.

(b) General Insurance Requirements. Lessee shall, at all times during the Term of this Amended Lease, obtain and maintain continuously, at its own expense, insurance

as required by this subsection (b), and shall file with the Director and the Lessor's Risk Manager, evidence of a policy or policies of insurance as enumerated below:

(1) A policy of **Commercial General Liability Insurance**, written on an insurance industry standard occurrence form (CG 00 01) or equivalent, including all the usual coverages known as:

- Premises/Operations Liability
- Products/Completed Operations
- Personal/Advertising Injury, to include
 - Sexual Molestation*
 - Discrimination*
 - Sexual Harassment*
- Contractual Liability
- Independent Contractors Liability
- Stop Gap or Employers Contingent Liability
- Explosion, Collapse, or Underground (XCU) (as applicable)**
- Liquor Liability/Host Liquor Liability (as applicable)**
- Fire Damage Legal
- Per Location Aggregate CG2504

* Any reductions of limits for these coverages are subject to the Lessor's Risk Manager's and Lessee's agreement based on commercial availability and costs.

**These coverages are required only when the operations on the Premises may include exposures to which these specified coverages respond.

Such policy(ies) must provide the following minimum limits:

Bodily Injury and Property Damage -
\$ 1,000,000 General Aggregate
\$ 1,000,000 Products & Completed Operations Aggregate
\$ 1,000,000 Personal & Advertising Injury
\$ 1,000,000 Each Occurrence
\$ 100,000 Fire Damage

Stop Gap Employers Liability
\$ 1,000,000 Each Accident
\$ 1,000,000 Disease - Policy Limit
\$ 1,000,000 Disease - Each Employee

There shall be no deductible or self-insured retention except as expressly approved in writing by the Lessor's Risk Manager after consultation with Lessee. The cost of any claim payments falling within the deductible shall be the responsibility of the Lessee.

(2) A policy of **Business Automobile Liability**, including coverage for owned, non-owned, leased or hired vehicles written on an insurance industry standard form (CA 00 01) or equivalent. Such policy(ies) must provide the following minimum limit:

Bodily Injury and Property Damage -
\$ 1,000,000 per accident

(3) A policy of **Excess Insurance** above the primary general and automobile liability policies that will provide a total limit of insurance of \$5,000,000. The excess policy must be at a minimum as broad as the primary policies.

Such insurance, as provided under items (1), (2), and (3) above, shall be endorsed to include The City of Seattle, its officers, elected and appointed officials, employees, agents and volunteers as additional insureds, and shall not be reduced or canceled without forty-five (45) days prior written notice to the Lessor's Risk Manager. In addition, Lessee's insurance shall be primary as respects the Lessor, and any other insurance maintained by the Lessor shall be excess and not contributing insurance with the Lessee's insurance.

(4) A policy of **Worker's Compensation**. As respects Workers' Compensation insurance in the state of Washington, the Lessee shall secure its liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington. If the Lessee is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Lessee shall so certify by a letter signed by a corporate officer setting forth the limits of any policy of excess insurance covering its employees.

(5) A policy of **Property Insurance** - the Lessee shall keep the Improvements (other than buildings 6 and 310, which are intended for demolition) and Personal Property on the Premises insured throughout the term of the Amended Lease, for their full replacement value, with Lessor named as an additional insured, against the following hazards:

(A) Loss or damage by fire and such other risks as the Lessor shall require (including earthquake and flood damage to the extent required by the City's Risk Manager) in an amount sufficient to permit such insurance to be written at all times on a replacement cost basis;

(B) Loss or damage from leakage or sprinkler systems now or hereafter installed in any structure on the Premises;

(C) Loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus now or hereafter installed in any structure on the Premises.

(D) Business Interruption with sufficient coverage to provide for the payment of rent and other fixed costs during any interruption of Lessee's business because of fire or other cause.

Lessor and Lessee waive all subrogation rights against each other, any Sublessees, contractors, subcontractors, architect, architect's sub-consultants, separate contractors, if any, and any of their subcontractors, for damages caused by fire or other perils to the extent that the loss that would be the basis for a subrogation claim is covered by property insurance obtained pursuant to this subsection or other property insurance applicable to the Premises, except that Lessor and Lessee do not waive such rights as they have to proceeds of such insurance held by any person as fiduciary. This waiver shall not apply to the portion of any loss within the deductible of the applicable insurance policy. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

(c) Sublessees, Contractors and Subcontractors. Lessee shall include all Sublessees, contractors and subcontractors as insureds under its policies or shall furnish separate evidence of insurance as stated above for each Sublessee, contractor or subcontractor. All coverages for Sublessees, contractors and subcontractors shall be subject to all applicable requirements stated herein. Lessee may satisfy its obligations under this Section with respect to Pollution Liability (a)(3), Builder's Risk Insurance (a)(5), Lessee's/Contractor's Equipment (a)(6) and Property Insurance (b)(5) by causing insurance to be maintained by its Sublessees or (to the extent applicable) the contractors of Lessee or Sublessees, provided that such insurance satisfies all of the requirements of this Section and that evidence of insurance as set forth below is timely provided to Lessor and is satisfactory to the Lessor's Risk Manager.

(d) Evidence of Insurance. The following documents must be provided to Lessor as evidence of insurance coverage at the following times if such documents are then available to, or in the possession of, Lessee: (i) prior to the Effective Date of this Amended Lease, as to coverage required under subsection (b); (ii) prior to commencement of work, as to coverage required under subsection (b) of this Section; (iii) with respect to any renewal or substitute policy, promptly upon issuance thereof, but in any event no later than ten (10) days before the expiration or termination of any previous policy:

(1) A copy of the policy's declarations pages, showing the Insuring Company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements. (Lessor reserves the right to request certified copies of all insurance policies.)

(2) A copy of the endorsement naming The City of Seattle (and, with respect to liability policies, Lessor's officers, elected and appointed officials, agents, employees, and volunteers) as an Additional Insured, showing the policy number, and signed by an authorized representative of the insurance company on a form CG2026 (ISO), or such other form as the City's Risk Manager may require or deem acceptable.

(3) A copy of the "Endorsements Form List" to the policy or policies showing endorsements issued on the policy, and including full copies of any company-specific or manuscript endorsements.

(4) A copy of an endorsement stating that the coverages provided by the policy to Lessor or any other named insured shall not be terminated, reduced or otherwise materially changed without providing at least forty-five (45) days prior written notice to the Lessor.

(5) A copy of a "Separation of Insureds" or "Severability of Interests" clause, indicating essentially that, except with respect to the limits of insurance and any rights or duties specifically assigned to the first named insured, this insurance applies as if each named insured were the only named insured, and separately to each insured against whom claim is made or suit is brought (Commercial General Liability, Business Automobile Liability Insurance, and Excess Insurance).

If any of the above documents is not available when required as stated above, the Lessor's Risk Manager may accept, in his or her discretion, a binder showing the stated requirements. In such case Lessee shall cause all the above documents to be delivered to the City as soon as available, and in any event within such period as the Lessor's Risk Manager shall specify.

In addition, within five (5) days of any request by Lessor, the Lessee shall provide full copies of all insurance policies for the Premises, together with all amendments and endorsements and proof of premiums paid.

(e) Approval of Risk Manager; Adjustments. All policies shall be subject to approval by the Lessor's Risk Manager as to company (must be (i) issued by a company rated A- or better and with a size rating of VII or higher in the A.M. Best's Key Rating Guide and (ii) licensed to do business in the State of Washington or issued as a surplus line by a Washington Surplus lines broker), form and coverage, and shall be primary to all other insurance. If Lessor shall determine that the required coverages and/or limits are not reasonably adequate for any reason, including without limitation inflation or changes in the nature or scope of activities on the Premises, then Lessee shall procure such coverage and/or increase in policy limits as the Lessor shall require, within sixty (60) days of written notice from Lessor.

(f) Definitions. Capitalized terms used in this Section and not otherwise defined in this Amended Lease shall have the meanings commonly ascribed to such terms in the insurance industry.

