

Ordinance No. 123016

Council Bill No. 116557

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: [Signature]
Councilmember

AN ORDINANCE relating to the University Heights Center; authorizing the Mayor to enter into a contract with the University Heights Center for the Community Association; and removing a budget proviso that restricted an appropriation in the 2008 Adopted Budget, which appropriation was carried forward to the 2009 Budget under Ordinance 122962, contingent upon execution of such contract.

Committee Action:

Pass ~~8-0~~ - JG, SC, NL, RC

6-22-09 Pass 8-0 (BM advised)

CF No. _____

Date Introduced:	<u>6-15-09</u>	
Date 1st Referred:	To: (committee)	<u>Finance and Budget (FAB)</u>
Date Re - Referred:	<u>6-15-09</u>	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	<u>6-22-09</u>	
Date Presented to Mayor:	Full Council Vote:	<u>8-0</u>
Date Returned to City Clerk:	Date Approved:	<u>6-24-09</u>
Date Vetoeed by Mayor:	Date Published:	<u>3 p</u>
Date Passed Over Veto:	Date Veto Published:	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
	Veto Sustained:	

This file is complete and ready for presentation to Full Council. Committee: _____ (Initial/Date)

Law Department

Law Dept. Review OMP Review City Clerk Review Electronic Copy Loaded Indexed

1 Section 3. The restriction imposed by the following budget proviso shall be removed
2 and no longer be a restriction for any purpose, including for Subsection 1(b) of Ordinance
3 122560 and Section 2 of Ordinance 122962 only at such time as the contract referred to in
4 Section 1 is executed and delivered to the City Clerk :

Department	2008 Green Sheet	Proviso Description	BCL Code
Finance General	139-1-A-1	"None of the money appropriated for 2008 for Finance General Support to Community Development BCL may be spent for the University Heights Center for the Community Association until authorized by a future ordinance. The Council anticipates that such authority will not be granted until a contract for public benefits is executed."	Support to Community Development (6XD10)

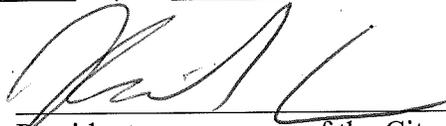
16 Section 4. Any act consistent with the authority of this ordinance taken after the
17 passage of this ordinance and prior to its effective date is hereby ratified and confirmed.

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



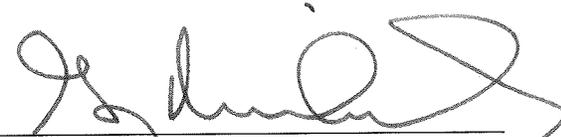
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Passed by the City Council the 22 day of June, 2009, and signed by me in open session in authentication of its passage this 22 day of June, 2009.



President _____ of the City Council

Approved by me this 24th day of June, 2009.



Gregory J. Nickels, Mayor

Filed by me this 25th day of June, 2009.



Acting City Clerk

(Seal)

Attachment 1 – Draft Agency Service Agreement



Office of Policy and Management City of Seattle

MaryJean Ryan, Director
Gregory J. Nickels, Mayor



AGENCY SERVICE AGREEMENT

Contract No.: DC-2009-OPM-XX

Program Title: University Heights Center

Fund Source: 2009 General Fund

THIS AGREEMENT is made effective on _____, 2009 between The City of Seattle (called the "City") acting through its Director of the **Office of Policy and Management** (called the "Director") and the **University Heights Center for the Community Association** (called the "Agency") to provide the services described in the attached Exhibits (the "Services" or individually, a "Service"). The Services are to be provided within the **University Heights Center** located at 5031 University Way NE. in Seattle. The University Heights Center is located in the former University Heights Elementary School, which is comprised of 55,000 gross square feet (the "Facility") and is located on land that is legally described in the attached Exhibit C-1 (the "Property").

In consideration of the terms, conditions, covenants, and obligations contained in this Agreement, the parties agree as follows:

I. PROGRAM AND SERVICES

SECTION 101 - SCOPE OF SERVICES

- A. General Description of Services: Agency agrees to operate and maintain no less than 90% of the square footage of the Facility as a Community Center as defined in **Exhibit A-1**.
- B. Level of Service: Agency agrees to provide Services consistent with the type of services outlined in **Exhibit A-1** at a level similar to or exceeding the current level of service provided by the Agency within the Facility. **Exhibit A-1** establishes benchmarks that describe the current levels of service.
- C. Changes in Types of Services or in Level of Service provided: If the Agency wishes to 1) eliminate any of the Services outlined in **Exhibit A-1** or reduce the level of a particular Service provided in the Facility by 10% or more below the levels outlined in **Exhibit A-1**, or, 2) if the Agency wishes to convert some portion greater than 10% of the gross area of the Facility to an alternate use that is not within the Community Center description, the Agency shall request, in writing to the City, to make such change. Such written request shall include, as applicable, a) a list of eliminated or reduced Services, b) a description



of any new Service(s) that will be provided in place of the eliminated Service, c) the square footage of the Facility that the new Service will occupy, d) the square footage of the Facility that had been used for the eliminated or reduced Service, e) proposed new and reduced levels of Service benchmark(s) for added or reduced Services; and f) rationale for the Agency's desire to change the level of Service or eliminate any Service.

The City, acting through the Director of the Office of Policy and Management, shall review and recommend approval or rejection of the proposed change in writing within 30 days of receipt of said request. Final approval shall require an Ordinance passed by the City Council.

The City's approval of a change in the level or type of a particular Service, including approval of an elimination of a particular Service shall be deemed to be an amendment to the attached **Exhibit A-1**.

Agency shall notify the City no less than fifteen (15) calendar days in advance in the event that any repair, maintenance or renovation of the Facility will result in a temporary change in level of Services or of the portion of the Facility dedicated to providing Services (unless such repair, maintenance or renovation of the Facility is made in response to an emergency posing an imminent risk to persons or property, in which case concurrent notice shall be sufficient). Such temporary change in the level of Services or the portion of the Facility dedicated to providing Services shall not be subject to the approval provision of this section 101C.

SECTION 102 – RESERVED

SECTION 103 - TIME OF PERFORMANCE

The Agency shall commence performance of this Agreement on _____, 2009 and this Agreement shall expire on _____, 2024. Specific Performance of this Agreement shall be secured by a Deed of Trust, the form of which is attached as **Exhibit C-2**, and a Restrictive Covenant, the form of which is attached as **Exhibit C-3**, both of which shall be recorded against the Property. Said Deed of Trust shall be reconveyed and Covenant shall be released upon the expiration date of this Agreement. The Agency's performance must have been reasonably certified as acceptable by the Director before final reconveyance of the Deed of Trust and release of the Restrictive Covenant is made.

II. DISBURSEMENT; BUDGET; AND RECORDS

SECTION 201 - BUDGET

The City shall compensate the Agency for its commitment to provide the Services described in **Exhibit A-1**, in the amount of **two million five hundred thousand dollars (\$2,500,000.00)**.

SECTION 202 – PAYMENT

- A. The City shall make one disbursement of \$2,500,000, to an escrow account established by Agency for the closing of the Agency's purchase of the Property.



- B. To secure payment, the Agency shall submit an invoice as shown in **Exhibit B-2** to the City of Seattle, Office of Policy and Management, **Attention: Paul Fischburg**. The invoice shall bear the Agency's name, address and the agreement number. The invoice must be signed by an authorized representative of the Agency, who shall verify that the invoice is accurate. Payment from the escrow account will be made pursuant to escrow instructions to be provided by Agency and City in connection with the closing and in accordance with the Payment Structure as outlined in **Exhibit A-2**.
- C. The City shall be excused from payments if funds allocated by the Department cease to be available for any cause.
- D. **Conditions precedent to payment:** Funds will not be disbursed to the Agency until the following conditions are met:
- 1) City is satisfied after reviewing Agency's organizational structure and operating procedures that Agency is prepared to own and manage the Property and the Facility and provide the Services;
 - 2) City is satisfied after reviewing project plans, building condition reports and surveys, and financial plans, that Agency is prepared to undertake and pay for the acquisition of the Property and renovation of the Facility such that the City can be reasonably assured of a 15-year life of the Facility and its major building systems;
 - 3) Agency delivery to City of a signed Purchase & Sale Agreement for the Property, and an estimated settlement statement and escrow instructions for deposit of City funds and establishment of Replacement Reserve pursuant to Section 303C below, prepared by an escrow officer licensed and registered in the State of Washington;
 - 4) City funds will be disbursed through escrow at Closing only if the Agency is able to complete the purchase of the Property;
 - 5) Seattle City Council passage of an ordinance approving this Agreement;
 - 6) Agency execution and recording of a Deed of Trust and Restrictive Covenant against the Property both in form as attached hereto and that secure the Agency's obligations to the City consistent with this Agreement. The Deed of Trust shall be senior to any other encumbrances on the Property, except that the City acknowledges that the Agency has agreed to encumber the Property with a restrictive covenant in favor of Seattle Public School District #1, and agrees that said covenant may be a prior encumbrance. Agency shall pay all recording costs associated therewith.

SECTION 203 - DOCUMENTATION OF SERVICES PROVIDED

- A. The Agency agrees to keep records for each calendar year during the term of the Agreement as outlined in **Exhibit A-2**:
- B. The Agency will provide the City with a report summarizing the records described above upon request by the City but no more frequently than annually. The Agency shall furnish periodic reports in the manner and at the times contemplated by **Exhibit A-2** and such other statements and data relating to the Services provided under this Agreement as may be requested by the City. In the event that the Agency fails to provide a required report within **sixty (60)** days of its due date, the City shall have the right to immediately terminate this Agreement and recover its payment as set forth in **Section 409**.



SECTION 204 - RECORDS AND FISCAL CONTROL SYSTEMS

The Agency shall maintain its financial records and fiscal control systems in a manner that meets the approval of the Director of the Department of Executive Administration and the Washington State Auditor. It shall maintain personnel and payroll records to identify adequately the source and application of funds; withhold all taxes; pay employment (social security), unemployment compensation, industrial insurance (worker's compensation) and other taxes as may be due; and, unless exempt, procure and maintain a City of Seattle Business License. The Agency shall maintain an effective system of internal control to assure that funds provided through the City are used solely for authorized purposes, including when requested by the City, fidelity bonding of personnel with fiscal responsibilities.

SECTION 205 - ACCESS TO RECORDS; AUDITS

The City and the State Auditor or any designated agents of the above mentioned agencies shall have access at any time during normal business hours and as often as necessary to any bank account and Agency books, records, documents, accounts, files, reports, and other property and papers of the Agency relating to the Services to be provided under this Agreement for the purpose of making an audit, survey, examination, excerpt or transcript. This requirement shall be included in all subcontracts entered into by the Agency.

SECTION 206 - NOTICE AFFECTING PERFORMANCE

The Agency shall notify the Director of any matters affecting the eligibility of the Agency to continue performance of this Agreement immediately after the Agency's discovery of the same.

III. MANNER OF PERFORMANCE**SECTION 301 - QUALITY OF PERFORMANCE**

The Agency shall be responsible for the quality of Services provided through this Agreement. Its responsibilities shall not be reduced by recommendations or assistance received from the City or by any communications that vary from the terms and conditions of this Agreement unless a corresponding amendment is made to this Agreement.

The City shall judge the adequacy and efficiency of the Services provided, the sufficiency of records, and the results produced in accordance with the performance standards in **Exhibits A-1 and A-2** and the other requirements of this Agreement. If during the course of the Agreement, the Agency does not perform the Services as required hereby, said lack of performance shall constitute a material breach of this Agreement subject to the provision of Section IV of **Exhibit A-2**.

SECTION 302 - COMPLIANCE WITH LAW

In providing Services under this Agreement, the Agency, at its sole cost and expense, shall comply with all applicable laws of the United States and the State of Washington; the Charter and Ordinances of The City of Seattle; and rules, regulations, orders and directives of their administrative agencies and the officers thereof.

SECTION 303 - CONDITION OF THE FACILITY

- A. Agency agrees to commence a renovation of the Facility with the following scope of work within twenty-four (24) months of closing on the acquisition of the Facility. Upon completion of the renovation, Agency shall provide certification that the renovation scope



of work has been completed to its satisfaction along with evidence of contractor's warranty for the work. Failure to commence said renovations within 24 months or failure to complete the renovations within twelve (12) months of commencement shall constitute a material breach of this Agreement and cause for termination. While the construction work required under this section 303 is a material part of this Contract, it is not to be considered part of the Services.

- B. The renovation scope of work shall include replacement of roof parapet caps and gutters, repairs and replacement of windows in the south façade, and installation of fire safety sensors in the attic of the building.
- C. Agency further agrees to maintain the Facility in good repair and at a minimum, consistent with the Agency's current building maintenance standards. In addition, Agency agrees to create a separate replacement reserve account (the "Replacement Reserve") at acquisition closing with an initial minimum capitalization of \$50,000 and minimum annual deposits of \$25,000. Funds in the Replacement Reserve shall be used solely for the replacement and/or significant repair of building systems and structural components of the Facility as they may be necessary from time-to-time during the Term of the Agreement, unless otherwise agreed to by the City.

SECTION 304 - EQUAL EMPLOYMENT OPPORTUNITY AND OUTREACH

- A. The Agency shall not discriminate against any employee or applicant for employment because of race, color, age, sex, marital status, sexual orientation, gender identity, political ideology, creed, religion, ancestry, national origin, or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The Agency shall take affirmative efforts to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, age, sex, marital status, sexual orientation, gender identity, political ideology, creed, religion, ancestry, national origin, or the presence of any sensory, mental or physical handicap. Such efforts shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training, including apprenticeship. The Agency shall post in conspicuous places, available to employees and applicants for employment, notices as provided by the City setting forth the provisions of this nondiscrimination clause.
- B. If the Agency will hire employees to perform the Services, the Agency shall make affirmative efforts to recruit minority and women candidates. Affirmative efforts may include the use of advertisements in publications directed to minority communities and other targeted recruitment efforts, and using the services of available minority community and public organizations to perform outreach.
- C. Record-Keeping: The Agency shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement and permit access to the Agency's records of employment, employment advertisements, application forms and other pertinent data and records requested by the Office of Policy and Management for the purposes of investigation to determine compliance with the requirements of this section.

- D. The Agency, by executing this Agreement, is affirming that the Agency complies with all applicable federal, state, and local non-discrimination laws, particularly the requirements of SMC Ch. 20.42 as incorporated in this Agreement. Any violation of the requirements of the provisions of this section noted in paragraph A, B and C above, after the City has provided the Agency with thirty (30) days' written notice and opportunity to cure such violation, shall be a material breach of Agreement for which the Agency may be subject to damages and sanctions provided for by the Agreement and by applicable law, including but not limited to debarment from City contracting activities in accordance with SMC Ch. 20.70.
- E. The foregoing provisions of this section shall be inserted in all subcontracts for and/or leases of space in the Facility for the provision of Services as defined in **Exhibit A-1**.

SECTION 305 – NONDISCRIMINATION IN EMPLOYEE BENEFITS

- A. Compliance with SMC Ch. 20.45: The Agency shall comply with the requirements of SMC Ch.20.45 and Equal Benefits Program Rules implementing such requirements, under which the Agency is obligated to provide the same or equivalent benefits ("equal benefits") to its employees with domestic partners as the Agency provides to its employees with spouses. At the City's request, the Agency shall provide complete information and verification of the Agency's compliance with SMC Ch. 20.45. Failure to cooperate with such a request after thirty (30) days' written notice and opportunity to cure such failure shall constitute a material breach of this Contract. *(For further information about SMC Ch. 20.45 and the Equal Benefits Program Rules call (206) 684-0430 or review information at <http://cityofseattle.net/contract/equalbenefits/>.)*
- B. Remedies for Violations of SMC Ch. 20.45: Any violation of this Section 304, subject to applicable notice and cure provisions, shall be a material breach of Contract for which the City may:
- (1) Require the Agency to pay liquidated damages as specified in **Section 409** of this Agreement for each day that the Agency is in violation of SMC Ch. 20.45 during the term of the Contract; or
 - (2) Terminate the Contract; or
 - (3) Disqualify the Agency from bidding on or being awarded a City contract for a period of up to five (5) years; or
 - (4) Impose such other remedies as specifically provided for in SMC Ch. 20.45 and the Equal Benefits Program Rules promulgated thereunder, or as provided in this Agreement.

SECTION 306 - NO PARTNERSHIP OR AGENCY RELATIONSHIP

The sole relationship between the Agency and the City hereunder is that of an independent contractor. Nothing herein shall be construed to create any partnership or joint venture or to make either party the agent or employee of the other. Neither Agency nor any of its members, officers, or employees shall hold themselves out as the partner, employee or agent of the City or to bind the City in any matter.