14.5 Contractors' Bonds. Unless otherwise expressly permitted in writing by the Lessor or not required by law, the Lessee shall require each contractor used by the Lessee or any Sublessee for any demolition, rehabilitation, repair or construction work in connection with any improvement, alteration, or addition to be made to the Buildings or on the Premises, to secure and maintain, at no cost to the Lessor, a performance and payment bond with dual obligee rider payable to the Lessee and the Lessor in the full and just sum of the total amount of the contract, conditioned that all the provisions of the contract shall be faithfully performed by the contractor, or the surety if so required, and for the payment of all laborers, mechanics, subcontractors and material suppliers, and all persons who shall supply such person or persons or subcontractors with provisions or supplies for the carrying on of such work. Each such bond shall be provided to Lessor within ten days of the award of the contract and in any event prior to commencement of any work. Each such bond shall be issued by a properly licensed surety company acceptable to the Lessor and shall be in form and content acceptable to Lessor.

14.6 Assumption of Risk. The placement and storage of personal property on said Premises shall be the responsibility, and at the sole risk, of the Lessee.

14.7 Adjustments of Claims; Proceeds of Hazard Insurance. The Lessee shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of the Lessee under this Amended Lease. Any amounts paid under any policy of hazard insurance shall be payable jointly to the Lessor and the Lessee, and such amounts shall be deposited in an account requiring the signature of both the Lessor and Lessee for disbursement. Unless otherwise approved in writing by the Director, all funds in such account, including interest earned thereon, shall be used solely for the restoration, repair or replacement of the damaged or destroyed Improvements, according to Construction Plans to be prepared by the Lessee subject to the approval of the Lessor in accordance with Section 10.4, and according to a construction contract acceptable to Lessor.

14.8 Compliance by Lessee. Lessee shall not violate or permit to be violated any of the conditions or provisions of any insurance policies affecting the Premises or the Improvements.

14.9 Contractor's Indemnification. Lessee shall ensure that every contract executed by it pertaining to any construction, renovation or other work on the Premises shall contain the following indemnification provision:

The contractor agrees to protect, defend, indemnify, and hold harmless the City and City's officials, employees, and agents from and against all claims, demands, and causes of action (including all costs and fees for defense thereof), judgments and/or awards of damage arising from or in connection with the performance of this agreement by the contractor or from the activities of any subcontractor or other person or entity employed by or having a contract with the contractor:

(a) *Arising out of bodily injury or death to persons or damage to property, except this obligation shall not apply when such injury or damage is solely and entirely the fault of the City, or when such injury or damage results from the concurrent negligence of the City and the contractor, in which case the contractor shall protect, defend, indemnify and hold the City harmless to the extent of the contractor's negligence.*

(b) *Arising out of other than bodily injury or death to persons or damage to property, except this obligation shall not apply when such injury or damage is solely and entirely the fault of the City.*

(c) *Arising from the use of any design, process, or equipment which constitutes, or is alleged to constitute, an infringement of any United States patent presently issued, or violates any other proprietary interest, including copyright, trademark, or trade secret.*

Contractor shall also hold the City harmless from any expense incurred to enforce the City's rights under this Section.

In the event that any action is brought against the City by any employee of contractor, its subcontractors, sub-subcontractors, agents, or anyone directly or indirectly employed by any of them the indemnification obligation of the contractor set forth in this Section shall not be limited by a limit on the amount or type of damages, compensation, or benefits payable by or for contractor or any subcontractor under RCW Title 51, the Industrial Insurance Act, or any other employee benefit acts. In addition, as to actions arising out of the performance of this agreement, contractor waives its immunity under RCW Title 51.

This indemnification agreement has been negotiated by the parties and shall survive the termination of this agreement.

14.10 Survival. Any liability of the Lessee hereunder for acts or omissions occurring during the Term of this Amended Lease, or arising under any indemnity provision of this

Amended Lease, shall survive termination and surrender (whether or not any claim giving rise to such liability shall have accrued).

15. CASUALTY

15.1 Notice of Casualty; Reconstruction. If any Improvements or alterations or additions thereto, standing or erected, are destroyed or damaged in whole or in part as a result of any casualty, Lessee shall give immediate written notice to Lessor. If sufficient insurance proceeds are available, together with any capital reserves for the Premises not restricted under agreements with third parties approved by Lessor, Lessee shall promptly repair, replace or rebuild the Improvements in substantial conformity with the character of the building and alterations or additions existing immediately prior to such occurrence. If available funds are insufficient for complete repair, restoration or replacement, but partial repair, restoration or replacement is feasible, then unless otherwise agreed by Lessor, the Lessee shall proceed with such partial repair, restoration or replacement. Lessee shall be obligated to provide for such purposes funds equal to any deductible or co-insurance amount for which Lessee is responsible under Article 14. Repairs, replacement or rebuilding shall be made by Lessee in accordance with the terms and conditions of this Amended Lease.

15.2 Notice Prior to Commencement of Work. Lessee shall give Lessor at least thirty (30) days notice prior to the commencement of such work described in Section 15.1.

15.3 Time for Commencement of Work. The work described in Section 15.1 shall be commenced by Lessee within one hundred twenty (120) days after the date of any loss, damage or destruction or as soon as funds are available and shall be completed within a reasonable time.

15.4 Disbursements. For the cost of the repairs, replacement or rebuilding, Lessor shall authorize disbursement of funds from the account established pursuant to Section 14.7, as Lessee shall make such repair, replacement or rebuilding, and during the progress of the work, upon Lessee's written requisitions accompanied by certificates of an architect or engineer reasonably satisfactory to Lessor certifying that the work is in accordance with Construction Plans approved by Lessor and the percentage completion thereof, upon delivery of such other evidence as Lessor may reasonably require that such work is in place and paid for, and subject to holdback of five percent (5%) of the amount of each requisition until completion of the work. If, during the course of the work, any lien or order for the payment of money shall be filed against the Premises or Improvements thereon, or against Lessor, or if Lessee shall be in default of the performance of any of the terms, covenants or conditions of the Amended Lease, Lessor shall not be obligated to authorize any payment to Lessee of insurance proceeds until and unless the liens or orders have been fully bonded, satisfied or discharged of record and until the default has been cured by Lessee.

15.5 Termination for Certain Casualties. In the event that the Improvements now or hereafter erected on the Premises shall be damaged or destroyed as the result of a hazard described in Section 15.1 above to the extent in excess of fifty (50%) percent of their then-insurable value and the damage or destruction shall occur after the 30th year in the Term or during any extension, then either party may at its option cancel and terminate the Amended Lease as to the Parcel(s) on which the Improvements that are damaged or destroyed are located by giving the other party ninety (90) days notice within sixty (60) days after the date of any loss, damage or destruction. If such options are exercised by either party, the Amended Lease as to such Parcel(s) shall wholly cease and expire on the date specified in the notice in which event Lessee shall not be obligated to rebuild, provided, that any such insurance proceeds received or receivable under any and all policies of insurance shall then belong to and be retained by Lessor.

15.6 Insufficient Proceeds to Restore. If all or a portion of the Improvements are destroyed, damaged or injured by reason of any cause other than a hazard described in Section 15.1 so that such Improvements are rendered unfit for occupancy, and insurance proceeds, together with available capital reserves and any other funds made available by Lessor or any other government agency, are insufficient to restore or replace such Improvements, then such portion of insurance proceeds as Lessee shall be entitled to receive shall be deposited in a special reserve account requiring Lessor's approval for disbursements, and such funds shall be used solely for acquisition, construction, renovation, or capital improvements to housing for low-income persons as shall be proposed by Lessee and approved by the Lessor. If the Improvements remaining shall be insufficient for the reasonable operation of Lessee's residential complex and/or social and human services to tenants, either party may terminate the Amended Lease with ninety (90) days notice.

16. INSPECTION

16.1 Premises. Lessee shall permit Lessor, its agents and employees, to enter the Premises and Improvements at reasonable hours for the purpose of inspecting them or (at Lessor's sole option) making repairs that Lessee may neglect or refuse to make in accordance with the terms, covenants and conditions of the Amended Lease. Lessee's permission shall not constitute any indemnity nor create any liability concerning claims or causes of action by Sublessees or Tenants related to such entering or inspection, except that Lessee shall indemnify Lessor for any liability, loss, damage or expense to Lessor resulting from any failure by Lessee to include, in any Sublease or other agreement with a Sublessee, the rights of Lessor contemplated by this Section. Except as stated in the previous sentence, Lessor shall hold harmless, defend and indemnify Lessee from any liability for injury or death to persons or damage to property, in each case to the extent directly resulting from the wrongful or negligent actions (not omissions) of the Lessor, its agents and employees in the course of such entering or inspection.