SECTION 307 – AFFIRMATIVE EFFORTS TO USE WOMEN AND MINORITY BUSINESS ENTERPRISES

- A. If an Agency intends to subcontract out any part of a contract instead of performing the Services, then the following requirement applies: Agency shall use affirmative efforts to promote and encourage participation by women and minority businesses on



subcontracting opportunities within the Services provided under this Agreement. Agency agrees to make such efforts as a condition of the Agreement.

- B. Outreach efforts may include the use of solicitation lists, advertisements in publications directed to minority communities, breaking down total requirements into smaller tasks or quantities where economically feasible, making other useful schedule or requirements modifications that are likely to assist small or WMBE businesses to compete, targeted recruitment efforts, and using the services of available minority community and public organizations to perform outreach.
- C. Record-Keeping: The Agency shall maintain, for at least 24 months after the expiration or earlier termination of this Agreement, relevant records and information necessary to document all Agency solicitations to subagencys and suppliers, all subAgency and supplier proposals received, and all subagencys and suppliers actually utilized under this Agreement. The City shall have the right to inspect and copy such records.
- D. Agency shall ensure that all employees, particularly supervisors, are aware of, and adhere to their obligation to maintain a working environment free from discriminatory conduct, including but not limited to harassment and intimidation of minorities, women, or WMBE businesses.
- E. Non-Discrimination: Agency shall not create barriers to open and fair opportunities for WMBEs to participate in the provision of Services contemplated in this Agreement.
- F. Sanctions for Violation: Any violation of paragraph A, B, C, D or E of this section, or a violation of SMC Ch. 14.04 (Fair Employment), SMC Ch. 14.10 (Fair Contracting), SMC Ch. 20.42 (Equality in Contracting), SMC Ch. 20.45 (Nondiscrimination in Benefits), or other local, state or federal non-discrimination laws, after the City has provided the Agency with thirty (30) days' written notice and opportunity to cure such violation, shall be a material breach of contract for which the Agency may be subject to damages and sanctions provided for by the Agreement and by applicable law. Agencies found to be in violation of the requirements may be subject to debarment from City contracting activities in accordance with SMC Ch. 20.70.

SECTION 308 – FAIR CONTRACTING PRACTICES

Each party is required to comply with the Fair Contracting Practices Ordinance of the City of Seattle (Ordinance 119601), as amended. The Fair Contracting Practices Ordinance prohibits discrimination in contracting between entities doing business in the City of Seattle. The ordinance applies to private and public contracting and establishes monetary penalties for violations. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine for forfeiture under the Seattle Criminal Code as well as various civil remedies.

SECTION 309 – AMERICANS WITH DISABILITIES ACT

The Agency shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (ADA) in performing its obligations under this Agreement. In particular, if the Agency is providing services, programs, or activities to City employees or members of the public as part of this Agreement, the Agency shall not deny participation or the benefits of such services, programs, or activities to people with disabilities on the basis of such disability. Failure to comply with the provisions of the ADA, after the City has provided the Agency with thirty (30)



days' written notice and opportunity to cure such violation, shall be a material breach of, and grounds for the immediate termination of this Agreement.

Notwithstanding the foregoing, the parties acknowledge that the Facility is historic and currently contains certain physical barriers to access, and agree that the Agency is not required to remove such barriers where removal is not easily accomplishable and able to be carried out without much difficulty of expense, pursuant to federal ADA regulations. 28 CFR 36.304.

IV. GENERAL CONDITIONS

SECTION 401 – INDEMNIFICATION AND INSURANCE

- A. Indemnity: The Agency shall defend, protect, and save harmless the City, its officers, elected officials, agents and employees from and against all claims, suits, actions, liabilities, losses, damages, and expenses (including attorneys' fees) ("Claims") arising out of any acts, omissions, work or services provided under this Agreement, or any breach thereof, by the Agency, its officers, agents, employees or subcontractors. The indemnifications provided herein shall not extend to Claims arising out of the negligent acts or omissions of the City. The obligations of this section shall survive the expiration or termination of this Agreement.
- B. Commercial General Liability: The Agency shall at its own expense secure and maintain in full force and effect during the term of this Agreement a policy of commercial general liability insurance providing coverage of at least \$1,000,000 in connection with the work to be performed by the Agency under this Agreement. The Agency shall furnish evidence of such insurance to the City in such forms and at such times as the City shall reasonably require. The "City of Seattle" shall be named as an additional insured for primary and non-contributory limits of liability.
- C. Property: The Agency shall at its own expense secure and keep all improvements now or hereafter erected on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement value of the improvements.

SECTION 402 - IDENTITY OF PROGRAM PARTICIPANTS/BENEFITS RECIPIENTS

Except as required by applicable law, the use or disclosure by the Agency of any identifying information concerning the identity of any participant in the program(s) or any of the services or benefits provided under this Agreement for any purpose not directly connected with the administration of the City's or Agency's responsibilities with respect to services provided under this Agreement is prohibited except on written consent of the participant or recipient or client, his or her attorney, or responsible parent or guardian.

SECTION 403 - COPYRIGHTS AND PATENTS

If the Services provided under this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but the City reserves a royalty-free non-exclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use all such copyrighted material and all materials which can be copyrighted.

Any discovery or invention arising out of or developed in the course of performing the Services shall be promptly and fully reported to the City for determination as to whether patent protection on such invention or discovery shall be sought and how the rights to the invention or discovery,



including rights under any patent issued thereon, shall be disposed of and administered in order to protect the public interest. (If project funds are derived from the United States, federal agency regulations relating to inventions and materials generated under this Agreement apply.)

SECTION 404 - RESERVED

SECTION 405 - CONFLICT OF INTEREST

No member, officer, or employee of The City of Seattle or its designee or agents, and no member of the Seattle City Council or any other public official of the City, who exercises any function or responsibilities with respect to the program(s) affected by this Agreement, shall have any financial interest, direct or indirect, in any contract or subcontract or the proceeds thereof, for work to be performed in connection with such program(s); nor shall they for one year after completion of this Agreement have any financial interest with the Agency or any sub-Agency under this Agreement.

SECTION 406 - POLITICAL ACTIVITIES

No funds paid or facilities provided by The City of Seattle shall be used directly or indirectly for, and the Agency shall not request or receive reimbursement for the direct or indirect costs of, assisting any campaign for election of any person to any office or for the promotion of or opposition to any ballot measure. If the Agency engages in any such assistance, promotion or opposition, the Agency shall maintain records clearly documenting that such activities are paid for solely from funds not provided by the City. No funds provided by the City shall be applied directly or indirectly to lobbying any legislative body or any member or staff thereof.

SECTION 407 - SUBCONTRACTING

This Agreement is personal to each of the parties hereto and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party provided that the City may allocate functions among its departments. Notwithstanding the foregoing, the City agrees that the Services may be, and acknowledges that some Services are now, provided by tenants of the Agency and not by the Agency directly. Agency shall not need written consent of the City to lease space within the Facility if the lease is to a tenant that will participate in providing the Services described in **Exhibit A-1**. Any such assignment or subcontract shall be subject to each provision of this Agreement. All provisions of this Agreement shall apply to all subcontracts entered into by the Agency. Any and all Services contemplated by the Agreement and provided by subcontractors shall be subject to the Terms of the Agreement as if they were provided by the Agency.

SECTION 408 - CHANGES

No change or amendment of the provisions of this Agreement shall be effective unless such change is specified in a separate, written agreement signed by the parties to this Agreement.

SECTION 409 - TERMINATION AND SUSPENSION

This Agreement can be terminated for cause only. If the Agency breaches the Agreement and does not cure the breach after being given a reasonable cure period, the City has the right to terminate the Agreement. Upon termination, the City is entitled to all remedies available at law or in equity, including without limitation, bringing an action for injunctive relief or specific performance, it being recognized that monetary damages may not be an adequate remedy for the City. If the City elects to pursue monetary damages, the City will be entitled to liquidated damages calculated on a straight line prorata basis (\$2,500,000/180 months x the number of months remaining in the Term of the Agreement). The City shall have the right to foreclose on



the Deed of Trust to ensure payment of liquidated damages. The fact that the parties have specified an appropriate amount of liquidated damages is not intended as a waiver of the City's right to seek specific performances in the event of termination. Notice of termination pursuant to this Section shall be given to the Agency in writing.

SECTION 410 - FUTURE SUPPORT

The City makes no commitment of future support and assumes no obligation for future support of the activity contracted herein except as set forth in this Agreement.

SECTION 411 - RESERVATION OF RIGHTS

Neither payment by the City nor performance by the Agency shall be construed as a waiver of either party's rights or remedies against the other. Failure to require full and timely performance of any provision at any time shall not waive or reduce the right to insist upon complete and timely performance of such provision thereafter.

SECTION 412 - SEVERABILITY

If any provisions of this Agreement are held invalid, the remainder of this Agreement shall not be affected thereby, if such remainder would then continue to serve the purposes and objectives contemplated by the parties hereto.

SECTION 413 - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon the parties hereto and their respective successors and assigns, and shall insure to the benefit of the parties hereto, any assignees expressly permitted pursuant to Section 407, the United States, and the State of Washington. This Agreement is not intended to confer any legal rights or remedies on any other persons.

SECTION 414 - ADDRESSES

Written notices, requests, grievances or adjustments to the Department shall be made to:

**MaryJean Ryan, Director
City of Seattle, Office of Policy and Management
600 5th Ave, 6th Floor
PO Box 94745
Seattle, WA 98124-4745**

Written notices, requests, grievances or adjustments to the Agency shall be made to:

**Mike Dash
UHCCA Board President
5031 University Way NE
Seattle, WA 98105**

Notice shall be effective when hand-delivered during normal business hours or two (2) business days after mailing, postage prepaid, to the proper address. Either party may change its address for notices by written notice as specified above.

SECTION 415 - INTEGRATED DOCUMENTS

This Agreement, including documents incorporated by reference and the laws, regulations and OMB Circulars cited herein or therein, embodies the entire Agreement of the parties with respect to the subject matter hereof, provided that nothing in this Agreement waives or



supersedes obligations arising from any contract between the parties regarding the same or similar services for any prior years or periods. No verbal agreements or conversation with any officer, agent or employee of the City shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Any such verbal agreement shall be considered as unofficial information and in no way binding upon either party.

SECTION 416 - TIME IS OF THE ESSENCE

Time is of the essence of all of the Agency's obligations hereunder.

This Agreement consists of Articles I - IV above, plus Exhibits, which by this reference are incorporated herein.

IN WITNESS WHEREOF, THE CITY AND THE AGENCY HAVE EXECUTED THIS AGREEMENT.

AGENCY

THE CITY OF SEATTLE

By _____
Michael Dash, President
University Heights Center for the Community
Association

By _____
MaryJean Ryan, Director
Office of Policy and Management

Date: _____

Date: _____



EXHIBIT A-1

COMMUNITY CENTER DEFINITION
TYPES AND LEVELS OF SERVICE

Community Center Defined: For the purposes of this Agreement, the term "Community Center" shall refer to the following collection of services ("Services"), offered without discrimination to all members of the community seeking to participate in the Services. To qualify as a Community Center, the Property shall be used to continuously provide Services in all four of the following categories at the Levels described. It is recognized by the Parties that the Types and Levels of Services will vary to some extent over the term of the Agreement; however, any deviation of more than ten percent (10%) in either the Types or Levels of Services and any reduction of the gross area of the Facility by more than ten percent (10%), requires the Seattle City Council's prior approval, by ordinance.

1. Early Learning

Type of Service	Level of Service Benchmarks
Child care services	<ul style="list-style-type: none"> • Minimum of two leased spaces (9,000 square feet or 28% of facility) provided for childcare services with access to outdoor playspace • Minimum of 90 children/day • In new leases and in lease renewals, childcare tenants will be required to provide scholarship assistance for a minimum of 5% of children enrolled in their program
Education and support for families with children that have special needs	<ul style="list-style-type: none"> • Leased space (at least one classroom daily per year) to be provided for children with special needs at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space • Space for special needs parent meetings will be provided at no cost

2. Education/Arts

Type of Service	Level of Service Benchmarks
Youth education in the arts and access for the community to cultural activities including theater, dance and music	<ul style="list-style-type: none"> • At least two leased spaces, in addition to childcare space listed above, shall be dedicated to tenants providing year round classes, serving 1,200 children per year • Minimum of 20 performances per year • Tenants will provide a scholarships/ discounts program to qualifying individuals
Education for all ages in a broad variety of fields is made available through the rental of space on an hourly basis each week. This includes dance, exercise, art, and reading.	<ul style="list-style-type: none"> • Minimum of 60 classes offered/month. Daily rental rates shall be at a cost no greater than current rates charged by Seattle Parks and Recreation for similar



	space
--	-------

3. Park and Open Space

Type of Service	Level of Service Benchmarks
Formal and informal outdoor open space	<ul style="list-style-type: none"> • Informal outdoor community gathering space of a minimum 1,000 square feet open to the public shall be maintained on the plaza at the building's south entrance. • Playground made available for public use evenings and on weekends when not in use by the childcare provider.

4. Community Gathering and Meeting Spaces (Use of space at the UHCC is open to anyone regardless of race, religion, sexual orientation or special abilities).

Type of Service	Level of Service Benchmarks
Classrooms at the UHCC are available for hourly rental for educational purposes, events, meetings, seminars and retreats	<ul style="list-style-type: none"> • 20% of the useable space in the building is set aside for hourly rental at a cost no greater than current rates charged by Seattle Parks and Recreation for similar space. • A minimum of \$1,000 in room rental discounts to be provided annually for non-profit and community groups that serve children, arts, lifelong education and local sustainability
Outdoor spaces for public events in support of local agriculture and community initiatives	<ul style="list-style-type: none"> • Providing free space for community garden (eg: P-patch or education garden focused on children and youth) • Weekly farmer's market on a year-round basis • Weekly pick up site for local food bank donations • Gathering location for annual community clean-up • Plaza Days event - a free weekly gathering from May through December featuring fresh cooked seasonal and local foods and entertainment



EXHIBIT A-2**PAYMENT STRUCTURE/ REPORTING/ PERFORMANCE STANDARDS**

The Agency shall carry out this Agreement and perform the Services described in Exhibit A-1 in accordance with the following performance standards.

I. PAYMENT STRUCTURE

The City shall compensate the Agency in advance for satisfactorily performing the services described in **Exhibit A-1** in accordance with the performance standards contained therein. Payment will be disbursed as described in Section 202 of the Agreement, and upon receipt of an invoice for building acquisition, an estimated settlement statement and escrow instructions provided by an escrow officer licensed and registered in the State of Washington, and an executed Deed of Trust and Restrictive Covenant. The Agency shall use the Agency's Invoice Form (**Exhibit B-2**) to invoice the City, the Deed of Trust (**Exhibit C-2**) and the Restrictive Covenant (**Exhibit C-3**).

The total contract amount for the period of this Agreement is **two million five hundred thousand dollars and zero cents (\$2,500,000.00)**. A single payment shall be made for this amount into an escrow account established for the purchase and sale of the Property as described in **Exhibit C-1**.

II. REPORT REQUIREMENTS & SUBMITTAL OF REPORTS

Upon request from the City, the Agency shall provide performance reports, no more frequently than annually, summarizing activities performed as outlined in **Exhibit A-1** during the reporting period. Reports shall include data for the period since the previous report, in fiscal year periods, covering:

- a) All building repairs that exceed \$5,000;
- b) An accounting of deposits to and expenditures from the Replacement Reserve;
- c) Any notices of building code violations;
- d) Square footage of space in the Facility used as a Community Center and square footage of space not used as a Community Center;
- e) A list of programs offered at the Property in each of the following categories: 1) Youth Enrichment and Family support, 2) Arts and Education, 3) Community Service, and 4) Community Gathering and Meeting Space,
- f) List of space provided at no or reduced cost to community groups, and the value of that space provided at no or reduced cost; and
- g) Total number and total amount of scholarships and/or subsidies provided to low income program participants within the Facility.

SUBMITTAL OF REPORTS

Attention: Paul Fischburg
 City of Seattle
 Office of Policy and Management
 600 Fifth Avenue, 6th Floor
 PO Box 94745
 Seattle, WA 98124-4745



III. PERFORMANCE STANDARDS

The Agency shall maintain a current City of Seattle Business License during the term of this Agreement as described in Section 204 – Records and Fiscal Control Systems.

The Agency shall maintain insurance coverage during the term of this Agreement as described in Section 401 – Indemnification.

IV. CORRECTIVE ACTION

If the Agency fails to perform the Services or to provide the level of Services indicated in Exhibit A-1 of the Agreement, the Agency, upon written notice from the City of such failure, shall submit a written narrative outlining barriers to performing at planned levels and a corrective action plan to bring performance into compliance with this Agreement. The corrective action plan shall include, at a minimum, specific actions and timeframes the Agency will implement to address the barriers. Agency failure to implement the stated corrective action and continuation of inadequate performance shall be considered a material breach of this Agreement and cause for termination.



EXHIBIT B-1

In order for invoices to be processed, the following form must be completed and include the authorized signatures (Refer to Section 202.).

CONTRACT PAYMENT AUTHORIZATION FORM

To: City of Seattle, Office of Policy and Management

Agency Name: University Heights Center for the Community Association

Contract No: DC-2009-OPM-xx

PRINT NAME	SIGNATURE	POSITION
Mike Dash		Executive Director

Payments are to be made to the Agency and mailed to the following address:

I hereby certify that the officers named above are duly authorized on behalf of the Agency to submit and verify requests for payment and all related materials under the above contract, and that the information on this form is true and correct.

Signature

Mike Dash

Typed Name

Executive Director

Title

Date



INVOICE

EXHIBIT B-2

**CITY OF SEATTLE
OFFICE OF POLICY AND MANAGEMENT**

AGENCY'S INVOICE No. 1 **Invoice Date:** _____

Agency Name: University Heights Center for the Community Association

Address: 5031 University Way NE Seattle, WA 98105

Contact Person: Mike Dash **Tel no.** 206.527.4278 **Fax no:** 206-527-7617

Contract No. DC-2009-OPM-XX **Contract Title:** University Heights Center

Term of Contract: _____, 2009 - _____, 2024

Activity/Project Description	Budget	Paid To Date	Current Invoice	Balance Remaining
Acquisition of U-Heights School Property from Seattle School District and associated costs	\$2,500,000.00		\$2,500,000.00	\$0.00
Total	\$2,500,000.00	\$0.00	\$2,500,000.00	\$0.00
			Subtotal \$2,500,000.00	
			Adjustments (Specify Amount)	
			Total Invoice \$2,500,000.00	

INVOICE CERTIFICATION

I, the undersigned, do hereby certify under penalty of perjury, that this invoice represents eligible expenses incurred by the Agency to provide the services rendered or the labor performed in full compliance with the Agreement in the amounts stated. I also certify that I am authorized to authenticate and certify to said claim.

Mike Dash _____
Print Name Authorized Signature Date

PAYMENT AUTHORIZATION

Amount Authorized for Payment: \$ _____

By _____ Date: _____
Signature

Payment Voucher No: _____ Date: _____



DRAFT

Exhibit C-1

THE PROPERTY AND THE FACILITY

LEGAL DESCRIPTION:



Exhibit C-2

FORM OF DEED OF TRUST

UPON RECORDING RETURN TO:

Paul Fischburg
City of Seattle
Office of Policy and Management
600 4TH Avenue, Floor 6
PO Box 94745
Seattle, WA 98124-4745

Deed of Trust

Grantor: University Heights Center for the Community Association

Grantee: The City of Seattle

Abbreviated legal description:

Assessor's Tax Parcel No.:

This Deed of Trust is made this ____ day of _____, 2009, between the University Heights Center for the Community Association, a Washington nonprofit corporation, Grantor, whose address is 5031 University Way NE. in Seattle, Washington, and _____, Trustee, whose address is _____ Seattle, WA 98104, and The City of Seattle, a municipal corporation of the State of Washington, Beneficiary, whose address is 600 5th Ave, 6th Floor, PO Box 94745, Seattle, WA 98124-4745.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property in King County, Washington described on Exhibit A hereto (the "Property"), which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances



now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

By this Deed of Trust, Grantor expressly conveys its present fee interest in the Property, together with any after-acquired interest it may obtain.

This Deed of Trust is for the purpose of securing the obligation of Grantor to provide certain services to The City of Seattle as more particularly described in the Agency Services Agreement filed with the Seattle City Clerk under Clerk's File No. _____ (the "Agency Agreement"). The amount secured by this Deed of Trust shall be the amount due to the Beneficiary pursuant to the liquidated damages provisions of the Agency Agreement, described in section 409 thereof.

1. To protect the security of this Deed of Trust, Grantor covenants and agrees:
 - A. To keep the Property to permit no waste thereof; to complete any improvements being built by Grantor on the Property; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property; provided however that Beneficiary hereby subordinates this Deed of Trust to that Restrictive Covenant in favor of Seattle Public School District #1 recorded at King County recording number _____.
 - B. To pay before delinquent all lawful taxes and assessments upon the property; to keep the Property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
 - C. To keep all improvements now or hereafter erected on the Property described herein continuously insured against loss by fire or other hazards in compliance with the Agreement, and in any event in an amount not less than the total debt secured by this Deed of Trust. All policies shall be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary as its interest may appear and then to the Grantor. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
 - D. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees actually incurred, as provided by statute.
 - E. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligations secured hereby and Trustee's and attorneys' fees incurred.



F. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiary may (but is not obligated to) pay the same, and the amount so paid, with interest at the rate of twelve percent (12%) per annum, shall be added to and become a part of the debt secured in this Deed of Trust.

2. In the event any portion of the Property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

3. The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured (i.e., upon expiration or earlier termination of the Agency Services Agreement) and written request for reconveyance made by the Beneficiary or the person entitled thereto. This Deed of Trust shall terminate and Beneficiary shall request reconveyance of this Deed of Trust if Grantor faithfully performs all of its obligations to The City of Seattle under the Agency Services Agreement for a period of fifteen (15) years from the date hereof.

4. Upon default by Grantor in the performance of any agreement contained herein or in the Agency Services Agreement, and in the event such default becomes a material breach, as that term is used in the Agency Services Agreement, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (i) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (ii) to the obligation secured by this Deed of Trust; (iii) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.



7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action proceeding which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns.

The term Beneficiary shall mean the Agency under the Agency Services Agreement secured hereby, whether or not named as Beneficiary therein.



Signature and Acknowledgement for Deed of Trust

University Heights Center for the Community Association,
a Washington nonprofit corporation

By: _____

Title: _____

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this ___ day of _____, 2009 before me personally appeared _____, to me known to be the _____ of the University Heights Center for the Community Association, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In witness whereof, I have hereunto set my hand and affixed my official seal the day first above written.

NOTARY PUBLIC in and for the State of Washington, residing at _____.

My commission expires _____.



Exhibit C-3

RESTRICTIVE COVENANT AGREEMENT

After recording return to:
Paul Fischburg
City of Seattle
Office of Policy and Management
600 4TH Avenue, Floor 6
PO Box 94745
Seattle, WA 98124-4745

Reference Number of Related Document: N/A

Grantor: University Heights Center for the Community Association

Grantee: The City of Seattle

Abbreviated Legal Description: xxx

Additional Legal Description is on Page _____ of Document

Assessor's Property Tax Parcel or Account No.:

RESTRICTIVE COVENANT AGREEMENT

THIS RESTRICTIVE COVENANT AGREEMENT ("Agreement") is made as of this ____ day of _____, 2009, by and between THE UNIVERSITY HEIGHTS CENTER FOR THE COMMUNITY ASSOCIATION, a Washington nonprofit corporation ("Grantor"), which is the owner of that parcel of real estate located in King County, Washington, and legally described in the attached Exhibit A and THE CITY OF SEATTLE, a Washington municipal corporation ("Grantee").

RECITALS

1. Grantor, as of the date hereof, has acquired certain property located in King County, Washington at 5031 University Way NE. in Seattle, Washington and legally described in Exhibit A (the "Property"), in part with funds provided by Grantee. The Property is improved with one structure, commonly known as the University Heights



Elementary School, consisting of 55,000 gross square footage of building area (the "Facility").

2. Since 1990, Grantor, as lessee, has used the Facility to provide a variety of community benefits and activities that have contributed substantially to the health, educational and welfare of Seattle residents.

3. In partial consideration for Grantee's contribution of funds for the acquisition of the Property, Grantor has agreed to dedicate no less than 90% of the Facility to use as a Community Center and to provide certain services to the public in order that the City and its residents will continue to enjoy the above-noted advantages.

4. Grantor and Grantee are parties to the Agency Services Agreement, attached as Exhibit B and dated as of the date herein, under which Grantor has committed to use the Property for providing services and public benefits for a specified term.

AGREEMENT

In consideration of the mutual promises of the parties hereto and other good and valuable consideration, the receipt of which is hereby acknowledged, Grantee declares and Grantor agrees, that the Property shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following restrictions:

1. Grant of Restrictive Covenant. Throughout the term of this Agreement, Grantor no less than 90% of the Facility shall be dedicated to the operation of a Community Center in compliance with the terms and conditions in the Agency Services Agreement and related uses and for no other purpose whatsoever.

2. Term of Restrictive Covenant. This Agreement shall commence and become effective upon the date hereof and shall terminate on the earlier to occur of (a) the fifteenth (15th) anniversary of this Agreement, at which time this Agreement shall automatically expire; or (b) the recording of an instrument executed by Grantee's Mayor or his designee, expressly terminating this Agreement; provided, however, that the execution and delivery of such instrument shall not be necessary for or a prerequisite to the termination of this Agreement in accordance with its terms.

3. Transfer of Property. As a condition of closing any conveyance, assignment or other transfer of ownership of the Property, Grantor agrees to cause any transferee, successor in interest or assign of the Property to execute at closing an assumption of Grantor's obligations hereunder and acknowledgement that said transferee is bound by all of Grantor's obligations set forth herein. The form and substance of such document must be reasonably satisfactory to Grantee.

3. Enforcement of Restrictive Covenant. In the event this Restrictive Covenant is violated, Grantee shall be entitled to all remedies at law or in equity to



enforce the Restrictive Covenant, including without limitation bringing an action for injunctive relief or specific performance, it being recognized that monetary damages may not provide an adequate remedy to Grantee.

4. Successors. The covenants, conditions, and restrictions of this Agreement shall (a) be covenants running with the land and equitable servitudes that touch and concern the Property, (b) inure to the benefit of and be enforceable by the parties and their successors and assigns, and (c) be binding upon all subsequent owners of the Property for the term of this Agreement.

5. Exhibits. The following exhibits to this Restrictive Covenant are incorporated by this reference

Exhibit A Legal Description of the Property

Exhibit B Agency Services Agreement, including all exhibits thereto.

6. Attorneys' Fees and Expenses of Litigation. If either party shall bring suit to recover damages under this Agreement or to otherwise enforce or interpret this Agreement and a judgment is entered, the substantially prevailing party shall be entitled to a reasonable sum as attorneys' fees, and all costs and expenses in connection with such suit, which sum shall be included in any such judgment or decree. Such attorneys' fees and expenses shall include both those incurred at the trial and the appellate level.

7. Notices. Any notice, request or written communication required or permitted to be delivered under this Agreement shall be: (1) in writing; (2) transmitted by personal delivery, express or courier service, United States Postal Service in the manner described below, or electronic means of transmitting written material; and (3) deemed to be delivered on the earlier of the date received or four (4) business days after having been deposited in the United States Postal Service, postage prepaid. Such writings shall be addressed to Grantee or Grantor, as the case may be, at the respective designated addresses set forth opposite their signatures, or at such other address(es) as they may, after the execution date of this Agreement, specify by written notice delivered in accordance with this paragraph, with copies to the persons at the addresses, if any, designated opposite each party's signature.

8. Prior Agreements; Amendments. This is the full, final and complete expression of the agreements of the parties with respect to any matter covered or mentioned in this Agreement, and no prior agreements or understandings, promises or representations, oral or otherwise, pertaining to any such matters shall be effective for any purpose with respect to any matter covered or mentioned in this Agreement. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.

9. Severability. The provisions of this Agreement shall be independent and severable and the unenforceability of any one provision shall not affect the enforceability of any other provision.



10. Governing Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

11. No Waiver. No party to this Agreement shall be deemed to have waived any rights under this Agreement unless notice of such waiver is given in writing.

12. Recordation. This Agreement shall be recorded in the offices of the King County Recorder.

DATED as of the day and year first above written.

Address:
Mike Dash
University Heights Center for the
Community Association
5031 University Way NE.
Seattle, WA 98105
Phone: (206) 527.4278

GRANTOR:
UNIVERSITY HEIGHTS CENTER FOR
THE COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: _____
Name: _____
Its: _____

with copy to:
Susan Boyd
Kantor Taylor Nelson & Boyd P.C.
1501 Fourth Avenue, Suite 1610
Seattle, WA 98101-1662
Phone: (206) 625-9898
Fax: (206) 625-9951

Address:
MaryJean Ryan
Seattle Office of Policy & Management
600 5th Ave, 6th Floor
PO Box 94745
Seattle, WA 98124-4745

GRANTEE:
THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
Name: _____
Its: _____



STATE OF WASHINGTON)
)
COUNTY OF KING)

SS.

On this day personally appeared before me Mike Dash, to me known to be the Board President for the UNIVERSITY HEIGHTS CENTER FOR THE COMMUNITY ASSOCIATION, the corporation that executed the within and foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to execute said instrument on behalf of the corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____ day of _____, 2009.

(print or type name)
NOTARY PUBLIC in and for the State of
Washington, residing at _____
My Commission expires:



DRAFT

EXHIBIT A TO RESTRICTIVE COVENANT AGREEMENT
LEGAL DESCRIPTION



DRAFT

EXHIBIT B
COMMUNITY CENTER DEFINITION
TYPES AND LEVELS OF SERVICE



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Policy and Management	Paul Fischburg – 684-8395	Kristi Beattie 684-5266

Legislation Title: AN ORDINANCE relating to the University Heights Center; authorizing the Mayor to enter into a contract with the University Heights Center for the Community Association; and removing a budget proviso that restricted an appropriation in the 2008 Adopted Budget, which appropriation was carried forward to the 2009 Budget under Ordinance 122962; contingent upon execution of such contract.

- **Summary of the Legislation:** The legislation requests the removal of a budget proviso restricting the use of General Funds in Finance General that were appropriated in the 2008 Adopted Budget and subsequently carried forward to 2009.

Background: In adopting the 2008 Budget, the City Council passed Green Sheet 139-1-A-1, which included a budget proviso restricting the expenditure of funds appropriated to the Finance General budget for the University Heights Center for the Community Association. The proviso stated that “None of the money appropriated for 2008 for Finance General Support to Community Development BCL may be spent for the University Heights Center for the Community Association until authorized by a future ordinance. The Council anticipates that such authority will not be granted until a contract for public benefits is executed.” In April 2009, the City Council adopted Ordinance 122962, carrying unexpended 2008 funds for the University Heights Center forward to the 2009 Finance General budget and affirming the budget proviso previously approved in Green Sheet 139-1-A-1 for this activity. The Executive has negotiated an Agency Services Agreement, which has been agreed to by both parties, formalizing the public benefits to be provided at the University Heights Center. This legislation requests that the budget proviso be lifted in order to proceed with executing the Agency Services Agreement.

- *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.)

This legislation has financial implications. (Please complete all relevant sections that follow.)



Notes: This legislation lifts a restriction on the use of General Funds, which were appropriated in the 2008 Adopted Budget and authorized by Ordinance 122962 to be carried forward to 2009. This Bill does not appropriate any additional funds.

The 2008 Adopted Budget appropriated \$7,000,000 to provide financial assistance to four community organizations for the purchase and renovation of four Seattle School District surplus school facilities. Of this amount \$5,000,000 was placed under proviso by the City Council, including \$2,500,000 for the Phinney Neighborhood Association and \$2,500,000 for the University Heights Center for the Community Association. This legislation requests that the proviso for the University Heights Center for the Community Association be lifted. The proviso related to the Phinney Neighborhood Association was lifted in separate legislation adopted by the Council in 2008.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)* None.
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)* The University Heights Center for the Community Association offers a range of community programs serving thousands of persons per year, including the University District Farmer's Market. Failure to execute this contract would undermine the Association's acquisition of the University Heights Elementary School Property and its ability to continue to offer valuable services to the community.
- **Is the legislation subject to public hearing requirements?** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)* No.
- **Other Issues** *(including long-term implications of the legislation):* None.

Please list attachments to the fiscal note below:

- Attachment 1: Green Sheet 139-1-A-1
Attachment 2: Executed Purchase & Sale Agreement between the Seattle School District and the University Heights Center for the Community Association
Attachment 3: Summary Budget for Acquisition and Improvements to the University Heights School Property by the UHCCA



2008 City Council Budget Action (Green Sheet)

Approved

Tab	Action	Option	Version
139	1	A	1

Budget Action Title: Add \$3 million GSF to Finance General for Phinney Neighborhood Association and University Heights Center for the Community Association and approve budget provisos.