16.2 Records. Lessee shall also permit Lessor, its agents and employees, to inspect and copy all records of the Premises and Improvements as may be compiled or maintained by Lessee for purposes of Lessee's operations under this Amended Lease or by Sublessees for purposes of Sublessee's operations under their respective Subleases. Lessor shall have the right to inspect and copy such records maintained on or outside the Premises upon reasonable advance notice to Lessee.

17. DEFAULT

17.1 Default; Cure Periods, Termination. Upon the occurrence of any of the Events of Default hereinafter described, Lessor, at Lessor's option, may terminate this Amended Lease or any extension of it, as well as all right, title and interest of Lessee thereunder by giving Lessee at least ninety (90) days notice in writing of said termination, and/or may pursue and enforce all legal rights and remedies set forth in this Amended Lease or otherwise available at law or in equity. Upon the expiration of the date and time fixed in the notice of termination, all right, title and interest of Lessee under this Amended Lease, and unless otherwise directed by Lessor all rights of Sublessees, shall wholly cease and expire. Lessee shall then immediately surrender to Lessor the Premises and all Improvements and Personal Property, as more fully set forth in Article 20. Each of the following is an Event of Default:

A. Failure to pay when due any amount of Rent owing on the Amended Lease, that is not cured within 30 days after notice to Lessee;

B. Any failure to pay when due any other charge required by this Amended Lease other than amounts referred to in subsection A. above, that is not cured within thirty (30) days after notice to Lessee;

C. Any failure to submit the annual report required by Article 35 of this Amended Lease that is not cured within thirty (30) days after notice to Lessee;

D. Any breach of Article 18 or Article 21 of this Amended Lease (relating to subleases and transfers of the Premises without consent and certain other matters);

E. Any breach or nonperformance of any provision of any of the Amended Lease not included within any of subsections A.- D. above that is not cured within thirty (30) days after notice to Lessee of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Amended Lease, provided that if any such breach or nonperformance cannot reasonably be cured within thirty days but can be cured within a reasonable time, there shall be no Event of Default under this subsection E. for a period of up to six months so long as Lessee shall diligently pursue a cure;

F. The filing of a voluntary petition for bankruptcy or reorganization by Lessee or any managing member of Lessee; the filing against Lessee or any managing member of Lessee of any complaint for receivership or involuntary petition for bankruptcy or for reorganization (unless such complaint or petition be dismissed within forty-five (45) days of such filing); or if Lessee or managing member of Lessee shall become insolvent, or make a general assignment for the benefit of creditors, or consent to the appointment of a receiver of all or any of its assets, or voluntarily suspend its usual business, or if the Lessee or its managing member shall be dissolved or file a petition for dissolution, or if at any time there shall be a member or manager of the Lessee other than Solid Ground Washington, a Washington nonprofit corporation, without the express written consent in advance from the Director;

G. Any material misrepresentation by Lessee or managing member of Lessee in the Amended Lease or in any information submitted by Lessee to Lessor or to any government agency in connection with the Amended Lease or the Premises, or any material breach of any warranty made by this Amended Lease;

H. Any default under, breach of, failure to comply with, or failure to satisfy any condition of any capital funding related to the Premises by Lessee or Sublessee unless such default, breach or failure is waived in writing by all interested parties or is cured within an applicable cure period permitted by those declaring the default in question.

17.2 Partial Termination. The Lessor may, in its sole discretion, exercise its rights of termination under this Article as to one or more Parcels rather than as to the entire Premises, subject to the conditions in Section 38. In such case the Amended Lease shall remain in full force and effect with respect to all portions of the Premises except those Parcels expressly designated by Lessor in the notice of termination, and the Improvements on the Parcel(s) as to which this Amended Lease is terminated shall revert to Lessor. Upon any partial termination of the Lease, Lessor shall reduce the amount of additional Rent for Grounds Maintenance Costs and Management Costs in accordance with Section 4.2.

17.3 Remedies Cumulative. The remedies under this Article 17 are in addition to, and not in limitation of, any other remedies provided in this Amended Lease.

18. SUBLEASES

18.1 General Rules. Lessee shall not sublease any portion of the Premises, nor renew any Sublease, nor consent to the assignment or further subletting thereunder, without the prior written consent of the Director. The Director shall use his or her best efforts to complete the review and notify Lessee of approval or disapproval within thirty (30) days. The Lessor's consent shall not be unreasonably withheld if the Sublease of a Building or portion thereof is for a term not exceeding the Term hereof and is to an entity identified in the Application with respect to such building. In no event shall Lessee enter into a Sublease that permits any use not expressly permitted hereunder or a Sublease that reasonably could impair

the ability of the Lessee to perform obligations to the Lessor under the Amended Lease or any other agreement, or to perform obligations to any other government agency. The following requirements shall apply to all Subleases:

- (a) Use of the portion of the Premises subject to the Sublease and Improvements thereon shall be restricted to specified uses consistent with the Application.
- (b) Sublessee must provide reports and maintain records as may be necessary to demonstrate compliance with (a), above.
- (c) Subleases shall be subject to termination on thirty (30) days' notice or less for material breach, which shall include any breach of obligations under this Amended Lease that are incorporated in such Sublease.
- (d) All Subleases shall be subject to, and shall incorporate by reference, the terms and conditions of this Amended Lease.
- (e) Each Sublease shall provide that in the event of termination of this Amended Lease, either in whole or as to the Parcel on which the portion of the Premises subject to the Sublease is located, at Lessor's option, the Sublease shall continue in effect as a direct lease between Lessor and the Sublessee, and the Sublessee shall execute such additional documents as the Lessor shall reasonably request in order to evidence or give effect to the Sublessee's attornment to the Lessor.
- (f) Each Sublease shall provide that, upon notice from Lessor to the Sublessee that the Lessee is in default on monetary obligations hereunder and that payments of rent and other amounts owing on the Sublease should be made to Lessor, the Sublessee shall make all such payments to Lessor until otherwise instructed by Lessor or ordered by a court of competent jurisdiction, and shall further provide that payments so made shall be credited to the Sublessee's obligations under the Sublease.

18.2 Subleases. SPCHA entered into Subleases of the Parcels upon which Buildings 330, 331, 332, 224, and Buildings 26N and 26S are located, and conveyed such buildings to the Sublessees, with the consent of Lessor. The Sublessees have agreed, by their signatures below, to the continuation of the Original Lease on the amended terms set forth herein with Lessee as their sublessor. Therefore, Lessee shall perform its obligations under, the existing Subleases of the Parcels containing each of Buildings 330, 331, 332, 224, 26N and 26S. Any amendment to or modification of any such Sublease shall require the express written consent of Lessor.

18.3 Intentionally Deleted

18.4 Sublease Revenue. Lessee shall use all Sublease revenue to pay Rent hereunder, necessary operating costs of the Premises, such as utilities, insurance, and maintenance and administrative expenses, and debt service on any debt incurred for the Premises with the written consent of the Lessor, all in accordance with annual budgets set forth in annual updates to the MOP approved by the Director, and any remaining balance shall be used to fund capital reserves for the Premises.

18.5 Transfer of Improvements and Personal Property. With the prior written consent of the Director the Lessee may, in connection with or in lieu of any Sublease, transfer to any nonprofit or public entity the ownership of any Improvements owned by the Lessee and any Personal Property on the Premises, provided that (a) any such transfer shall be subject to all of the terms, conditions and limitations on Subleases hereunder and to any conditions or restrictions contained in the transfer of Personal Property from the United States to the Lessor; (b) the title to any such Improvements and Personal Property shall revert to the Lessee upon termination of the Sublease, or in the case of a transfer without a Sublease, under the same circumstances as would cause a termination of a Sublease hereunder; (c) the title to any such Improvements and Personal Property shall revert to the Lessor upon termination of this Amended Lease, either in whole or as to the portion of the Premises where such property is located at the time of transfer by the Lessee; (d) the transferee shall have no right to assign, transfer or encumber any such Improvements and Personal Property without the express written consent of the Lessor and the Lessee, and in any event any such transfer shall be subject to all of the foregoing terms and conditions; and (e) any Improvements and Personal Property so transferred shall be used solely for the purposes authorized under this Amended Lease.

18.6 Partnership or Limited Liability Company. For the purposes of Subleases or transfers of property hereunder, with the prior written approval of the Director, a partnership or limited liability company may be considered to be a nonprofit entity if such partnership or company is organized by a nonprofit or public entity for the purpose of obtaining financing for the development or operation of a portion of the Premises as contemplated by this Amended Lease; is controlled by the nonprofit or public entity under terms acceptable to the Director; and agrees to such provisions as may be acceptable to the Director (which may include an option or right of first refusal granted to a public or nonprofit entity) to ensure that the financing arrangements do not result in undue benefits to for-profit partners or investors.

19. POSSESSION

19.1 Upon the effective date of the Amended Lease, the Lessee shall have possession of the Premises subject to the rights reserved by the Lessor herein, to the rights of existing Sublessees and their Tenants, and the rights reserved by the United States the Navy Deed; provided, that building 310 (which is intended for demolition) shall not be occupied without Lessor's specific written permission and provided further that no Building shall be

occupied until a Certificate of Occupancy shall have been obtained and the Director shall have approved such occupancy. The Director's approval shall not be unreasonably withheld or delayed.

20. SURRENDER

20.1 Obligations of Lessee. On the expiration date of the Term, or on the earlier termination as provided in this Amended Lease, Lessee shall surrender the Premises in reasonably clean condition together with all Improvements and all alterations, changes and additions thereto which may have been made upon the Premises (except moveable furniture and equipment or moveable trade fixtures paid for solely by Lessee), in good repair, good order and safe condition and shall, if so requested by the Lessor, convey to the Lessor by special warranty deed all Improvements, subject only to such encumbrances and Subleases as shall have been specifically approved in writing by the Lessor. On such date the Lessee shall deliver to the Lessor (a) all keys to any structures, fixtures or Personal Property on the Premises; (b) all plans, blueprints, surveys, diagrams, leases, contracts and documents relating to the Premises or the Improvements; and (c) all security deposits, prepaid rent and any other deposits from Sublessees still in possession (but nothing herein shall be construed as the Lessor's consent to any such continued possession), and the balances in an reserve accounts maintained for the Premises or Improvements pursuant to any grant agreement, loan documents, or other financing or subsidy arrangements for the Premises or any Improvements; and (d) all Personal Property. Lessee, on or before said termination date, shall remove from the Premises all of Lessee's personal property other than Personal Property as defined in Article 1 hereof. All property not removed by Lessee shall be deemed to have been abandoned by Lessee and may be appropriated, sold, stored, destroyed or otherwise disposed of by Lessor without notice to Lessee and without obligation to account for it. Lessor may require Lessee to remove, within ten (10) days after notice to Lessee, at Lessee's sole expense, any fixtures or structures in or on the Buildings or other Improvements or otherwise on or under the Premises that were constructed, affixed or substantially modified without the approval of the Lessor or in violation of applicable laws, regulations or Codes, **or that were permitted by Lessor on condition that they be removed upon expiration or termination of the Amended Lease. Lessee shall repair any damage to the Premises caused by removal of any fixtures or other property.**

20.2 Transfer of Contracts. Upon any termination of the Amended Lease prior to expiration of its term, Lessee shall assign and transfer to Lessor or Lessor's designee, immediately upon Lessor's demand, any and all contracts relating to the Premises that Lessor may specify, including without limitation any contracts for operating subsidies, rent supplements, or other support of the Premises or the operation thereof. Lessee shall take all actions necessary or appropriate to expedite and complete the transfer of such contracts, immediately upon the demand of Lessor.

20.3 Re-entry by Lessor. If the Premises shall be vacated or abandoned by Lessee, or in the event of the termination of the Amended Lease under any provision hereof, Lessor may re-enter the Premises in such manner as Lessor may deem necessary in its sole discretion, and Lessor may repossess the Premises by force, summary proceedings or by any other procedure provided by law or equity.

20.4 Partial Termination. If the Amended Lease shall be terminated as to a portion of the Premises only, then the above provisions of this Article shall apply only to such portion and all Improvements thereon, together with all related Personal Property.

20.5 Survival of Liabilities. Any liability of Lessee or Lessor hereunder for negligent or intentional acts or omissions occurring during the Term of this Amended Lease, or arising under the indemnity provisions of this Amended Lease, shall survive termination and surrender (whether or not any claim giving rise to such liability shall have accrued).

21. SOLE MANAGER AND MEMBER OF LESSEE

Lessee represents, warrants and covenants that its sole manager and sole member is and shall continue to be Solid Ground Washington (“Sole Member”) and that the Sole Member is a duly organized Washington nonprofit corporation with a charitable purpose that includes serving the homeless and is exempt from federal taxes under Section 501(c)(3) of the United States Internal Revenue Code, and that without the express written consent of the Director, there shall be no change in the member or manager of Lessee, nor any additional member or manager, nor any change in the form of organization, purposes, or income tax status of the Sole Member, as stated above. Lessee acknowledges that this section is material to the purposes of the Lessor in entering into this Amended Lease and that the Lessor would not lease the Premises to Lessee without such representation, warranty and covenants.

22. QUIET ENJOYMENT

22.1 Lessor covenants that, subject to the express provisions of this Amended Lease, to the interests of Sublessees and Tenants, and to the terms of the conveyance of the Premises from the United States, if and so long as Lessee pays the Rent and other charges required by the Amended Lease, and performs all of its obligations pursuant to the terms, covenants and conditions of the Amended Lease, Lessee shall quietly enjoy the Premises. Notwithstanding the foregoing or any other provision of this Amended Lease, Lessor’s covenants and warranty as to title to the Premises are limited to the agreement of Lessor to warrant and defend such title, subject to the express provisions of this Amended Lease, against all persons lawfully claiming or to claim by, through or under Lessor, and Lessor expressly disclaims all other covenants and warranties.

23. LESSOR’S CONSENT OR APPROVAL

23.1 Consent Expressly for Lease Purposes; Discretion of Lessor. Whenever Lessor's consent or approval in writing to any act to be performed by Lessee is required under the Amended Lease, (a) Lessee must obtain a consent or approval in writing expressly for purposes of this Amended Lease, regardless of whether a consent or approval shall have been granted by the Lessor in its regulatory, public utility, or other capacity; and (b) unless otherwise expressly stated herein, such consent or approval may be withheld in the Lessor's sole discretion, exercised in good faith. In any case in which it is stated that the Lessor's consent or approval shall not be unreasonably withheld, the Lessee agrees that valid reasons for withholding consent or approval shall include the Lessor's desire to maintain or ensure compliance with any of the following: any law, regulation, ordinance, or grant agreement; any Comprehensive Plan policy; any provision of the Sand Point Physical Development Management Plan or of the Community Preferred Re-use Plan for Sand Point (except as the same shall have been modified or superseded by any of the foregoing); any of the plans or guidelines described in Section 32.2 below; any City of Seattle adopted neighborhood plan policy; any provision of the Lessor's Consolidated Plan; or any condition attached to any federal, state, or county funding, provided such withholding is reasonably related to such purpose.

23.2 Consents Under Lease Not for Regulatory Purposes. Any permission, consent, or approval of the Lessor contained herein or given pursuant to this Amended Lease is or shall be granted solely in the Lessor's capacity of owner and lessor of the Premises, and not in its regulatory or public utility capacity, nor in its capacity as grantor of funds or lender. No such consent or approval shall be construed as any representation or assurance that the matter consented to or approved complies with applicable laws, regulations, ordinances or Codes, nor shall any such consent or approval be construed to authorize any failure to comply with any of the foregoing. It shall be the sole obligation of the Lessee to obtain, at its own expense, all regulatory approvals, consents, permits, and licenses necessary or convenient for the development of the Premises from all relevant authorities, including without limitation any permits from the Lessor's Department of Planning and Development. Nothing herein shall be construed as assurance that any such approvals will be granted or that the City, as Lessor, will grant consents, approvals or modifications hereunder for the purpose of compliance with the conditions of any permit, approval, license or funding agreement sought or obtained by Lessee.