Councilmember(s): Conlin; Della; Rasmussen
 Staff Analyst: Lee
 Council Bill or Resolution:

Budget Committee Vote:

Date	Result	SC	RC	DD	JD	JG	NL	RM	TR	PS
11/09/2007	Pass 9-	Y	Y	Y	Y	Y	Y	Y	Y	Y

Summary of Dollar Effect

See the following pages for detailed technical information

	2008 Increase (Decrease)
General Subfund	
General Subfund Revenues	\$0
<u>General Subfund Expenditure</u>	\$3,000,000
Net Balance Effect	(\$3,000,000)
Other Funds	
Other Fund Revenues	\$0
<u>Other Funds Expenditures</u>	\$0
Net Balance Effect	\$0
Total All Funds	
Total Budget Balance Effect	(\$3,000,000)

Description of proposed budget action:

This green sheet would add \$3 million GSF to Finance General Support to Community Development BCL for Phinney Neighborhood Association and University Heights Center for the Community Association and approve budget provisos.

Background: The City is interested in contracting for public benefits with the Phinney Neighborhood Association (which operates out of the Allen School) and the University Heights Center for the Community Association (which operates out of the University Heights School). The Phinney Neighborhood Association or its tenants offer the following services: preschool, soup kitchen, technology center, well home program, after-school programs, and classes, rehearsal and performance space for children and adult music, dance, martial arts, yoga and fitness, and adult education. The



<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
139	I	A	I

University Heights Center for the Community Association or its tenants offer the following services: University District Farmers Market, P-patch, day care, alternative junior high school, and classes, rehearsal and performance space for children's music, martial arts, and adult education.

With this addition of \$3 million, there will be a total of \$7 million in Finance General Support to Community Development. It is Council's intent that \$2.5 million is for Phinney Neighborhood Association and \$2.5 million is for University Heights Center for the Community Association.

This green sheet would also impose the following budget provisos:

"None of the money appropriated for 2008 for Finance General Support to Community Development BCL may be spent for the Phinney Neighborhood Association until authorized by a future ordinance. The Council anticipates that such authority will not be granted until a contract for public benefits is executed."

"None of the money appropriated for 2008 for Finance General Support to Community Development BCL may be spent for the University Heights Center for the Community Association until authorized by a future ordinance. The Council anticipates that such authority will not be granted until a contract for public benefits is executed."



Tab	Action	Option	Version
139	1	A	1

Budget Action Transactions

Budget Action Title: Add \$3 million GSF to Finance General for Phinney Neighborhood Association and University Heights Center for the Community Association and approve budget provisos.

Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
Increase appropriation for Finance General Support to Community Development BCL School District Site Reserve				FG	School District Site Reserve	QD-ibd-sch	00100	2008		\$3,000,000





**PURCHASE AND SALE AGREEMENT
UNIVERSITY HEIGHTS ELEMENTARY SCHOOL**

30 This PURCHASE AND SALE AGREEMENT ("Agreement") is made as of this day of April, 2009, by and between The Seattle School District Number 1 ("Seller") and University Heights Center for the Community Association, a Washington nonprofit corporation, or its assignee as permitted under this Agreement ("Buyer").

BACKGROUND

A. Seller owns the property defined in Section 1 below (the "Property") and has determined that the Property is no longer required for school purposes.

B. Buyer and Seller are parties to that certain Lease dated September 21, 1998, as amended, extended and/or renewed (the "Lease"), under which Buyer currently occupies the Property.

C. Seller desires to sell the Property to Buyer, and Buyer desires to purchase the Property from Seller on the terms set out in this Agreement.

SECTION 1. SALE AND PURCHASE

Subject to the terms and conditions of this Agreement, Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to buy and pay for, the following properties and assets:

1.1 Phase I Property

1.1.1 That certain real property consisting of approximately 91,700 square feet and making up the majority of that property commonly known as the University Heights Elementary School Campus located at 5031 University Way N.E., Seattle, Washington and legally described in Exhibit A-1 attached hereto and incorporated herein by reference, together with all rights, easements and appurtenances pertaining to such real property and all improvements located thereon (all of such real property, improvements, rights and appurtenances herein referred to as the "Phase I Real Property"); and

1.1.2 All furniture, fittings, apparatus, equipment, machinery, signage and other items of tangible personal property and replacements thereof, if any, owned by Seller and affixed or attached to, or used by Seller in connection with, the operation, maintenance, or management of the Phase I Improvements and all warranties, guaranties or similar representations with respect to any of the foregoing, whether from manufacturers, distributors, retailers or other parties, (herein collectively referred to as the "Phase I Personal Property");

Attachment 2 to Fiscal Note



All of the items described in this Section 1.1 shall be herein collectively referred to as the "Phase I Property."

1.2 Phase II Property

1.2.1 That certain real property consisting of approximately 8,288 square feet and making up the remainder of the University Heights Elementary School Campus located at 5031 University Way N.E., Seattle, Washington, adjacent to Parcel 1 and legally described in Exhibit A-2 attached hereto and incorporated herein by reference, together with all rights, easements and appurtenances pertaining to such real property and all improvements located thereon (all of such real property, improvements, rights and appurtenances herein referred to as the "Phase II Real Property"); and

1.2.2 All furniture, fittings, apparatus, equipment, machinery, signage and other items of tangible personal property and replacements thereof, if any, owned by Seller and affixed or attached to, or used by Seller in connection with, the operation, maintenance, or management of the Phase II Improvements and all warranties, guaranties or similar representations with respect to any of the foregoing, whether from manufacturers, distributors, retailers or other parties, (herein collectively referred to as the "Phase II Personal Property").

All of the items described in this Section 1.2 shall be herein collectively referred to as the "Phase II Property."

The Phase I Property and the Phase II Property are referred to herein collectively as the "Property".

SECTION 2. PURCHASE PRICE, EARNEST MONEY AND PAYMENT TERMS

2.1 **Purchase Price.** The purchase price for the Phase I Property is Five Million, Seven Hundred Eighty Thousand and No/100 Dollars (\$5,780,000) (the "Phase I Purchase Price"). The purchase price for the Phase II Property is One Million, Two Hundred Eighty-Seven Thousand Four Hundred Ninety-Two and No/100 Dollars (\$1,287,492) (the "Phase II Purchase Price").

2.2 **Payment of the Purchase Price.** The Purchase Price shall be paid as follows:

2.2.1 Phase I Property. \$5,780,000 shall be due and payable in cash or other immediately available funds upon the Phase I Closing, as defined in Section 7.1.1 below; provided that Buyer shall receive a daily credit of \$424.41 for each day that the Phase I Closing occurs prior to the Phase I Closing Date.

2.2.2 Phase II Property. \$1,287,492 shall be due and payable in cash or other immediately available funds upon the Phase II Closing as defined in Section 7.1.2 below; provided that Buyer shall receive a daily credit of \$91.28 against the Phase II

Purchase Price for each day that the Phase II Closing occurs prior to the Initial Phase II Closing Date.

2.3 Additional Consideration. As additional consideration for the Property, Seller shall record upon each of the Phase I Closing and the Phase II Closing, a Restrictive Use Covenant in the form attached hereto as Exhibit E restricting the use of a portion of the Phase I Property to certain uses determined to be of particular community benefit and granting Seller certain rights in the event Buyer chooses to redevelop or sell the restricted portions of the Property during the term of the Restrictive Use Covenant.

2.4 Earnest Money Deposit. As consideration for Seller's execution and delivery of this Agreement, within three (3) business days of the effective date of this Agreement, Buyer shall deposit with Seller in cash or immediately available funds an earnest money deposit in the amount of Fifteen Thousand and No/100 Dollars (\$15,000) at Stewart Title Insurance Company, or such other title company as may be agreed to by the parties (the "Escrow Agent"), in an interest-bearing account established specifically for this transaction. The Earnest Money shall be non-refundable to Buyer except as specifically provided for herein, provided that the Earnest Money shall not be applied to the Purchase Price at the Phase II Closing, but instead shall be refunded to Purchaser.

SECTION 3. UNCONDITIONAL OBLIGATIONS

3.1 Buyer's Financing Contingency.

3.1.1 Phase I Property. The obligations of Buyer under this Agreement with respect to the Phase I Property are conditioned upon approval by each of Buyer's funders, the City of Seattle, King County and the Washington State Department of Community, Trade and Economic Development, notwithstanding the presence of any litigation filed by the Seattle Committee to Save Our Schools or a subset of the plaintiffs represented thereby (the "Phase I Financing Contingency"). Buyer shall have until June 30, 2009 to deliver written notice to Seller that it has either satisfied or waived the Phase I Financing Contingency or, alternatively, that the Phase I Financing Contingency has not been satisfied, in which case this Agreement shall terminate, the Earnest Money shall be returned to Buyer, and the parties shall have no further rights or obligations hereunder, other than those obligations that pursuant to the terms herein, expressly survive termination. Buyer's failure to notify Seller of satisfaction or waiver of the Phase I Financing Contingency shall be deemed a waiver thereof.

3.1.2 Phase II Property. The obligations of Buyer under this Agreement with respect to the Phase II Property are conditioned upon Buyer's ability to secure additional funding from the Washington State Department of Community, Trade and Economic Development, or suitable alternative financing, as determined by Buyer in its sole and absolute discretion (the "Phase II Financing Contingency"). Buyer shall have until March 15, 2010 to deliver written notice to Seller that it has either satisfied or waived the Phase II Financing Contingency or, alternatively, that its financing conditions have not

been satisfied, in which case this Agreement shall terminate, the Earnest Money shall be returned to Buyer and the parties shall have no further rights or obligations hereunder other than those obligations that pursuant to the terms herein, expressly survive termination. Buyer's failure to notify Seller of satisfaction or waiver of the Phase II Financing Contingency or failure to extend the Phase II Financing Contingency as provided above shall be deemed a waiver thereof. Buyer shall have the right to extend the Phase II Financing Contingency, concurrently with an extension of the Phase II Closing Date, as provided in section 7.1.4 below.

3.2 Seller's Approval Contingency. Seller's obligations and agreements under this Agreement are conditioned upon approval by the School Board of this Agreement and the transactions contemplated in this Agreement in accordance with RCW 28A.335.120. In the event that such condition is not met and satisfied on or before the Closing Date, Seller may, in its sole discretion, terminate this Agreement by delivering written notice of its intention to so terminate to Buyer. In such event this Agreement shall terminate, the Earnest Money shall be returned to Buyer and the parties shall have no further obligations under this Agreement. Seller shall use commercially reasonable efforts to keep Buyer informed of the status of Seller's efforts to cause the satisfaction of the conditions to Seller's obligations set forth in this Section.

3.3 Buyer's Approval Contingency. Buyer's obligations and agreements under this Agreement are conditioned upon approval of this Agreement and the transactions contemplated in this Agreement by Board of Directors of the University Heights Center for the Community Association. In the event that such condition is not met and satisfied on or before April 30, 2009, Buyer may, in its sole discretion, terminate this Agreement by delivering written notice of its intention to so terminate to Seller. In such event this Agreement shall terminate, the Earnest Money shall be returned to Buyer and the parties shall have no further obligations under this Agreement. In the event that Buyer fails to deliver such notice on or before April 30, 2009, this contingency shall be deemed to be waived.

SECTION 4. WARRANTIES AND INDEMNIFICATION

4.1 Seller's Warranties. Seller represents and warrants to Buyer that the following facts are true as of the date of Seller's execution hereof, and will be true as of Closing:

4.1.1 Authority. Seller and the individual executing this Agreement on behalf of Seller have the full right, power and authority to execute this Agreement; the execution, delivery and performance of this Agreement have been duly authorized; and no other consent or action of any kind is required for the execution, delivery and performance of this Agreement by Seller.

4.1.2 Validity. This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

4.1.3 **Actions.** There are no actions, suits, proceedings, orders or investigations pending or, to the best of Seller's Knowledge (as defined in Section 4.1.8), threatened against or affecting Seller which might adversely affect (i) the Property, (ii) Seller's performance under this Agreement, or (iii) the consummation of the transactions contemplated hereby.

4.1.4 **Condemnation.** There are no existing or, to the best of Seller's Knowledge, planned or threatened (i) condemnation or similar proceedings with respect to the Property or any part thereof, or (ii) public improvements in, about or outside the Property which might result in the imposition of any assessment, lien or charge against Seller, the Property or any owner of the Property.

4.1.5 **Receivership.** None of the following has occurred with respect to the Property or Seller: (i) appointment of a receiver, liquidator, or trustee; (ii) institution of any proceeding for dissolution or liquidation; (iii) filing of any petition for bankruptcy, or action toward reorganization; (iv) notice of default, trustee's sale, foreclosure or forfeiture.

4.1.6 **Defaults.** Seller is not in default under any agreement, deed of trust, mortgage, security agreement, resolution or decree, bond note, indenture, order or judgment to which it is a party or by which the Property is affected.

4.1.7 **Taxes.** All taxes and assessments and other governmental or quasi-governmental levies of any kind which are due for payment prior to the date hereof, the non-payment of which would in any way affect the Property or any part thereof, or the Buyer's title thereto or in any way impose any liability on Buyer, have been paid, or shall be paid by Seller prior to or at Closing together with all interest and penalties thereon.

4.1.8 **Encumbrances.** To the best of Seller's Knowledge, there are no liens, encumbrances, security interests, easements, rights-of-way, adverse claims or other exceptions to title affecting title to the Property other than the matters set forth in that certain title commitment issued by Stewart Title Guaranty Company dated March 12, 2009, attached hereto as Exhibit B. As used herein, "Seller's Knowledge" shall mean the actual knowledge of Seller's property manager and property leasing supervisor, who Seller represents are primarily responsible for the management of the Property.

4.1.9 **Unpaid Debt.** Seller has incurred no unpaid bills, claims, or liens by mechanics, materialmen, surveyors, consultants or others, recorded or unrecorded in connection with the Property.

4.1.10 **Assessments.** The Property is not affected by any special assessment, whether or not a lien thereon, which has not or will not be paid in full by Seller prior to Closing, nor does Seller know of any pending or contemplated assessments or similar charges which will affect the Property.

4.1.11 **Covenants.** Seller is not in default under any agreement, covenant, conditions or restrictions affecting the Property.

4.2 Buyer's Warranties. Buyer represents and warrants to Seller that the following facts are true as of the date of Buyer's execution hereof, and will be true as of Closing:

4.2.1 Authority. The person executing this Agreement on behalf of Buyer has full right, power and authority to execute this Agreement; the execution, delivery and performance of this Agreement have been duly authorized by Buyer; and no other consent or action of any kind is required for the execution, delivery and performance of this Agreement by Buyer.

4.2.2 No Violation of Agreements or Law. Buyer's execution, delivery and consummation of the Agreement shall not result in any default or violation of any agreement or law by which Buyer is bound.

4.3 As-Is Provision. Buyer acknowledges to Seller that:

- (a) except as otherwise provided in this Agreement, Buyer will conduct its own inspections, investigations, studies and evaluations of the Phase I Property prior to closing on the Phase I Property, and of the Phase II Property prior to closing of the Phase II Property, and has been given sufficient time prior to entry into this Agreement to thoroughly conduct such inspections, investigations, studies and evaluations, and will be relying solely on such inspections, investigations, studies and evaluations in deciding whether to purchase the Property;
- (b) other than the warranties in Section 4.1, and Seller indemnities provided in subparagraph 4.4, neither Seller, nor any real estate broker or agent nor anyone acting or claiming to act for, on behalf of or as a representative of any such party has made any representation, warranty or guaranty concerning the Property or the transactions contemplated by this Agreement on which Buyer is or will be relying in purchasing the Property;
- (c) Buyer will purchase the Property "AS-IS" and "WITH ALL FAULTS" except for the statutory warranties implicit in the Deed (as defined in Section 7.1 below) made as of Closing;
- (d) subject only to the warranties in Section 4.1, Buyer will purchase the Property subject to:
 - (1) all latent and patent defects, errors and omissions in the Property, including the building structure, foundation, supports, joists, roof, improvements, mechanical, electrical, plumbing and other systems; the parking areas, the driveways, the water areas

and the soil in, on, under and about the Property;

- (2) any failure of the Property or any part or portion thereof to comply with any governmental requirements or land use, planning, zoning, disabilities or environmental laws, regulations or ordinances;
 - (3) any failure of the Property or any part or portion thereof to be useable for any present or expected use;
 - (4) any right-of-way, easement, lease, possession, lien, encumbrance, license, reservation, condition or other right;
 - (5) any hazardous substances, petroleum, hydrocarbon, radon, mold, asbestos, radon, lead paint or other toxic materials or substances of any kind in, on, under or about the Property ("Hazardous Substances"); and
 - (6) the fact that the Property or any portion of the Property may be located on or near an earthquake fault line.
- (e) other than the warranties in Section 4.1, Seller disclaims any representation, warranty or guaranty relating to the Property, oral or written, past, present or future, express, implied or arising by operation of law, including any warranty of condition, habitability, merchantability, tenability or fitness for a particular purpose; and
- (f) any information provided or to be provided Buyer with respect to the Property was and will be obtained from a variety of sources and Seller (1) has not made (and will not make) any independent investigation or verification of any such information; and (2) does not make (and will not make) any representations, warranties or guaranties as to the accuracy or completeness of such information.

The provisions of this Section are a material inducement to Seller to enter into this Agreement and Seller would not have entered into this Agreement absent the provisions of this Section.

Seller *Maria [Signature]* Buyer *Mike [Signature]*

4.4 Indemnity. Seller shall defend, indemnify and hold Buyer harmless from and against any and all loss, cost, expense or liability (including attorney's fees and costs) resulting from any inaccuracy in any of the warranties of Seller under Section 4.1. Buyer shall defend, indemnify and hold Seller harmless from and against any and all loss, cost,

expense or liability (including attorney's fees and costs) resulting from any inaccuracy in any of the warranties of Buyer under Section 4.2. In addition, Buyer shall defend, indemnify and hold Seller harmless from and against any and all loss, cost, expense or liability (including attorney's fees and costs) resulting from any act or omission with respect to the Phase I Property occurring after the Phase I Closing and the Phase II Property occurring after the Phase II Closing. Both the warranties and the indemnities set forth in Sections 4.1, 4.2 and 4.4 shall survive any assignment of this Agreement, and delivery of the Deed at Closing.

The indemnities provided in this section 4.4 shall be separate and apart from the indemnities provided to Buyer by Seller in section 7.2 regarding Approval Litigation (defined in Section 6.2 below) and section 12 regarding the underground storage tank located on the Property. Any claim made under this section 4.4 shall not work to reduce the amount of any remedy available through the provisions of section 7.2 or section 12.

4.5 Required Insurance. In the event that Buyer performs any significant construction, renovation or demolition work on the Phase I Property prior to the Phase I Closing Date or the Phase II Property prior to the Phase II Closing Date (the "Work"), prior to commencing any such Work, Buyer shall (a) require any contractor it engages to perform abatement, remediation or removal of Hazardous Substances on, in, under or about the Property to procure the Pollution Liability and Asbestos/Lead-Based Paint Abatement Liability Insurance in accordance with all terms and requirements set forth on Exhibit D attached to this Agreement (including the requirement of naming Seller and its representatives, officials and employees as additional insureds), and (b) provide Seller with certificates of insurance policies and other proof of insurance reasonably required by Seller. Buyer shall cause such contractor(s) to maintain the insurance described in the preceding sentence in full force and effect throughout the period of performance of the Work and for the period afterward specified in Exhibit D and shall provide Seller with proof of annual renewal. If Buyer fails to procure or maintain such required insurance, Seller may purchase such insurance in its own name, in which case Buyer shall be obligated to immediately reimburse Seller for the cost of such insurance, and if Buyer fails to do so, the unpaid amount shall bear interest at the rate of 18% per annum until paid. The provisions of this paragraph shall survive any assignment of this Agreement, Closing and delivery of the Deed.

SECTION 5. POSSESSION AND INTERIM ACTIONS.

5.1 Continuation of Lease. Buyer is currently in possession of the Property and will remain in possession of the Property pursuant to the terms of the Lease throughout the term of this Agreement (notwithstanding any expiration date expressly referenced in the Lease). Rent shall continue to accrue and be paid in accordance with the terms of the Lease.

For as long as this Agreement remains in effect until the Phase I Closing and as long as Buyer is not in default under the terms of the Lease, Seller agrees that it will

refrain from exercising any rights it may have to terminate the Lease other than in the event of a material default under the Lease by Buyer.

As provided in section 7.7, the Lease shall terminate upon the Phase I Closing and Buyer shall continue to have a right to use the Phase II Property pursuant to the terms of that License to use Real Property attached hereto as Exhibit F (the "License").

5.2 Right to Conduct Inspections. In addition to the rights of use and possession Buyer has under the Lease, Buyer shall have the right throughout the term of this Agreement to conduct reasonable investigations of the Property, including but not limited to environmental and geotechnical investigations, structural inspections and surveys.

5.3 Appropriate Inquiries. Throughout the term of this Agreement, Buyer shall also have the right to approach and interview governmental officials having jurisdiction over the Property and any persons providing services with respect to improving the Property.

5.4 Operation of the Property. Except as required by applicable law, ordinance or regulation, throughout the Term of this Agreement:

5.4.1 No Contracts. Seller shall not enter into any lease or other contract which purports to bind the Property, or any portion thereof, or any successor in ownership of the Property or any portion thereof other than with Buyer.

5.4.2 Insurance. Seller shall maintain replacement value casualty insurance on the Property in full force and effect.

5.5 Cooperation with Buyer. Until the Phase II Closing or earlier termination of this Agreement, Seller, upon Buyer's request, shall confer and cooperate with Buyer in every reasonable respect in connection with Buyer's efforts to obtain approvals and permits necessary or desirable to develop the Property; *provided*, however, that Seller shall not be obligated to spend any money (other than incidental expenditures) or incur any liabilities in connection with such conferring and cooperation.

SECTION 6. TITLE.

6.1 Title Commitment. "Title Company" shall mean Stewart Title Insurance Company, in Seattle, Washington, or such other title company as may be agreed to by the parties. Buyer has unconditionally approved of the Commitment for Title Insurance issued by Title Company attached to this Agreement as Exhibit B (the "Title Commitment") and all matters and exceptions disclosed by the Title Commitment.

6.2 Title Update and Seller Response. In the event Buyer identifies any objectionable matters in the Title Commitment, as the same may be updated and supplemented throughout the Term of this Agreement, Buyer shall notify Seller of such

objection. Seller shall have fifteen (15) business days from such notice to notify Buyer if it will remove the objectionable matter(s) prior to Phase I Closing or the Phase II Closing as applicable, or if it will not remove the objectionable matter(s). If Seller notifies Buyer that such objectionable matters will be removed, Seller shall be bound to remove the same prior to the closing of the property affected by the objectionable exception. All matters and exceptions disclosed in the Title Commitment and not objected to by Buyer and the Covenant, defined in Section 7.1, are referred to in this Agreement as the "Permitted Exceptions". The Permitted Exceptions may include any matters related to litigation that appeals or attempts to overturn the School Board's decision to sell the Property, similar to the matter of Seattle Committee to Save Schools v. Seattle Public School District #1, King County Superior Court file number 08-2-37432-7 ("Approval Litigation"), provided that the Title Company has unconditionally committed to issue an endorsement that insures against loss or damage that Buyer would sustain as a result of a non-appealable order that rescinds the sale or otherwise affects Buyer's interest in the Property as a result of the Approval Litigation (the "Litigation Endorsement"), substantially in the form of Exhibit B-2. For as long as this Agreement is in effect, Seller shall not enter into any other restriction, easement, covenant or encumbrance regarding the Property.

6.3 Condition of Title.

6.3.1 **Phase I.** At the Phase I Closing, Seller shall convey title to the Phase I Property to Buyer in fee simple, subject only to the Permitted Exceptions. Buyer shall rely solely on its Title Policy (as defined below) and the warranties of Seller in Section 4.1 above and inherent in the Deed as to the condition of title to the Phase I Property.

6.3.2 **Phase II.** At the Phase II Closing, Seller shall convey title to the Phase II Property to Buyer in fee simple, subject only to the Permitted Exceptions. Buyer shall rely solely on its Title Policy (as defined below) and the warranties of Seller in Section 4.1 above and inherent in the Deed as to the condition of title to the Phase II Property.

6.3.3 **Title Policy.** The Title Company shall issue to Buyer at the Phase I Closing and the Phase II Closing, an ALTA owner's policy of title insurance (2006 Form) in the amount of the Purchase Price, insuring a fee title in the Phase I Property and the Phase II Property, respectively, vested in Buyer free and clear of all matters except the Permitted Exceptions, matters placed on the Phase II Property by Buyer and those matters excluded from coverage by the standard exception and exclusions contained in the form of title insurance policy required hereby (the "Title Policy"). Buyer, at its own cost, shall furnish any survey required by the Title Company in order to issue the Title Policy required hereby.

SECTION 7. CLOSING OF SALE.

7.1 Closing.

7.1.1 Phase I Property. The purchase and sale of the Phase I Property shall be closed by and in the offices of the Escrow Agent on or before July 31, 2009 (the "Phase I Closing Date", as may be extended pursuant to section 7.1.3 below). Title to the Phase I Property shall be conveyed by Seller to Buyer in fee simple, subject to all matters, conditions, exclusions and exceptions disclosed by or referred to in the Title Commitment, including the Litigation Endorsement if required, and all liens, encumbrances, agreements, easements, conditions, restrictions and other matters of any kind whatsoever of record and matters which would be disclosed by an accurate survey of the Phase I Property. Seller shall convey title in the condition described in the preceding sentence to Buyer by a bargain and sale deed. The closing of the purchase and sale of the Phase I Property (the "Phase I Closing") shall have occurred once a Bargain and Sale Deed in the form attached hereto as Exhibit C (a "Deed") and the Restrictive Covenant Agreement in the form attached hereto as Exhibit E (the "Covenant") have been executed and recorded, all other documents referred to in Section 7.3 below have been delivered, Payment of the Phase I Purchase Price, as adjusted for the credits provided in Section 2.2.1 above, shall have been made, and Buyer and Seller have each fulfilled their respective obligations under the terms of this Agreement. Notwithstanding the foregoing, Buyer may elect to request that Seller convey a portion of the Phase I Property to the City of Seattle. Seller shall comply with Buyer's request in the event that such request is received in writing by Seller at least ten (10) business days prior to the scheduled Phase I Closing Date; provided, however, that in no event shall Seller incur additional costs or expenses in connection with such additional transfer that Seller would not otherwise have incurred under this Agreement. Any additional expenses incurred by Seller in connection with such additional transfer shall be borne by Buyer.

7.1.2 Phase II Property. The purchase and sale of the Phase II Property shall be closed by and in the offices of the Escrow Agent on or before March 31, 2010 (as may be extended, the "Initial Phase II Closing Date", and as may be extended pursuant to section 7.1.4 below, the "Phase II Closing Date"). Title to the Phase II Property shall be conveyed by Seller to Buyer in fee simple, subject to all matters, conditions, exclusions and exceptions disclosed by or referred to in the Title Commitment, including the Litigation Endorsement if required, and all liens, encumbrances, agreements, easements, conditions, restrictions and other matters of any kind whatsoever of record and matters which would be disclosed by an accurate survey of the Phase II Property. Seller shall convey title in the condition described in the preceding sentence to Buyer by a bargain and sale deed. The closing of the purchase and sale of the Phase II Property (the "Phase II Closing") shall have occurred once a Deed for the Phase II Property has been executed and recorded, all other documents referred to in Section 7.3 below have been delivered, payment of the Phase II Purchase Price, as adjusted for the credits provided for in Section 2.2.2 above, shall have been made, and Buyer and Seller have each fulfilled their respective obligations under the terms of this Agreement.

7.1.3 Extension of Phase I Closing. Buyer shall have the right to extend the Phase I Closing Date by two (2) one-month periods. In the event that Buyer elects to extend the Phase I Closing Date, (a) the Purchase Price shall increase by an amount equal to four percent (4%) per annum, simple interest, beginning on July 31, 2009; and (b) the Earnest Money shall become non-refundable. For the avoidance of doubt, if Buyer elects to extend the Phase I Closing Date to August 31, 2009, then the Purchase Price shall increase by \$19,636.16; if Buyer elects to extend the Phase I Closing Date to September 30, 2009, then Purchase Price shall increase by \$38,638.90. Buyer may exercise its right to extend the Phase I Closing Date by providing written notice to Seller on or before (i) July 21, 2009 for the first extension and (ii) August 21, 2009 for the second extension. In the event that the Phase I Closing does not occur on or before September 30, 2009, the Earnest Money shall be paid to Seller.

7.1.4 Extension of Phase II Closing. Buyer shall have the right to extend the Initial Phase II Closing Date by two one-year periods in the event that Buyer is unable to waive or satisfy its Phase II Financing Contingency on or before March 15, 2010. In the event that Buyer elects to exercise its right to extend the Initial Phase II Closing Date, the Earnest Money shall become non-refundable, and in the event that the Agreement terminates for any reason other than a default by Seller, the Earnest Money shall be paid to Seller. Buyer may exercise the first of these extensions by notifying Seller on or before March 15, 2010 of its desire to extend the Initial Phase II Closing Date until March 31, 2011. Buyer may exercise the second of these extensions by notifying Seller on or before March 15, 2011 of its desire to extend the Initial Phase II Closing Date until March 31, 2012. Buyer's extension of the Phase II Closing pursuant to this section 7.1.4 shall automatically act to extend Buyer's Phase II Financing Contingency until a) upon the first extension, March 31, 2011; and b) upon the second extension, March 31, 2012.

Concurrently with the delivery of each notice to extend, the Phase II Purchase Price shall be increased by an amount equal to the Phase II Purchase Price multiplied by the 10-year Treasury bill rate in effect as of the date of the notice, and to be multiplied again by a fraction the denominator of which will be 365 days and the numerator of which shall be the number of days between March 31, 2010 (or March 31, 2011, for the second extension) and the date that the Phase II Closing actually occurs.

7.1.5 Closing upon Buyer Notification. Buyer shall have the right to close the purchase and sale of the Phase I Property and/or the Phase II Property at any time prior to the respective closing dates outlined above, subject only to Buyer meeting its obligation to deliver the funds and the documents required by it hereunder. Upon Seller's receipt of written notice from Buyer that it has delivered all documents and funds to the Escrow Agent, and confirmation of the same by the Escrow Agent, Seller shall have ten (10) business days to deliver to the Escrow Agent the documents and funds that Seller is obligated to deliver hereunder, and Seller shall permit Phase I Closing and/or the Phase II Closing, as applicable, to occur immediately thereafter.

7.2 Intentionally Omitted.

7.3 Indemnification for Loss Arising Out of Approval Litigation.

In the event that this transaction is closed prior to the resolution of any Approval Litigation, Seller shall indemnify, defend and hold Buyer, its officers, employees and directors harmless from and pay all Buyer's costs (including reasonable attorneys' fees) arising out of any damages, claims, actions or proceedings arising out of (a) a court order requiring unwinding or rescinding of the sale of the Property to Buyer; or (b) Buyer's forced participation in any Approval Litigation or litigation directly related thereto. In the event Buyer opts to close and a final order or settlement of any Approval Litigation requires acts affecting the Property, the Purchase Price or Buyer that are not acceptable to Buyer, then, at the election of Buyer, the parties shall rescind the sale of the Property to Buyer.

A rescission of the sale, whether required by court order or done at the preference of the Buyer, shall be handled as follows: Buyer and Seller shall open an escrow account with Escrow Agent. Buyer shall deposit in escrow a bargain and sale deed conveying title to the Property (or if only the Phase I Property is at the time in Buyer's name, the Phase I Property) to Seller. Seller shall deposit in escrow for the benefit of Buyer cash in the amount of the Purchase Price (or as much thereof as was paid to Seller pursuant to the terms of this Agreement) plus interest at the rate of four percent per annum calculated from the date of the Phase I Closing and/or the Phase II Closing, as applicable, plus reimbursement to Buyer for all out-of-pocket costs incurred in connection with the ownership and operation of the Property that, but for the sale and termination of the Lease, would have been paid by Seller, including but not limited to reasonable attorneys' fees and cost incurred in connection with the purchase and sale transaction, but not to exceed \$100,000. Seller shall be responsible for all costs of any rescission, including without limitation the costs of the Escrow Agent, title costs and recording fees and shall reimburse Buyer for reasonable attorneys' fees and costs incurred in connection therewith.

7.4 Deposit of Closing Documents.

7.4.1 By Seller.

On or before the Phase I Closing Date, Seller shall (a) duly execute and deposit with Escrow Agent the Deed for the Phase I Property, subject only to the Permitted Exceptions, together with its accompanying Real Estate Excise Tax Affidavit; (b) execute and deposit with Escrow Agent the Covenant and the License; and (c) deposit with the Escrow Agent the funds necessary to pay Seller's portion of Phase I Closing costs described in 7.5 below. In addition, on or before the Phase I Closing Date, Seller shall deliver to Buyer all of the following items currently in Seller's possession relating to the Property: building plans; historical documents and photos; documents relating to the building's designation as an historic landmark by the City of Seattle; and warranties, guaranties or similar documents relating to any improvements, equipment or fixtures located in, on, or at the Property that were constructed or installed by Seller.