24. NO DISQUALIFICATION

24.1 Lessor and Lessee represent and warrant that they are not disqualified under federal, state or other laws, or under the rules or regulations of any governmental department or authority, from acquiring, owning, leasing and holding any interest in real property or from obtaining any government contract.

25. BENEFIT

25.1 Successors and Assigns. The terms, covenants and conditions contained in the Amended Lease and in the Exhibits annexed thereto shall bind Lessee and its successors, assigns, and Sublessees, and shall inure to the benefit of Lessor and its successors and assigns. The terms, covenants and conditions of this Amended Lease shall inure to the benefit of Lessee's successors, assigns, or Sublessees only if the assignment, Sublease, or other transfer (whether voluntary or involuntary) of Lessee's interests shall have received the express written consent of Lessor.

25.2 No Third Party Beneficiary. Except as expressly set forth in Section 25.1, no person other than Lessor or Lessee is intended to have any legal right or interest under this Amended Lease.

26. NOTICE

26.1 Addresses. Any notice called for in this Amended Lease shall be in writing and shall be hand-delivered to the respective parties at the addresses below, or deposited in the United States mail, postage prepaid, addressed as follows:

If hand-delivered to Lessor:

Director, Office of Housing
700 5th Avenue
Seattle, WA 98104

If mailed to Lessor:

Director, Office of Housing
PO Box 94725
Seattle, WA 98124-4725

If to Lessee:

Sand Point Community Connections LLC
c/o Solid Ground Washington
501 N 45th Street
Seattle, Washington 98103
Attn: Executive Director

The parties, by written notice, may designate any further or different addresses to which some or all notices, certificates or other communications shall be sent.

26.2 Effectiveness of Notice. Notices shall be deemed to have been received by the parties two (2) working days after mailing to the proper address in accordance with Section

26.1 above or upon actual delivery to such address during normal business hours, whichever first occurs.

27. TERMINOLOGY

27.1 Headings. The headings of the various Articles and Sections of the Amended Lease have been inserted for convenient reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions herein.

27.2 Gender and Number. Words of any gender utilized in the Amended Lease shall be held to include any other gender and words in singular numbers shall be held to include the plural when the context so requires.

28. SEVERABILITY

28.1 If any provision of the Amended Lease, or any Section, sentence or clause, or its application to particular circumstances, is held invalid, the Amended Lease shall be construed as if the invalid part were never included or were expressly made inapplicable to such circumstances, as the case may be, and the Amended Lease shall remain valid and in force to the fullest extent permitted by law.

29. APPLICABLE LAW

29.1 The Amended Lease shall be governed by and construed in accordance with the laws of the State of Washington. Venue for any legal action under the Amended Lease shall be King County Superior Court.

30. NEGOTIATED AGREEMENT; MERGER; ORIGINAL LEASE

30.1 Negotiated Agreement; Construction. The parties to this Amended Lease acknowledge that it is a negotiated agreement, that they have had the opportunity to have this Amended Lease reviewed by their respective legal counsel, and that the terms and conditions of this Amended Lease are not to be construed against any party on the basis of such party's draftsmanship thereof.

30.2 Entire Agreement. This Amended Lease, and the terms and provisions herein, contain the entire agreement and understanding between the parties with respect to the leasing of the Premises and any other negotiations, agreements, or understandings with respect to the leasing of the Premises are hereby expressly merged and subsumed within the terms and provisions of this Amended Lease, except that the representations and warranties of the Lessee in the Assumption Agreement remain binding and effective. No negotiations, communications, agreements or understanding with respect to the Amended Lease shall have

any effect in the construction, application or enforcement of this Amended Lease. Nothing herein shall supersede any written agreement with respect to the grant or loan of funds for the Premises.

30.3 Original Lease. Lessee shall not be liable to Lessor for any act or omission of SPCHA contrary to the terms of the Original Lease, as previously amended, but the obligations of the Lessee hereunder with respect to the Premises, including any obligations to remedy or cure any defects or conditions therein, shall not be reduced or affected by the fact that a condition or circumstance existed as of the date of the Assumption Agreement or the Effective Date of this Amended Lease as the result of any breach, default, act or omission of SPCHA or any Sublessee or Tenant.

31. PROCESS FOR ALTERNATIVES BASED ON ENVIRONMENTAL REVIEW

31.1 Events Requiring Renegotiation. Notwithstanding any other provision of this Amended Lease, if (a) an environmental review conducted under 24 CFR Section 586.45(a) after HUD's approval of the Lessor's application for the Premises indicates that any part of the Premises is not suitable for the intended purpose; or (b) after review under the State Environmental Policy Act ("SEPA") the Lessor determines that any of the uses or actions contemplated in this Amended Lease or the Application may have an adverse effect on the environment that cannot be sufficiently mitigated without modification of such contemplated uses or actions, then in any such case the parties shall follow the process set forth in Section 31.2 to negotiate alternative arrangements that would enable the same balance of interests made originally.

31.2 Balance of Interests. Within fifteen (15) days after notice to either Lessor or Lessee of any of the circumstances set forth in Section 31.1, representatives of the Lessor, Lessee and any intended Sublessee affected by such circumstances shall meet to discuss alternatives designed to achieve substantially the same balance of interests as originally contemplated in the Application. Alternatives may include, without limitation, acquisition by the Lessee or any such Sublessee of alternative real property instead of any portion of the Premises that proves unsuitable for the purposes intended. Within thirty (30) days after such meeting, Lessee shall present to the Director and Committees in writing one or more alternatives. The Director shall make available such alternatives and any others selected by the Director, for public comment, and shall hold one or more community meetings to discuss such alternatives. Following such meeting(s) and any additional review or process required by applicable laws or ordinances, the Mayor or Director shall propose to the City Council a preferred alternative, with any other alternatives deemed feasible by the Mayor or Director. If the City Council approves any such alternative, then the Council shall authorize an appropriate amendment to this Amended Lease and any other actions it deems necessary to implement the selected alternative.

31.3 Amendment of Amended Lease. If the City Council authorizes an amendment to this Amended Lease pursuant to Section 31.2 above, then the Lessor may give written notice to the Lessee of an amendment that the Lessor requires in the terms of this Amended Lease. The Lessee shall have fifteen (15) days after receipt of such notice to deliver to the Lessor its written acceptance of such amendment. If such acceptance is not delivered or is made subject to any conditions by the Lessee, then at any time after the expiration of such 15-day period the Lessor shall have the right, at its sole option, to terminate this Amended Lease, either as to the Premises as a whole or, if deemed feasible by the Lessor, as to the Parcel or Parcels of the Premises affected by the proposed amendment, by written notice to the Lessee. Upon such termination neither party shall have any liability to the other, except for such liabilities as expressly survive the termination of this Amended Lease in accordance with the terms hereof.

32. ADVISORY COMMITTEES; COMPLIANCE WITH PLANS AND GUIDELINES

32.1 Magnuson Park Community Communications Committee; Representation; Provision of Information. Lessee acknowledges and agrees that the Lessor has established a committee, which includes representatives of Lessee, owners, tenants and users of other portions of the Sand Point Property, as well as representatives of the Lessor and neighborhood interests, to coordinate activities on the Sand Point Property and community involvement therein (the "Magnuson Park Community Communications Committee"). Lessee shall be entitled to representation on the Magnuson Park Community Communications Committee and shall participate and cooperate in good faith in the processes established by the Magnuson Park Community Communications Committee. Lessee shall keep the Magnuson Park Community Communications Committee informed of proposed activities on the Premises, including without limitation any changes in uses, any construction or rehabilitation activities, changes in Sublessees (other than residential tenants), changes in landscaping, and any changes in rules, policies or procedures that might reasonably affect or concern the tenants or users of other portions of the Sand Point Property or residents in the area.