On or before the Phase II Closing Date, Seller shall (a) duly execute and deposit with Escrow Agent the Deed for the Phase II Property, subject only to the Permitted Exceptions, together with its accompanying Real Estate Excise Tax Affidavit; and (b) deposit with the Escrow Agent the funds necessary to pay Seller's portion of Phase II Closing costs described in 7.5 below.

7.4.2 By Buyer.

On or before the Phase I Closing, Buyer shall deposit with Escrow Agent the Phase I Purchase Price (minus any applicable credits pursuant to 2.2.1), Buyer's share of all Phase I Closing costs and execute and deposit with Escrow Agent the Covenant, the License and a Real Estate Excise Tax Affidavit for the Phase I transaction.

On or before the Phase II Closing, Buyer shall deposit with Escrow Agent the Phase II Purchase Price (minus any applicable credits pursuant to 2.2.2) and Buyer's share of all Phase II Closing costs and execute and deposit with the Escrow Agent a Real Estate Excise Tax Affidavit for the Phase II transaction.

7.4.3 Other Documents. The parties shall timely execute, acknowledge and deliver such other documents and instruments and shall timely deliver such funds as may be specified in this Agreement or as may be necessary or convenient to close each respective purchase and sale in accordance with this Agreement.

7.5 Costs and Prorations.

7.5.1 Seller's Costs. For each of the Phase I Closing and the Phase II Closing, Seller shall pay the cost of standard coverage on the policy of title insurance required hereby, plus the Litigation Endorsement if required, one half the escrow fee, and all its other normal costs associated with Closing, including the real estate excise tax, if any.

7.5.2 Buyer's Costs. For each of the Phase I Closing and the Phase II Closing, Buyer shall pay the additional premium for extended coverage and any endorsements requested by Buyer (other than the Litigation Endorsement if required), the cost of any survey required by the title insurance company as a condition to issuing the Title Policy, the remaining escrow fee and the cost of recording each of the Deeds. All real property taxes and the current year's installment of real estate assessments shall be prorated between Buyer and Seller as of Closing. The real property taxes shall be prorated using the most recent tax information available. To the extent that the amount of any charges, expenses and income referred to in this Section 7.5.2 are not available at the time of closing of each respective phase of this transaction, or in the event of prorations made on the basis of erroneous information or clerical errors, a readjustment of those shall be made within thirty (30) days after Closing or as soon as practical after discovery of any erroneous information or clerical error. Seller shall, on or before Closing of each phase, furnish to Buyer and Escrow Agent all information necessary to compute the prorations provided for in this Section 7.5.2 that would apply

to the portion of the Property closed in that phase. Buyer shall not be responsible for reporting the transaction to the Internal Revenue Service pursuant to Section 6045 of the Internal Revenue Code.

7.6 Escrow Instructions. This Agreement is intended by the parties to set forth the escrow instructions to Escrow Agent. Nonetheless, Seller and Buyer agree to execute and deliver to Escrow Agent any additional instruction requested by Escrow Agent for the purpose of consummating each of the transactions contemplated herein, provided that any such addition instructions are not inconsistent herewith.

7.7 Liabilities Not Assumed. Except as otherwise stated in this Agreement, Seller shall defend, indemnify and hold Buyer harmless from and against any liens, claims, loss or liability (including attorneys' fees and costs) arising out of any leases or other contracts entered into by Seller with respect to the Phase I Property prior to the Phase I Closing, and with respect to the Phase II Property prior to the Phase II Closing. Buyer shall defend, indemnify and hold Seller harmless from and against any liens, claims, loss or liability (including attorneys' fees' and costs) arising out any leases or other contracts entered into by Buyer with respect to the Phase I Property after the Phase I Closing, and with respect to the Phase II Property after the Phase II Closing.

7.8 Termination of Lease. The Lease and all obligations of Buyer and Seller pursuant to the Lease shall terminate as of the Phase I Closing, and Buyer shall have a right to use the Phase II Property pursuant to the terms of the License. The License shall terminate on the earlier of (a) the Phase II Closing or (b) the termination of this Agreement.

SECTION 8. CONDITIONS TO CLOSING.

8.1 Phase I

The Phase I Closing shall occur on satisfaction of all of the conditions in this section 8.1, each of which is an express condition precedent to the Phase I Closing, which shall continue as conditions until Phase I Closing unless waived (or deemed waived) by the benefited party or parties. Unless otherwise stated, each of the conditions is for the benefit of both parties and may only be waived by both parties in writing. Failure to satisfy a condition shall not be a breach of this Agreement unless it is otherwise a breach of an independent separate obligation of Buyer or Seller under another Section of this Agreement. Upon the Phase I Closing, any unsatisfied condition is deemed waived by the party or parties benefited by it.

8.1.1 Due Performance. Due performance of the terms and agreements of this Agreement to be performed by a party on or before the Phase I Closing is a condition to closing by the other party. Such performance shall include execution and delivery in proper form of the documents enumerated in this Agreement and the payment of all sums and the rendering of all other performances and undertakings set

forth in this Agreement. This condition shall benefit the party to whom the performance is required to be made, and may only be waived by that party in writing.

8.1.2 Title Insurance. The Title Company shall issue or unconditionally commit to issue to Buyer the Title Policy with respect to the Phase I Property.

8.1.3 Warranties. The warranties of each party under Section 4, subject to exclusion, qualification or exceptions as provided in Section 4, shall be true and correct with respect to each party and to the Phase I Property in all respects on and as of the Phase I Closing Date with the same force and effect as if separately made and confirmed on the Phase I Closing Date. This condition shall benefit the party to whom the warranty is made and may only be waived by that party in writing.

8.1.4 Seller's Contingency Satisfied. The contingency set forth in Section 3 shall have been satisfied and fulfilled. This condition is for the benefit of Seller and may only be waived by Seller in writing.

8.1.5 Issuance of Litigation Endorsement. In the event that any Approval Litigation has not been resolved prior to the Phase I Closing Date, the Title Company shall have unconditionally committed to issue the Litigation Endorsement. This condition is for the benefit of Buyer and may only be waived by Buyer in writing.

8.1.6 Deadline. Closing must occur on or before the Phase I Closing Date.

8.2 Phase II

The Phase II Closing shall occur on satisfaction of all of the conditions in this section 8.2, each of which is an express condition precedent to the Phase II Closing, which shall continue as conditions until Phase II Closing unless waived (or deemed waived) by the benefited party or parties. Unless otherwise stated, each of the conditions is for the benefit of both parties and may only be waived by both parties in writing. Upon the Phase II Closing, any unsatisfied condition is deemed waived by the party or parties benefited by it.

8.2.1 Due Performance. Due performance of the terms and agreements of this Agreement to be performed by a party on or before the Phase II Closing is a condition to closing by the other party. Such performance shall include execution and delivery in proper form of the documents enumerated in this Agreement and the payment of all sums and the rendering of all other performances and undertakings set forth in this Agreement. This condition shall benefit the party to whom the performance is required to be made, and may only be waived by that party in writing.

8.2.2 Title Insurance. The Title Company shall issue or unconditionally commit to issue to Buyer the Title Policy with respect to the Phase II Property.

8.2.3 Warranties. The warranties of each party under Section 4, subject to exclusion, qualification or exceptions as provided in Section 4, shall be true and correct with respect to each party and to the Phase II Property in all respects on and as of the Phase II Closing Date with the same force and effect as if separately made and confirmed on the Phase II Closing Date. This condition shall benefit the party to whom the warranty is made and may only be waived by that party in writing.

8.2.4 Issuance of Litigation Endorsement. In the event that any Approval Litigation has not been resolved prior to the Phase II Closing Date, the Title Company shall have unconditionally committed to issue the Litigation Endorsement. This condition is for the benefit of Buyer and may only be waived by Buyer in writing.

8.2.5 Deadline. Closing must occur on or before the Phase II Closing Date.

SECTION 9. DEFAULT; REMEDIES.

9.1 Buyer Default and Seller's Remedies. In the event of Buyer's material breach or default of this Agreement prior to either the Phase I Closing or the Phase II Closing, Seller, as its sole remedy, shall have the right to terminate this Agreement and collect the Earnest Money; provided, however, that Seller first gives Buyer at least thirty (30) days' written notice of the breach or default and opportunity to cure. Seller and Buyer acknowledge that collection of the Earnest Money shall be the sole and exclusive remedy available to the Seller for failure of the Buyer to close, without legal excuse, and upon receipt of such amount by Seller, Buyer and Seller shall be relieved of any further obligations or liability under this Agreement, except those obligations that expressly survive the termination of this Agreement. Seller and Buyer agree that the Earnest Money represents an amount of liquidated damages amount clause that is reasonable estimate of the actual damages Seller would suffer by reason of Buyer's default.

9.2 Seller Default and Buyer's Remedies. In the event of Seller's breach or default of this Agreement prior to either the Phase I Closing or the Phase II Closing, Buyer shall be entitled, as the sole and exclusive remedy available to Buyer for such failure, to either (a) terminate this Agreement, recover the Earnest Money and recover as damages from the Seller the actual verified third-party costs incurred by Buyer in connection with the preparation and execution of this Agreement and paid by Buyer with respect to its purchase of the Property, including reasonable attorneys' and consultants' fees and costs, not to exceed One Hundred Thousand Dollars (\$100,000) or (b) obtain specific performance of Seller's obligation to sell the Property (or a portion thereof) to the Buyer as provided in this Agreement. Seller waives any requirement that Buyer tender any portion of the Purchase Price as a prerequisite to enforcement of its rights and remedies under this section so long as the Buyer evidences its readiness and capability to perform its obligations under this Agreement. Buyer's remedies in this section 9.2 are in addition to the indemnification provisions of section 7.3 and section 12; a successful claim by Buyer for damages under this section shall not be applied toward any indemnity limits provided for in those sections.

SECTION 10. POST CLOSING CLAIM LIMITATIONS.

Notwithstanding anything in this Agreement to the contrary, no claim by Buyer for breach of any warranty, certification, indemnification or agreement of Seller under this Agreement or the deed delivered at either the Phase I Closing or the Phase II Closing or related to any transaction contemplated in this Agreement may be prosecuted by Buyer following Closing unless Buyer has on or before the one (1) year anniversary of the Closing Date for such Phase (a) delivered a written notice to Seller (i) setting forth in reasonable detail the facts under which the claim is based, (ii) containing a specific statement of the warranty which Buyer claims to have been inaccurate or the agreement which Buyer claims to have been breached, and (iii) containing a statement of the amount of damages claimed; and (b) commenced suit in a court of appropriate jurisdiction for such breach. In addition, notwithstanding anything in this Agreement to the contrary, following Closing under this Agreement, the maximum aggregate amount which Buyer may recover against Seller under this Agreement or the deed delivered at either the Phase I or Phase II Closing, whether for breach of contract, warranty, representation, indemnification or otherwise, shall be One Hundred Thousand and No/100 Dollars (\$100,000.00), and Seller shall have no liability to Buyer in excess of such aggregate amount. For the avoidance of doubt, the limit set forth in the preceding sentence shall be the maximum aggregate amount that Buyer may recover against Seller for the entire Property, regardless of whether or not the Property is sold in Phases. In the event Buyer proceeds with Closing having knowledge of an inaccuracy in any warranty or breach of this Agreement by Seller, Buyer shall be deemed to have waived any such inaccuracy or breach by proceeding with Closing, and shall be deemed to waive, and shall not be entitled to assert, a post-Closing claim for rescission, damages or indemnification, whether arising under this Agreement, by statute or by court decisions.

The limitations in this paragraph 10 shall in no way apply Buyer's rights pursuant section 7.3 and section 12 of this Agreement, and any obligation of Buyer to pay money in those sections shall be governed by the limits set forth in such section and shall not be subject to the limit provided for in this section 10.

SECTION 11. EXCULPATION FROM LIABILITY.

Neither the Seller's Superintendent nor any Board member, officer, director, agent, employee, affiliate or trustee of Seller shall have any personal liability of any kind or nature, nor shall Buyer have the right to receive any judgment or otherwise recover against the assets of the aforesaid, under or arising out of or in any way relating to this Agreement and the transactions contemplated under this Agreement. Buyer hereby waives for itself and anyone who may claim by, through or under Buyer any and all rights to sue or recover on account of any such alleged personal liability or to receive any judgment or otherwise recover against the assets of the Superintendent of Seller and any Board member, officer, director, agent, employee, affiliate or trustee of Seller.

SECTION 12. UNDERGROUND STORAGE TANK.

The parties acknowledge there is an underground fuel storage tank located to the east of the existing structure. The parties do not believe the tank has leaked, but desire to decommission the tank and equitably allocate the risks of the presence of the tank on the Property. Accordingly, Buyer agrees not to add fuel to the tank or otherwise use the tank after the execution of this Agreement. Buyer shall within ninety (90) days of Closing, hire a qualified contractor to decommission the tank by closing and filling the tank in place (termed "Closure in Place"). Buyer shall make Seller a third party beneficiary to the contract pursuant to which the tank will be decommissioned. In return for decommissioning rather than removing the tank, Seller agrees (a) to reimburse Buyer its actual, verified out of pocket costs, not to exceed \$20,000 for the costs of such decommissioning, and (b) to indemnify the Buyer from any liability, damages, costs or expenses that may arise out of the presence of fuel in, on or around the Property as a result of leaking from the tank, including any abatement of hazardous materials required by any public agency (but not costs of removal of the tank itself) for a period of 25 years from the Closing Date. The provisions of this section shall survive Closing.

SECTION 13. MISCELLANEOUS.

13.1 Tax Effect. No party has made or is making any representation to the other concerning any of the tax effects of the transaction provided for in this Agreement. No party shall be liable for or in any way responsible to any other party because of any tax effect resulting from the transactions provided for in this Agreement.

13.2 Notices. All notices, demands, statements and communications required under this Agreement shall be in writing and shall be addressed to a party at the address set forth below, or to such other address as a party may by written notice, given in accordance with this Section, designate. Notices shall be transmitted by personal delivery, express or courier services, electronic means of transmitting written material (so long as an original is transmitted by the United States Postal Service or express or courier service) or United States Postal Service. Notices shall be deemed to be delivered the earlier of: (a) the date received; or (b) three (3) business days after having been deposited in the United States Postal Service, postage prepaid.

To Buyer: Catherine Stanford, Owner's Rep.
CA Stanford Consulting
1904 3rd Avenue, Suite 828
Seattle, WA 98101
Phone: (206) 903-0556

with a copy to: Susan Boyd
Kantor Taylor Nelson & Boyd
1501 Fourth Avenue, Suite 1610
Seattle, WA 98101-1662
Phone: (206) 625-9898
Fax: (206) 625-9951

To Seller: Seattle School District Number 1
Property Management
c/o Ronald J. English
Deputy General Counsel
MS 32-151, P.O. Box 34165
Seattle, WA 98124-1165
Phone: (206) 252-0110
Fax: (206) 252-0111

with a copy to: Michelle Gail
McNaul Ebel Nawrot & Helgren PLLC
600 University Street, Suite 2700
Seattle, WA 98101-3143
Phone: (206) 467-1816
Fax: (206) 624-5128

13.3 Entire Agreement. This Agreement and the Exhibits hereto contain the entire understanding between the parties and supersedes any prior understanding and agreements between them with respect to the subject matter hereof. There are no other representations, agreements, arrangements or understandings, oral or written, between the parties hereto, relating to the subject matter of this Agreement. No amendment of or supplement to this Agreement shall be valid or effective unless made in writing and executed by the parties hereto.

13.4 Construction. The section headings throughout this Agreement are for convenience and reference only and the words contained in them shall not be held to expand, modify, amplify or aid in the interpretation, construction or meaning of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identification of the persons or persons, firm or firms, corporation or corporations may require. "Person" shall mean an individual, firm association, corporation, trust or any other form of business or legal entity. The locative adverbs "herein", "hereunder", "hereto", "hereby", "hereinafter", etc., whenever the same appear herein, mean and refer to this Agreement in its entirety and not to any special section or subsection hereof. Any reference in this Agreement to "days" means consecutive calendar days. Any reference to the Agreement to "business days" means days in which the recording office of the County in which the Property is located is open. If the last day of any time period or any other specified date occurs on a day when the recording office of the County in which the Property is located is closed, such time period shall be extended to the next day such recording office is open. All

parties hereto have been or have had the opportunity to be represented by legal counsel in this transaction. Seller and Buyer acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement (including the exhibits) or any amendments thereto, and the same shall be construed neither for nor against Seller or Buyer, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.

13.5 Real Estate Agents. Neither Buyer nor Seller was represented by a real estate agent in connection with this transaction and neither is liable to pay any real estate commissions. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in the purchase and sale of the Property or in any manner whatsoever in connection with this transaction.

13.6 Attorney's Fees. In the event of litigation between the parties hereto in connection with or arising out of this Agreement, the prevailing party shall recover from the non-prevailing party all actual costs, actual damages and actual expenses, including reasonable attorney's fees and charges, paralegal and clerical fees and charges and other professional or consultants' fees or charges reasonably and necessarily expended or incurred in connection therewith, as set by the court, including for appeals, which shall be determined and fixed by the Court as part of the judgment.

13.7 Additional Documents. Each party agrees to take such action and to execute, acknowledge, and deliver any and all documents and instruments as may be desired by the other party more effectively to carry out the purpose of this Agreement.

13.8 Binding. Subject to Section 13.13 regarding certain rights of assignment of Buyer's interest hereunder, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

13.9 Risk of Loss. Risk of loss or damage to the Property by condemnation, eminent domain, or similar proceedings (or deed in lieu thereof), or by fire or any other casualty, from the date hereof through the Phase I Closing Date, with respect to the Phase I Property, or the Phase II Closing Date, with respect to the Phase II Property, shall belong to Seller. In the event of a material loss or damage to the Property by condemnation, eminent domain, or similar proceedings, or by fire or any other casualty from the date of this Agreement but prior to Closing, Seller shall promptly notify Buyer in writing of such loss (other than in the event of casualty, in which case Buyer as lessee shall notify Seller of the casualty as required under the terms of the Lease). Within twenty (20) days of receiving such notice from Seller (or in the event of a casualty, within twenty (20) days of becoming aware of such casualty), Buyer shall provide written notice to Seller of Buyer's decision in its sole discretion, to either (a) proceed with purchase of the Property in accordance with this Agreement, or (b) terminate this

Agreement, in which case the Earnest Money shall be refunded to Buyer and the rights and obligations of the parties shall terminate. In the event Buyer fails to provide such notice to Seller, this Agreement shall be deemed null and void, the Earnest Money shall be refunded to Buyer and all further rights and obligation of the parties hereunder shall terminate. If Buyer elects to proceed with the transaction, Seller shall pay to Buyer the proceeds of the casualty insurance required pursuant to the terms hereof or an amount equivalent thereto, if Seller is self-insured.

13.10 Applicable Law. This Agreement shall be construed and interpreted under the laws of the State of Washington.

13.11 Survival. Subject to the limitations set forth herein, all warranties, representations, covenants, obligations and agreements contained in or arising out of this Agreement shall survive Closing.

13.12 Counterparts. This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution and delivery of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. The signatures to this Agreement may be executed on separate pages and when attached to this agreement shall constitute one complete document.

13.13. Assignment. Buyer shall have the right to assign its rights and obligations under this Agreement, as they relate to the Phase I Property, to a nonprofit corporation formed by Buyer solely for the purpose of owning and operating the Property, or to a limited liability company controlled by such nonprofit corporation; or with respect to the Phase II Property, to any non-profit entity that owns or is operating the Phase I Property, and the Phase I Property is being operated consistent with the terms of the Covenant; but any such assignment shall only be permitted if (a) Buyer is not in default under this Agreement, (b) Buyer provides Seller with prior notice of such proposed assignment together with documentation evidencing the due formation and valid existence of such entity, and (c) such assignee executes a written document in form reasonably acceptable to Seller under which such assignee assumes all obligations of Buyer under this Agreement. No such permitted assignment shall release the party named as Buyer hereunder from any obligations under this Agreement. Except as provided above in this Section, Buyer shall have no right to assign any right, title or interest in this Agreement without Seller's prior written consent.

13.14 Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each remaining term and provision shall be valid and enforced to the fullest extent permitted by law.

13.15 Captions. The captions of this Agreement are inserted solely for convenience of reference only and do not define, describe or limit the scope or intent of this Agreement or any term hereof.

13.16 **Time.** Time is of the essence under this Agreement. If the time for performance of any provision of this Agreement ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended until 6:00 p.m. Pacific Standard Time on the next day which is not a Saturday, Sunday or federal, state or legal holiday.

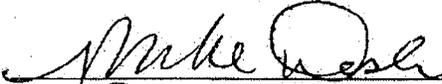
13.17 **Exhibits.** The exhibits listed below are hereby incorporated into this Agreement.

- Exhibit A-1 – Legal Description Phase I
- Exhibit A-2 – Legal Description Phase II
- Exhibit B-1 – Title Commitment
- Exhibit B-2 – Form of Litigation Endorsement
- Exhibit C – Form of Bargain and Sale Deed
- Exhibit D – Insurance Requirements
- Exhibit E – Restrictive Use Covenant
- Exhibit F – License to Use Real Property

[Remainder of this page left blank intentionally]

Purchase and Sale Signature Page for Buyer

Buyer:
UNIVERSITY HEIGHTS CENTER FOR THE COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: 
Mike Dab, President

Date: April 30, 2009

Purchase and Sale Signature Page for Seller:

SEATTLE SCHOOL DISTRICT NUMBER 1, of King County, Washington

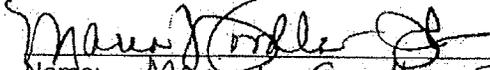
By: 
Name: Maria L. Goodbe-Johnson
Its: Superintendent
Date: 4/15, 2009



EXHIBIT A-1
TO PURCHASE AND SALE AGREEMENT

LEGAL DESCRIPTION – PHASE I PROPERTY

Phase I Property:

Lots 1 through 13, inclusive, and lots 16 through 26, inclusive, Block 6, University Heights, according to the plat thereof recorded in Volume 9 of Plats, page 41, in King County, Washington;

TOGETHER WITH vacated alley contained within said Block 6, as vacated by City of Seattle Ordinance No. 8361;

EXCEPT the East 10 feet of said Block 6 taken for the widening of University Way by City of Seattle Ordinance No. 55773;

AND EXCEPT that portion of Lot 13 conveyed to the City of Seattle for street purposes by deed recorded under Recording Number 20010801001604.

Situate in the County of King, State of Washington.

EXHIBIT A-2
TO PURCHASE AND SALE AGREEMENT

LEGAL DESCRIPTION – PHASE II PROPERTY

Phase II Property:

Lots 14 and 15 Block 6, University Heights, according to the plat thereof recorded in Volume 9 f Plats, page 41, in King County, Washington.

TOGETHER WITH vacated alley contained within said Block 6, as vacated by City of Seattle Ordinance No. 8361;

EXCEPT that portion of Lot 14 conveyed to the City of Seattle for street purposes by deed recorded under Recording Number 20010801001604.

Situate in the County of King, State of Washington.



EXHIBIT B-1
TO PURCHASE AND SALE AGREEMENT

TITLE COMMITMENT

Attachment 2 to Fiscal Note



COMMITMENT FOR TITLE INSURANCE

Issued by



Stewart Title Guaranty Company, a Texas Corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:

A handwritten signature in dark ink, appearing to be "Kurt CD", written over a horizontal line.

Authorized Countersignature

Stewart Title Company-SeaTac, Washington

The Stewart Title Guaranty Company logo, identical to the one at the top of the page.



A handwritten signature in dark ink, appearing to be "David M. ...", written over a horizontal line.

Senior Chairman of the Board

A handwritten signature in dark ink, appearing to be "Malcolm ...", written over a horizontal line.

Chairman of the Board

A handwritten signature in dark ink, appearing to be "Michael ...", written over a horizontal line.

President

004-UN ALTA Commitment (6/17/06)

File No.: 951538

Attachment 2 to Fiscal Note



CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and Stipulations and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.*



All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252.

Attachment 2 to Fiscal Note



stewart title

18000 International Blvd. Suite 401
SeaTac WA 98188
Phone: (206) 770-8700
Fax: (866) 842-1204

Title Officer: Robert Jackson
Phone: 253-882-2003/206-770-8860
Email: Rjackson@stewart.com

Escrow Officer: Kim Azure
Phone: 206-770-8878
Email: Kim.Azure@stewart.com

Order Number: 951538

Escrow Number: 09200404

Customer Reference: SCHOOL DIST. NO.
1/UNIV. CENTER

SCHEDULE A

1. **Effective Date:** March 18, 2009 at 8:00 a.m.

2. **Policy Or Policies To Be Issued:**

ALTA OWNER'S POLICY, (6/17/06)
 STANDARD EXTENDED

Amount: TO BE DETERMINED
Premium:

COMMERCIAL RATE

Tax:
Total: \$ 0.00

Proposed Insured: The University Heights Center for the Community Association, a Washington Non-Profit Corporation

ALTA LOAN POLICY

Amount:
Premium:
Tax:
Total: \$ 0.00

3. **The estate or interest in the land described or referred to in this Commitment and covered herein is:**

Fee Simple Estate

4. **Title to said estate or interest in said land is at the effective date hereof vested in:**

Seattle School District No. 1, also appearing of record as Seattle School District Number One of the City of Seattle, County of King, State of Washington

5. **The land referred to in this commitment is described in Exhibit "A."**

See Attached Legal Description

Attachment 2 to Fiscal Note



**Exhibit A
LEGAL DESCRIPTION**

File Number: 951538

Lots 1 through 26, inclusive, Block 6, UNIVERSITY HEIGHTS, AN ADDITION TO THE CITY OF SEATTLE, according to the plat thereof recorded in Volume 9 of Plats, Page(s) 41, records of King County, Washington;

Together with the alley contained within said Block 6, as vacated by City of Seattle Ordinance No. 8361;

Except the East 10 feet of said Block 6 taken for the widening of University Way by City of Seattle Ordinance No. 55773;

And except that portion of Lots 13 and 14 conveyed to the City of Seattle for street purposes by deed recorded under Recording No. 20010801001604.

Situate in the County of King, State of Washington.

Attachment 2 to Fiscal Note



COMMITMENT FOR TITLE INSURANCE

SCHEDULE B

Part I

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

GENERAL EXCEPTIONS

- A. Taxes or assessments which are not shown as existing liens by the public records.
- B. (i) Unpatented mining claims; (ii) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (iii) water rights, claims or title to water; whether or not the matters described in (i), (ii) & (iii) are shown in the public records; (iv) Indian tribal codes or regulations, Indian treaty or aboriginal rights, including easements or equitable servitudes.
- C. Extended coverage exceptions, as follows:
 - (1) Rights or claims of parties in possession not shown by the public records.
 - (2) Easements, claims of easements or encumbrances which are not shown by the public records.
 - (3) Encroachments, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey and inspection of the premises and which are not shown by the public records.
 - (4) Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
- D. Any service, installation, connection, maintenance, tap, capacity, construction or reimbursement charges for sewer, water, electricity or other utilities, or for garbage collection and disposal.
- E. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.
- F. Any titles or rights asserted by anyone, including but not limited to persons, corporations, governments, or other entities, to tidelands, or lands comprising the shores or bottoms of navigable rivers, lakes, bays, ocean or gulf, or lands beyond the line of the harbor or bulkhead lines as established or changed by the United States Government, or riparian rights, if any.

SPECIAL EXCEPTIONS FOLLOW

Attachment 2 to Fiscal Note



**COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
Part I**

SPECIAL EXCEPTIONS

1. Payment of Real Estate Excise Tax, if required.

The land described herein is situated within the boundaries of local taxing authority of the City of Seattle.

Present Rate of Real Estate Excise Tax as of the date herein is 1.78% and the levy code is 0010.

2. The land is carried on the tax rolls as exempt; however, it will become taxable from the date of transfer to a taxable entity and subject to the lien of real property taxes for prior years, if any.

Tax Account No.: 881640-0900-00

Special charges for the year 2009 have been billed in the amount of \$4,964.53, of which none has yet been paid.

Note: King County Treasurer, 500 4th Avenue, 6th Floor Administrative Building, Seattle, WA 98104. (206) 296-7300
Web Address: <http://webapp.metrokc.gov/kctaxinfo/>.

3. Liability For Additional General Taxes (Rollback Taxes) And Interest Which May Be Imposed Pursuant To RCW 84.36.810 Upon Cessation Of The Use For Which The Exemption Was Granted. According To RCW 84.36.812, The County Shall Not Accept An Instrument Of Conveyance (For Recording) Unless The Additional Tax Has Been Paid.
4. Title To The Herein Described Property Is Held By A Public School District. The Forthcoming Sale Must Therefore Be Made In Conformance With Statute, As Set Forth In RCW 28a.335.120.
5. Any unrecorded leaseholds, right of vendors and holders of security interest on personal property installed upon said property, and right of tenants to remove trade fixtures at the expiration of the term.
6. Easement rights, if any, arising from the vacation of adjacent street and/or alley.
7. Rights of the City of Seattle to establish street grades and curbs and make slopes for cuts and fills upon Lot 13 and 14, as contained in City of Seattle Ordinance No. 55773.
8. The attached Commercial Title Affidavit must be completed in full, notarized, and submitted to the Company for review prior to closing.

END OF SPECIAL EXCEPTIONS

Attachment 2 to Fiscal Note



COMMITMENT FOR TITLE INSURANCE

**SCHEDULE B
Part II**

The following are the requirements to be complied with:

Item (a) Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Item (b) Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record

Note: Effective January 1, 1997, and pursuant to amendment of Washington state statutes relating to standardization of recorded documents, the following format and content requirements must be met. Failure to comply may result in rejection of the document by the recorder.

Format:

Margins to be 3" on top of first page, 1" on sides and bottom, 1" on top, sides and bottom of each succeeding page.

Font size of 8 points or larger and paper size of no more than 8 1/2" by 14".

No attachments on pages such as stapled or taped notary seals, pressure seals must be smudged.

Information which must appear on the first page:

Title or titles of document. If assignment or reconveyance reference to auditor's file number or subject deed of trust.

Names of grantor(s) and grantee(s) with reference to additional names on following page(s), if any.

Abbreviated legal description (lot, block, plat name or section, township, range and quarter quarter section for unplatted).

Assessor's tax parcel number(s)

Return address which may appear in the upper left hand 3" top margin

**COMMITMENT FOR TITLE INSURANCE
SCHEDULE B
Part II**

NOTES:

NOTE A: In order to assure timely recording all recording packages should be sent to:

Stewart Title Company
18000 International Blvd. Suite 401
SeaTac WA 98188
Attn: Recorder

NOTE B: The description can be abbreviated as suggested below if necessary to meet standardization requirements. The full text of the description must appear in the document(s) to be insured.

Ptn. Lts. 1-26, Blk. 6, UNIVERSITY HEIGHTS, recorded in King County, Washington.

NOTE C: Matters dependent upon a survey or our inspection have been cleared for issuance of the proposed extended coverage loan policy.

NOTE D: The records of King County and/or our inspection indicate that the address of the improvement located on said land is 5031 University Way Northeast, Seattle, WA 98105.

NOTE E: In the event of cancellation, a cancellation charge may be made.

NOTE F: There are no deeds affecting said land recorded within 24 months of the date of this report.

NOTE G: We find no pertinent matters filed or recorded against The University Heights Center for the Community Association, a Washington Non-Profit Corporation, proposed insured purchasers.

END OF SCHEDULE B

PS

Attachment 2 to Fiscal Note



EXHIBIT B-2
TO PURCHASE AND SALE AGREEMENT
FORM OF LITIGATION ENDORSEMENT

ENDORSEMENT

ATTACHED TO POLICY NO.

ISSUED BY

STEWART TITLE GUARANTY COMPANY
(HEREIN CALLED THE COMPANY)

The Company hereby insures the Insured against loss and damage the Insured would sustain by reason of a final non-appealable order of a court of competent jurisdiction which rescinds the sale of the property described in Exhibit A to Schedule A of this policy and nullifies the conveyance of the same to the Insured arising out of the pending action set forth in [Superior Court of the State of Washington in and for King County, Case No. 08-2-37432-7SEA].

The coverage extended herein is limited to the face amount of this policy as set forth in Schedule herein.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereof. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

S T E W A R T T I T L E
G U A R A N T Y C O M P A N Y

THIS PROFORMA ENDORSEMENT IS PROVIDED ON BEHALF OF THE PROPOSED INSURED. IT DOES NOT PURPORT TO REFLECT THE CURRENT CONDITION OF TITLE BUT RATHER REFLECTS THE FORM OF ENDORSEMENT THE COMPANY WILL ISSUE PENDING ALL NECESSARY ACTIONS AND REQUIREMENTS BEING MET TO THE SATISFACTION OF THE COMPANY.