32.2 Compliance with Plans and Guidelines. Subject to the express terms of this Amended Lease and to applicable laws and regulations, the Lessee shall comply, and cause its Sublessees to comply, with the terms of the Physical Development Management Plan and the Historic Property Reuse and Protection Plan and any amendments to any of the foregoing that shall be approved by the Lessor as owner of the Premises.

32.3 Housing Advisory Committee. In addition to the committee described in Section 32.1, the Lessee shall establish, no later than thirty (30) days after the Effective Date of this Amended Lease, a Housing Advisory Committee. That committee shall be composed of not less than seven (7) members and not more than fifteen (15) members, at least a majority of whom are residents of neighborhoods near Sand Point. The purpose of the Housing

Advisory Committee shall be to advise the Lessee on matters of interest to neighboring communities including, but not limited to:

- (a) Establishment, monitoring of screening criteria and procedures;
- (b) Review of management and operation plan;
- (c) General supervision and security issues;
- (d) General maintenance, fencing, and landscaping;
- (e) Design and siting of new construction of family housing; and
- (f) Transportation and noise.

33. RIGHTS RESERVED BY LESSOR

33.1 Reservation. The Lessor reserves the right to enter onto the Premises and, with reasonable advance notice to Lessee, to use any portion of the Premises for any purpose not inconsistent with the use and operation of the Premises for the purposes set forth in the Application, including without limitation the rights:

- (a) To construct, install, maintain, use, and/or modify -- across, under and over the Premises -- streets, roads, sidewalks, bicycle paths, utility lines and poles, and facilities of all kinds related to any of the foregoing;
- (b) To install, maintain, remove, or modify any and all landscaping, trees, shrubs, signs, fences, and accessory structures of any kind.

In addition, in the event of any partial termination of this Amended Lease, if the Lessor elects to demolish and/or build one or more structures on any portion of the Premises as to which this Amended Lease is terminated, the Lessor and its contractors shall have the right to use portions of the remainder of the Premises for ingress, egress, temporary storage of materials and equipment, excavations for installation of underground utilities, and construction staging activities, in such manner as does not unreasonably interfere with Lessee's access to and use of the structures on the remainder of the Premises.

Without limiting the foregoing, Lessor's fire, police, and other public safety officers shall have the right to enter the Premises at all times, subject to the privacy rights of Tenants under applicable law.

33.2 Transfer of Rights. The rights reserved under this Article may be transferred by the Lessor wholly or in part to any private or public parties, whether or not in connection with the transfer of a fee interest in the Premises or any part thereof.

33.3 Manner of Exercise. The rights reserved under this Article shall be exercised in such manner as does not unreasonably interfere with Lessee's and authorized Sublessees' access to and use of the buildings on the Premises.

34. EXISTING EASEMENTS; LESSEE TO COOPERATE IN AND CONSENT TO ACTIONS BY LESSOR

34.1 Easements. This Amended Lease, and all rights of Lessee with respect to the Premises, are subject to all outstanding easements and rights of way identified on Exhibit A of the Amended Lease for location of any type of facility over, across, in and upon the Premises, or any portion thereof, and to the right of the Lessor to grant such additional easements and rights of way over, under, across, in and upon the Premises as it shall determine to be in the public interest; provided, that any such additional easement or right of way shall be conditioned on the assumption by the grantee thereof of liability to the Lessee for such damages as the Lessee shall suffer for property destroyed or property rendered unusable as a result of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights of way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair, or replacement of facilities located thereon pursuant to the terms of such easements, and to any Federal, State or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

34.2 Cooperation in Actions by Lessor. Lessee acknowledges that in order to carry out the intent of the Application, as the same may be modified by the Lessor, or to carry out the intent of this Amended Lease, it may be necessary or convenient for the Lessor as owner to effect or create various actions such as subdivisions, boundary line adjustments, easements, dedications or transfers of jurisdiction for utility and other purposes, or condominium declarations, concerning or affecting the Premises. Lessee irrevocably agrees, promptly on the request of the Lessor, to join in, consent to, and cooperate in, any and all such actions, and to execute and deliver such documents as the Lessor shall deem reasonably required for such purpose, provided only that such actions are not fundamentally inconsistent with the use of the Premises as a whole for the basic purposes described in the Application during the period of the Amended Lease.

35. RECORDS AND ANNUAL REPORTING

35.1 Records. Lessee and its Sublessees shall prepare and maintain in good order, accurate and up-to-date records demonstrating compliance with the terms of this Amended Lease and documenting the operation of the Premises, and shall make all such records available for inspection and copying promptly upon the Lessor's request.

35.2 Annual Reporting. Lessee covenants and agrees that, for the term of the Amended Lease, it will furnish to Lessor annually on or before June 30 of each year, or another date agreed to in writing by Lessor and Lessee, commencing in the first calendar year beginning after the date hereof, a written report showing Lessee's compliance with all the

terms and conditions of the Amended Lease during the previous calendar year. This report shall include but not be limited to:

- (1) description of compliance with Physical Development Plan and Historic Properties Reuse and Protection Plan pursuant to Section 32.2 of this Amended Lease;
- (2) a description of ongoing security activities for the Premises;
- (3) status of the Subleases and copies of any modifications thereto;
- (4) status of development activities for Phase II pursuant to Section 10.3 of this Amended Lease;
- (5) certification that no hazardous materials are being stored on site, except in accordance with applicable laws;
- (6) insurance certificate showing the Lessor as loss payee and/or additional insured;
- (7) explanation of any alterations occurring to the Premises during the prior year;
- (8) full financial statements for Lessee, prepared in accordance with Generally Accepted Accounting Principles, which shall be audited or reviewed by an independent certified public accountant if so requested (an audit satisfying federal OMB Circular A-133 will suffice);
- (9) changes to the MOP implemented during the prior year, including explanations of changes in tenant population and services provided to residents (material changes to the MOP require Lessor's advance consent pursuant to Article 36 of this Amended Lease);
- (10) a description of any neighborhood issues or complaints raised during the prior year to include a description of any resolutions or outcomes;
- (11) a description of any community or neighborhood meetings attended by any representative of the Lessee or Sublessee and issues discussed regarding the Premises;
- (12) a description of any issues discussed by the Magnuson Park Community Communications Committee or the Housing Advisory Committee regarding the Premises during the prior year including a description of any resolutions or outcomes;
- (13) such other information as may be required by any provision of the Amended Lease; and

(14) provided that Lessor gives such advance notice as is necessary to collect or prepare the information, such other information as may be reasonably requested by Lessor.

In addition, the Lessor shall have the right to perform, or to commission a consultant to perform, audits or reviews of Lessee and of the operations of its Sublessees on the Premises at any time. Lessee and Sublessees shall cooperate fully with any such audit and allow the Lessor or its consultant to review and copy all relevant documents and records, including without limitation computerized records and data.

36. MANAGEMENT AND OPERATING PLAN; ANNUAL UPDATES; PARTICIPATING AGENCIES

36.1 Plan, Submission and Approval. Lessee shall operate the Premises, and shall take all reasonable measures to cause its Sublessees to comply with, a Management and Operating Plan (“MOP”) approved by the Director. Lessee shall submit a draft MOP to the Director and Committees for review no later than thirty (30) days after the Effective Date of this Amended Lease. Lessee shall make such additions and modifications to the MOP as the Director shall request by notice to Lessee within thirty (30) days of the Director’s receipt of such draft, and shall submit its final MOP for the Director’s approval no later than one hundred twenty (120) days after the Effective Date of this Amended Lease. Nothing in the MOP shall modify any of the terms of this Amended Lease, and in the case of conflict, this Amended Lease shall be controlling.

36.2 Relations with Sublessees. The MOP shall describe Lessee’s relationship and contract arrangements with individual Sublessees and outline how Lessee will plan, coordinate and develop essential support services for homeless within the Premises such as child care, food services, and transportation.

36.3 Responsibilities of Sublessees and Participating Agencies. The MOP may provide that Sublessees shall be responsible for staffing and management of their respective programs pursuant to individual Subleases and other agreements with Lessee, which shall provide for standard controls and requirements on resident management services such as: selecting, training and supervising residential managers; enforcement of rules; supervision of common areas; tenant rent collection; maintenance request procedures; security provisions; insurance and liability provisions; and termination rights of Lessee. The agreements may provide that Participating Agencies will assume responsibility for staffing and managing their own programs including screening, selecting and supervising their Tenants, meeting program-wide standards, enforcing common rules, crisis management, collecting Tenant rents and Tenant evictions.

36.4 Approval by Lessee’s Manager’s Board . The MOP shall provide that each Sublease and resident management services plan be submitted to and approved by the Board



of Directors of the Managing Member of the Lessee. Participating Agencies that share space in a building leased to Lessee will jointly develop a resident management services plan that identifies an agency to be responsible for hiring, training, supervising and funding the resident manager(s) position(s). Participating Agencies may be required to share the cost of implementing the resident management services plan.

36.5 Additional Elements of MOP. The MOP shall also include all of the elements on Exhibit E to this Amended Lease.

36.6 Annual Update. Lessee shall prepare an Annual Update to its MOP covering the intended operations on the Premises for the next calendar year, for submittal to the Lessor and the Committees for review and comment no later than October 1 of the prior year. The Annual Update shall include a budget for the new year. Lessee shall make such additions and modifications to any such annual update as the Director shall request, and shall submit a final MOP Annual Update acceptable to the Director no later than December 1 of the prior year.

37. **AGREEMENT OF SUBLESSEES**

Sand Point Housing Associates I Limited Partnership, a Washington limited partnership (“Partnership”), Youthcare, a Washington non-profit corporation, and Friends of Youth, a Washington non-profit corporation, as Sublessees of certain portions of the Premises and as owners or tenants of portions of the Improvements, agree that all references to the Lease or “Master Lease” in subleases from SPCHA to such Sublessees and in any deeds from to any of the Improvements from the Lessor or from SPCHA, shall mean this Amended Lease, and such Sublessees each hereby attorn to the Lessee as sublessor. The Lessor and the Partnership further agree that this Amended Lease shall constitute the “Ground Lease” under that certain Ground Lessor’s Estoppel and Agreement signed by the Lessor, the Partnership and SPCHA dated September 10, 1999, and that nothing herein shall modify the covenants of the Lessor contained therein.

38. **LIMITS ON LEASE TERMINATION; RIGHTS TO CURE**

The provisions of this Section 38 shall apply solely to any portion of the Premises (and Buildings thereon) that is being subleased, with the written consent of Lessor, to an entity that includes an Investor (as defined below) as a member or limited partner:

(a) Lessor agrees that if Lessor has any termination right arising solely out of portions of the Sand Point Property other than a portion of the Premises subleased to a limited partnership or limited liability company that is organized on terms acceptable to the Housing Director with intent to claim low income housing tax credits under the Internal Revenue Code and that has received a contribution of capital from one or more investor members or investor limited partners (collectively, the “Investor”) approved by the Housing Director (the portion of the Premises so subleased and any Improvements thereon are hereafter referred to as the



“Partnership Property”), Lessor shall not exercise any remedy with respect to the Partnership Property, including without limitation any termination of the Amended Lease with respect thereto, but may pursue its remedies as to all or part of the Premises, and Improvements thereon, other than the Partnership Property.

(b) Lessor agrees that solely as a result of any default under this Amended Lease that relates to the Partnership Property it shall not terminate the Ground Lease as to the Partnership Property or any portion thereof, nor deprive or commence any action to deprive Sublessee of possession of the Partnership Property, until at least sixty (60) days after written notice as provided below in this subsection (b). The foregoing sentence shall not prevent Lessor from giving any notice to Lessee or Sublessee. Lessor agrees to accept performance by the Investor or the Sublessee as curing Lessee’s defaults under this Amended Lease. If Lessee fails to cure any default within the time limit allowed under this Amended Lease or if there is a default for which no time to cure is allowed to Lessee, then Lessor may terminate this Amended Lease for such default only after sixty (60) days notice of such failure to cure given to the Sublessee of the Partnership Property and to the Investor if the Lessor shall have been provided a current address for the Investor. Lessor shall not terminate the Amended Lease for such default (i) if the Investor or Sublessee cures such default within such sixty days; or (ii) with respect to any default that is non-monetary and cannot reasonably be cured within such period, if Investor or Sublessee begins cure within such sixty day period, so long as the Investor or Sublessee proceeds diligently and continuously to complete such cure, and provided that such cure is completed in no less than 12 months, unless extended by the Housing Director in his or her discretion.

(c) The Investor shall not have any obligation to cure any default.

Signed:

LESSOR:

THE CITY OF SEATTLE,

a Washington municipal corporation

By:

Print Name: Adrienne E. Quinn

Title: Director, Office of Housing

LESSEE:

SAND POINT COMMUNITY CONNECTIONS LLC,

a Washington limited liability company

By: Solid Ground Washington, a Washington nonprofit corporation

Its Sole Member

By:

Print Name: _____

Title: _____



SUBLESSEE:

SAND POINT HOUSING ASSOCIATES I LIMITED PARTNERSHIP,

a Washington limited partnership

By: Sand Point Community Connections LLC, its General Partner

By: Solid Ground Washington, a Washington nonprofit corporation, sole member and manager

By: _____
Print Name: _____
Title: _____

SUBLESSEE:

YOUTHCARE, a Washington nonprofit corporation

By: _____
Print Name: _____
Title: _____

SUBLESSEE:

FRIENDS OF YOUTH, a Washington nonprofit corporation

By: _____
Print Name: _____
Title: _____

List of Exhibits:

- A. Map of Sand Point Property [to be substantially in the form attached to existing lease]
- B. Reserved
- C. Map of the Premises [to be substantially in the form attached to existing lease]
- D. Legal Description of Premises [to be substantially in the form attached to existing lease]
- E. Elements of Management and Operating Plan
- F. Lead-based Paint Disclosure Document [to be substantially in the form attached to existing lease]



**Elements of
Management and Operating Plan**
_____ , 2007

A. Sand Point Community Connections LLC (SPCC)

1. Project Overview
2. Agency Description
3. Manager of SPCC and its Board of Directors
4. SPCC Role & Responsibilities
 - a. Lead Agency
 - b. Program Development, Management, Oversight and Site-wide Coordination
 - c. Housing Development
 - d. Property Management
 1. Security and Safety
 2. Building Maintenance
 - e. Community Relations and Advisory Committee
 - f. Staffing Plan
5. SPCC's Relationship with Participating Agencies
 - a. Buildings 26 North and South
 - b. Building 224
 - c. Buildings 330, 331 and 332
6. Resident Rights and Responsibilities

B. Buildings 26 North and South

1. Program Overview and Facility Description
2. Description of Target Population
3. Organizational Roles and Relationships
4. Management Philosophy and Experience
5. Key Staff Positions, Responsibilities and Training
6. Resident Referral, Screening and Selection
7. House Rules
8. Evictions
9. Grievance Procedure
10. Rent Structure and Procedures
11. Budget Adjustments and Operating Reserves
12. Building Maintenance
13. Building Security and Emergency Plan
14. Affirmative Marketing Plan and Culturally Sensitive Services
15. Support Service Program
 - a. Resident Needs and Agency Services
 - b. Resident Involvement
16. Community Education and Involvement
17. Appendix

- a. Rental Agreement
- b. Agency Agreements
- c. Capital Needs Assessment and 20 year Schedule of Reserves

C. Building 224

1. Program Overview and Facility Description
2. Description of Target Population
3. Organizational Roles and Relationships
4. Management Philosophy and Experience
5. Key Staff Positions, Responsibilities and Training
6. Resident Referral, Screening and Selection
7. House Rules
8. Evictions
9. Grievance Procedure
10. Rent Structure and Procedures
11. Budget Adjustments and Operating Reserves
12. Building Maintenance
13. Building Security and Emergency Plan
14. Affirmative Marketing Plan and Culturally Sensitive Services
15. Support Service Program
 - a. Resident Needs and Agency Services
 - b. Resident Involvement
16. Community Education and Involvement
17. Appendix
 - a. Rental Agreement
 - b. Agency Agreements
 - c. Capital Needs Assessment and 20 year Schedule of Reserves

D. Building 330

1. Program Overview and Facility Description
2. Description of Target Population
3. Organizational Roles and Relationships
4. Management Philosophy and Experience
5. Key Staff Positions, Responsibilities and Training
6. Resident Referral, Screening and Selection
7. House Rules
8. Evictions
9. Grievance Procedure
10. Rent Structure and Procedures
11. Budget Adjustments and Operating Reserves
12. Building Maintenance
13. Building Security and Emergency Plan
14. Affirmative Marketing Plan and Culturally Sensitive Services

15. Support Service Program
 - a. Resident Needs and Agency Services
 - b. Resident Involvement
16. Community Education and Involvement
17. Appendix
 - a. Rental/Resident Agreement
 - b. Capital Needs Assessment and 20 year Schedule of Reserves

E. Buildings 331 and 332

1. Program Overview and Facility Description
2. Description of Target Population
3. Organizational Roles and Relationships
4. Management Philosophy and Experience
5. Key Staff Positions, Responsibilities and Training
6. Resident Referral, Screening and Selection
7. House Rules
8. Evictions
9. Grievance Procedure
10. Rent Structure and Procedures
11. Budget Adjustments and Operating Reserves
12. Building Maintenance
13. Building Security and Emergency Plan
14. Affirmative Marketing Plan and Culturally Sensitive Services
15. Support Service Program
 - a. Resident Needs and Agency Services
 - b. Resident Involvement
16. Community Education and Involvement
17. Appendix
 - a. Rental/Resident Agreement
 - b. Capital Needs Assessment and 20 year Schedule of Reserves

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Housing	Bill Rumpf #5-1577	Janet Credo #4-8687

Legislation Title:

AN ORDINANCE relating to property at Sand Point, authorizing the Housing Director to consent to the assignment by Sand Point Community Housing Association to Sand Point Community Connections LLC of the lease of City of Seattle land authorized by Ordinance 118770, as amended; authorizing an Amended and Restated Lease between Sand Point Community Connections LLC and the City; authorizing the Housing Director to consent to the transfer of title to buildings and other property on such land in connection with the assignment of the lease; and authorizing related actions.

- **Summary of the Legislation:** The proposed Ordinance authorizes the Director of the Office of Housing (OH) to consent to the transfer of the Lease under certain conditions from Sand Point Community Housing Association, a Washington nonprofit corporation (“SPCHA”) to Sand Point Community Connections LLC, a Washington limited liability company (“SPCC”) and to execute, accept and record an amended and restated lease. The form of Assignment, Assumption and Consent Agreement is attached to the Ordinance Attachment 1. The form of Amended and Restated Lease is attached to the Ordinance as Attachment 2.
- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

The City of Seattle took ownership of these parcels at Sand Point Naval Air Station designated for homeless housing in 1998. The base re-use plan developed by the City and approved by the federal government included plans to develop 200 housing units for homeless. The City’s strategy adopted at that time for producing the housing was to create a new nonprofit entity, the Sand Point Community Housing Association (SPCHA), as lead developer, with the housing sites committed via a long-term ground lease from the City to SPCHA. The City Council approved the original lease to SPCHA via Ordinance #118770. By 1999, SPCHA completed 94 of the 200 planned units. The completed units are:

Project / Management Entity	Units	Population
Santos Place / Quantum	42	Homeless single adults
Family Housing / Quantum	27	Homeless families
Pathways / Youth Care	10	Homeless youth
Passages / Youth Care	8	Homeless youth
Harmony House / Friends of Youth	7	Teen mothers

SPCHA redeveloped housing in the existing residential structures at Sand Point by sub-contracting the development and management functions. No additional housing units have been produced since 1999. Since that time, SPCHA was unable to produce a viable business model to sustain itself. SPCHA is now effectively defunct; and there is a need to have a stronger entity step into the role of holding the ground lease, overseeing ownership of the completed housing, and developing the homeless housing on the available sites. Although SPCHA no longer has staff, the 94 completed units are in compliance with regulatory requirements and are being satisfactorily managed by the sub-contracted developer/management entities. The remaining sites designated for housing under the Sand Point Redevelopment Plan represent a valuable opportunity to create much needed homeless housing.

OH recommends that the City approve an assignment and amendment of the ground lease with Solid Ground Washington ("Solid Ground"), which will enable them to assume the role of master developer for the homeless housing at Sand Point. Solid Ground would take over responsibility for ownership and operation of the existing housing, as well as the role of lead developer for the remaining 106 housing units. Solid Ground has been involved at Sand Point since the initial efforts to secure the base from the federal government.

The remaining board members of SPCHA participated in the effort to find a suitable new ownership entity, and they support the transfer of the ground lease and ownership roles to Solid Ground. Solid Ground has been overseeing the Sand Point property since April 2007 and has sub-contracted with Quantum Management to perform property management duties for the two existing tax credit projects. Friends of Youth and Youth Care continue to manage the group homes. In addition to the change in the ground lease, Solid Ground will step into the role of SPCHA as general partner of the two tax credit projects. The Enterprise Social Investment Corporation (ESIC), which is the tax credit investor, has approved that transfer.

The remaining sites for development of additional homeless housing are designated for new construction. The legislation authorizing transfer of the ground lease does not include any city commitment to finance the remaining homeless housing. Solid Ground will need to prepare applications and secure city and other funding through the regular competitive allocation process.

- *Please check one of the following:*

This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*



STATE OF WASHINGTON - KING COUNTY

--SS.

214890
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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.

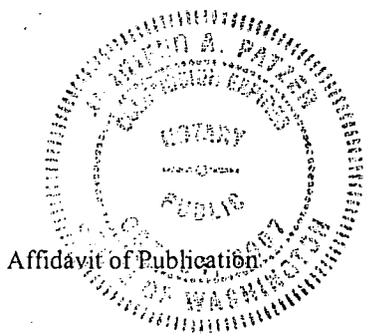
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122458-61,71,72&75

was published on

08/27/07

The amount of the fee charged for the foregoing publication is the sum of \$ 104.63, which amount has been paid in full.



J. Amber P. Egan

Subscribed and sworn to before me on
08/27/07 *J. Amber P. Egan*

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on August 13, 2007, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 122468

AN ORDINANCE relating to public art museum facilities; amending Ordinance 121950 to clarify that the agreement authorized by that ordinance may be modified if the modification is approved by ordinance; authorizing a restatement of a guarantee and reimbursement agreement with the Museum Development Authority and other parties that amends the original guarantee and reimbursement agreement the City entered into in 2005 as originally authorized by Ordinance 121950.

ORDINANCE NO. 122459

AN ORDINANCE relating to property at Sand Point, authorizing the Housing Director to consent to the assignment by Sand Point Community Housing Association to Sand Point Community Connections LLC of the lease of City of Seattle land authorized by Ordinance 118770, as amended; authorizing an Amended and Restated Lease between Sand Point Community Connections LLC and the City; authorizing the Housing Director to consent to the transfer of title to buildings and other property on such land in connection with the assignment of the lease; and authorizing related actions.

ORDINANCE NO. 122460

AN ORDINANCE relating to Seattle Public Utilities; removing budget provisions that restrict appropriations in the 2007 Adopted Budget. ORDINANCE NO. 122461
AN ORDINANCE relating to the plat of "WynGale's First Addition to the City of Seattle" in a portion of Section 13, Township 25 North, Range 3 East, W. M. in King County, Washington, ratifying and confirming approval of the plat previously approved by Ordinance 122224 (C.F. 307921).

ORDINANCE NO. 122471

AN ORDINANCE relating to the release of a restrictive covenant and easement imposed upon property located at 800 Pike Street, Seattle, Washington by the Museum of History and Industry ("MOHAI") in favor of the City of Seattle; and authorizing the Superintendent of the Department of Parks and Recreation to release the covenant and easement.

ORDINANCE NO. 122472

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 122475

AN ORDINANCE relating to the budget of the Department of Planning and Development; lifting a provision in the Planning Budget Control Level in the 2007 adopted budget and directing how the funds shall be used.

Publication ordered by JUDITH PIPPIN,
City Clerk.

Date of publication in the Seattle Daily
Journal of Commerce, August 27, 2007.

8/27(214890)