Attachment 2 to Fiscal Note



EXHIBIT C
TO PURCHASE AND SALE AGREEMENT

Form of Bargain and Sale Deed

After recording return to:
Ronald J. English
Seattle School District
MS 32-151, P.O. Box 34165
Seattle, Washington 98124-1165

Reference Number of Related Document: _____
Grantor: Seattle School District Number 1 of King County, Washington
Grantee: University Heights Center for the Community Association
Abbreviated Legal Description: PTN SW SW SECTION 6-25-04
Assessor's Property Tax Parcel or Account No.: 062504-9063-06;

BARGAIN AND SALE DEED

THE GRANTOR Seattle School District Number 1, of King County, Washington, a municipal corporation, for good and valuable consideration, in hand paid, bargains, sells and conveys to Phinney Neighborhood Association, a Washington nonprofit corporation, the Grantee, the following described real estate, situated in the County of King, State of Washington: **See Exhibit A attached hereto.**

Subject to and excepting the following matters: **See Exhibit B attached hereto.**

Dated this ___ day of _____, 2009. Tax Parcel Number: _____.

(The balance of this page is left blank intentionally)

Attachment 2 to Fiscal Note



EXHIBIT A TO
BARGAIN AND SALE DEED

LEGAL DESCRIPTION

Attachment 2 to Fiscal Note



EXHIBIT B TO
BARGAIN AND SALE DEED

PERMITTED EXCEPTIONS

Attachment 2 to Fiscal Note



EXHIBIT D
TO PURCHASE AND SALE AGREEMENT

Insurance Requirements

Contractor, if performing any abatement services, must secure and maintain Pollution Liability and Asbestos/Lead-Based Paint Abatement Liability Insurance to include, but not be limited to, the following requirements:

1. Limits of Liability: \$1,000,000 per occurrence/\$2,000,000 aggregate.

Limits must be project specific, dedicated to work performed on the Property, unless otherwise approved by Seller.

2. Any Pollution Liability and Asbestos/Lead Abatement Liability policy of insurance as respects work to be performed must be written on an occurrence form (except with written consent of Seller) and shall not contain a sunset provision, commutation clause or any other provision which would prohibit the reporting of a claim and the subsequent defense and indemnity that would normally be provided by the policy.

If Seller consents to such a policy on a claims made form, the retroactive date shall be prior to or coincident with the date of commencement of the work. The policy shall state that coverage is claims made, and state the retroactive date. Claims made form coverage shall be maintained by Contractor for a minimum of three (3) years following the termination of the work, and Contractor shall annually provide Seller with proof of renewal. If renewal of the claims made form of coverage becomes unavailable, or economically prohibitive, Contractor shall purchase an extended reporting period ("tail") or execute another form of guarantee acceptable to Seller to assure financial responsibility for liability for services performed.

3. Coverage, with no sunset clause, must apply to asbestos/lead-based abatement operations. Specific lead endorsement evidencing the work must be provided.
4. Pollution Liability coverage as respects asbestos/lead-based paint for all phases of the abatement process must be provided.
5. Transportation coverage for the hauling of ACM/lead-based paint from the project site to the final disposal location, as evidenced by Contractor or applicable waste hauler. Contractor must comply with all applicable Department of Transportation regulations and all applicable federal, state, municipal and other governmental regulations.
6. Contractual Liability coverage in accordance with ISO Policy Form CG 00 01 11 85, with no modifications except as approved by Seller.

7. Cross Liability/Severability of Interest must be provided for Buyer's claims against Contractor. Any "Insured vs. Insured" type language must be deleted or amended to "Named Insured vs. Named Insured".
8. Seller and its representatives, officials, and employees are to be covered as additional insureds with respect to liability arising out of abatement activities performed by or on behalf of Contractor.
9. Seller and other additional insureds shall be provided a Waiver of Subrogation. To the extent permitted by the policies, Contractor waives such rights of subrogation.
10. The policy shall not exclude asbestos/lead bodily injury to tenants so long as their designated job duties do not require them to be in the regulated asbestos abatement area.
11. If the policy or any endorsement contains a provision which limits or eliminates bodily injury or property damage coverage based on final air fiber clearance levels, the policy shall be modified so that it's consistent with the clearance level (F/CC) and the appropriate analytical testing protocol contained in the project specifications.
12. For any claims related to this project, the Contractor's insurance shall be primary insurance as respects Seller and its agents and employees. Any insurance or self-insurance maintained by Seller shall be excess and noncontributory to Contractor's insurance.
13. The policy shall not contain any provision or definition which would serve to eliminate third party action over claims for employees of Contractor.
14. If the policy contains a warranty stating that coverage is null and void (or words to that effect) if Contractor does not comply with the most stringent regulations governing the work, it shall be modified so that coverage shall be afforded in all cases except for the Contractor's willful or intentional noncompliance with applicable government regulations.

Any failure to comply with reporting or other provisions of the policy, including breach of warranties, shall not affect coverage provided to Seller and its agents and employees.
15. Policy must be modified to include, "The insolvency or bankruptcy of the insured or of the insider's estate will not relieve the insurance company of its obligations under this policy".

Acceptance by Seller of insurance submitted by Contractor does not relieve or decrease in any manner the liability of Contractor for performance of work.

Contractor is responsible for any losses, claims, and costs of any kind which exceed Contractor's limits of liability, or which may be outside the coverage scope of the policies. The limits and coverage requirements may be revised at the option of Seller. The requirements outlined herein shall in no way be construed to limit or eliminate the liability of Contractor which arises from performance of work.



EXHIBIT E
TO PURCHASE AND SALE AGREEMENT

FORM OF RESTRICTIVE COVENANT AGREEMENT

After Recording Return to:
Ronald J. English
Seattle School District
MS 32-151, P.O. Box 34165
Seattle, WA 98124-1165

RESTRICTIVE COVENANT AGREEMENT

Grantee: Seattle School District Number 1, of King County,
Washington

Grantor: University Heights Center for the Community
Association

**Abbrev. Legal
Description:** Lots 1-9, 24-26 and Ptn. of Lot 23, Blk 6, University
Heights, Vo. 9, pg. 41.

**Assessor's Property
Tax Parcel Numbers:** 881640-0900-00



THIS RESTRICTIVE COVENANT AGREEMENT (the "Agreement") is made this ____ day of _____, 200__ (the "Effective Date") by and between the Seattle School District Number 1, of King County, Washington ("Grantee"), and University Heights Center for the Community Association, a Washington nonprofit corporation ("Grantor").

RECITALS

- A. Grantee, as of the date hereof, has transferred or will transfer to Grantor certain real property located in King County, Washington at 5031 University Avenue, Seattle, Washington (the "Purchase Property").
- B. In partial consideration for the Purchase Property, Grantor has agreed to dedicate that certain portion of the Purchase Property legally described in Exhibit A (the "Property") to certain Community Uses (defined below) and has agreed to make payments to the Grantee in the event that the Property is subject to certain development that is inconsistent with such Community Uses (as further defined below).
- C. The Property is improved with an historic building commonly known as the University Heights Elementary School, which constitutes approximately 91,700 square feet of usable (i.e. leasable) building space (the "Existing Improvements"). The purposes of this Agreement are to require that the Existing Improvements continue for the term of this Agreement to be dedicated to Community Uses and to provide compensation to the District in the event the Property is developed in a manner that is inconsistent with the Community Use restrictions or the historic nature of the Existing Improvements.
- D. Grantor acknowledges that Grantee would not sell the Purchase Property to Grantor as contemplated in that Purchase and Sale Agreement between the parties dated April __, 2009 (the "Purchase and Sale Agreement"), without the execution and recordation of this Agreement; Grantor further acknowledges that this Agreement is a material part of the consideration received by Grantee in connection with such sale. The Purchase and Sale Agreement requires that this Agreement be executed by the parties and recorded in connection with the closing of the sale of the Property. This Agreement sets forth the terms and conditions upon which the use of the Property will be restricted for the stated term.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, Grantee declares and Grantor agrees, that the Property shall be held, transferred, sold, conveyed, leased, used and occupied subject to the following restrictions:

Attachment 2 to Fiscal Note



1. Community Use Requirement. Throughout the term of this Agreement, the Existing Improvements and the undeveloped portions of the Property shall be used for one or more of the uses permitted under the City of Seattle's *University Heights School Use Advisory Committee Zoning Criteria, Permitted Uses and Conditions for Use* (the "Community Uses"). Grantor shall not be in violation of this requirement if the Existing Improvements (or a portion thereof) are vacated to accommodate reconstruction, repair or rehabilitation activities with respect to the Existing Improvements.

2. Assumed Conditions. Grantor and Grantee agree that Grantee has sold the Property to Grantor at a price that assumes that (a) that Grantor will operate the Property for one or more of the Community Uses as outlined in paragraph 1 above; and (b) that the Existing Improvements are protected as historic structures and may not be demolished nor the exteriors substantially modified in a manner inconsistent with such protection (together, the "Assumed Conditions" and each an "Assumed Condition").

3. Value Sharing Payment Calculation. In the event that Grantor or its successor-in-interest operates or develops the Restricted Property in violation of either of the Assumed Conditions (the "Condition-Free Development") during the term of the Agreement, then Grantor (or its successor) shall pay to Grantee the following payment (the "Value-Sharing Payment") calculated as a dollar amount equal to:

- (i) the actual area (measured in square feet) of the Property not used for Community Uses, or the square-footage of the Historic Structure voluntarily modified or demolished in a manner that is inconsistent with its designation as an historic landmark;
- (ii) multiplied by either (A) \$119.37 for development that occurs on Lots 1-9 or (B) \$84.37 for development that occurs on Lots 23-26. These amounts were calculated by subtracting (1) the purchase price Grantor paid to Grantee for the Property, from (2) the agreed-upon value of the Property free of the Assumed Conditions. The parties agree that the purchase price of the Property is \$1,700,000 and the square footage of the Property is 55,500, resulting in a purchase price of \$30.63/ square foot. In addition, based upon the Allen Brackett Shedd appraisal of the property dated August 22, 2007 and updated and modified as of February 24, 2009 (the "Appraisal"), the parties agree that the value of Lots 1-9 of the Property free of the Assumed Conditions is \$150/square foot, and the value of Lots 23-26 of the Property free of the Assumed Conditions is \$115/square foot;
- (iii) increased by an inflationary factor equal to the cumulative appreciation of comparable real estate within the University Heights neighborhood of Seattle over the period of time between the date of the Appraisal and the date the Value-Sharing Payment is calculated. Such appreciation shall be determined by an MAI appraiser jointly selected by the parties. If the parties cannot

agree upon an appraiser, they shall each select MAI appraisers, who shall jointly select a third appraiser within 30 days. The three appraisers shall then meet and determine the appreciation within 30 days of the appointment of the third appraiser.

- (iv) decreased by the costs incurred by Grantor to free the Property of the zoning, landmark and other land use restrictions that gave rise to the Assumed Condition(s) to which Property is no longer subject, including but not limited to commercially reasonable developer fees, legal fees and permitting and design fees.

The Value-Sharing Payment shall be due and payable to Grantee (plus interest from the date of the determination in paragraph 3.b. above to the date of payment at a rate equal to the 10-year U.S. Treasury Bill) upon commencement of construction of the Condition-Free Development. No Value-Sharing Payment will be due to Grantee for any development or improvements on the Property that do not require removal of and do not violate the Assumed Conditions.

4. Notification of Development. Grantor shall notify Grantee no less than sixty (60) days prior to commencing construction of any improvements on the Property (other than rehabilitation, repair, maintenance or rebuilding of the Existing Improvements, which shall not require Grantee notice or consent). Such notice shall include a statement indicating whether Grantor believes the proposed development would constitute Exempt Development or if not, a statement indicating how much of the development Grantor believes would exceed the Exempt Development. Such notice shall also include sufficient detail regarding Grantor's development plans that permit Grantee to confirm Grantor's statement regarding the extent to which the proposed development would constitute Exempt Development or alternatively, the extent to which the proposed development may trigger a Value-Sharing Payment.

If Grantee disagrees with Grantor's conclusions about whether or not a Value-Sharing Payment is due, or the extent to which the proposed development is an Exempt Development, Grantee shall notify Grantor of its disagreement and rationale for such disagreement within thirty (30) days of receiving notice of the proposed development from Grantor. If Grantee fails to timely provide such notice, it shall have waived its right to object to Grantor's conclusions regarding the extent to which the proposed development constitutes Exempt Development and its right to receive any Value-Sharing Payment it may have been entitled to relating to the proposed development. If Grantee timely notifies Grantor of its disagreement, then the parties shall meet to resolve the discrepancies in their respective analyses of whether and to what extent the proposed development is an Exempt Development. If the parties cannot come to a common determination about whether or not the proposed development is an Exempt Development, or the extent to which the proposed development is subject to a Value-Sharing Payment, then the parties shall proceed with the dispute resolution procedures outlined in section 7 below.

5. Term of Agreement, Release and Termination.

5.1 This Agreement shall commence and become effective upon the date hereof and shall terminate on the earlier to occur of (a) the fortieth (40th) anniversary of this Agreement, at which time this Agreement shall automatically expire; or (b) the recording of an instrument executed by the Superintendent of Grantee expressly terminating this Agreement; provided, however, that the execution and delivery of such instrument shall not be necessary for or a prerequisite to the termination of this Agreement in accordance with its terms.

5.2 The requirements of this Agreement shall cease to apply to the Property in the event of involuntary noncompliance with this Agreement caused by force majeure, fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or an action of a federal agency after the date hereof which prevents Grantor from enforcing the requirements hereof, or condemnation or similar event.

6. Subordination of Use Restriction. Upon Grantor's request, Grantee shall subordinate this Agreement pursuant to one or more subordination agreements in form and substance reasonably acceptable to Grantee to any deed of trust, covenant, regulatory agreement or other instrument granted or executed by Grantor in favor of any institutional lender or governmental entity to evidence or secure the repayment or performance of any loan or grant made to Grantor for the Property. Grantor shall not bid at any foreclosure sale held as a result of Grantor's failure to satisfy its obligations with respect to any such loan or grant.

7. Dispute Resolution Procedures.

7.1 Agreement to Mediate. Any dispute arising out of or relating to this Agreement, or the breach thereof, shall be resolved in accordance with the procedures specified in this Section 4, which shall be the sole and exclusive procedures for the resolution of any such disputes.

7.2 Mediation Procedure. If a dispute arises that cannot be settled by negotiation, the parties shall first endeavor to settle the dispute by mediation before resorting to litigation. Either party may initiate the mediation process by providing the other party written notice of a request for mediation. The parties will jointly select the mediator, but if they cannot agree, the mediator will be selected by the Presiding Judge of the King County Superior Court. The fees and expenses of the mediation will be shared equally by the parties.

7.3 Authority to Mediate. Prior to and during the scheduled mediation session(s) the parties and their representatives shall, as appropriate to each party's circumstances, exercise their best efforts to prepare for and engage in a meaningful and productive mediation. The parties shall ensure that appropriate representatives of each party, having authority to consummate a settlement, attend the mediation session(s).

7.4 Litigation. Either party may initiate litigation of a dispute in King County Superior Court, but only if: (a) the other party fails to participate in an initiated mediation process; or (b) the dispute is not resolved within 90 days of a party's initiation of the mediation process or within 45 days following the designation of the mediator, which ever is earlier.

8. General Provisions.

8.1 Controlling Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

8.2 Successors. The covenants, conditions, and restrictions of this Agreement shall (a) be covenants running with the land and equitable servitudes that touch and concern the Property, (b) inure to the benefit of and be enforceable by the parties and their successors and assigns, and (c) be binding upon all subsequent owners of the Property for the term of this Agreement.

8.3 Exhibits. The exhibits to this Agreement, if any, are incorporated by this reference.

8.4 Attorneys' Fees and Expenses of Litigation. Notwithstanding Section 7 above, if either party shall bring suit to recover damages under this Agreement or to otherwise enforce or interpret this Agreement and a judgment is entered, the substantially prevailing party shall be entitled to a reasonable sum as attorneys' fees, and all costs and expenses in connection with such suit, which sum shall be included in any such judgment or decree. Such attorneys' fees and expenses shall include both those incurred at the trial and the appellate level.

8.5 Notices. Any notice, request or written communication required or permitted to be delivered under this Agreement shall be: (a) in writing; (b) transmitted by personal delivery, express or courier service, United States Postal Service in the manner described below, or electronic means of transmitting written material; and (c) deemed to be delivered on the earlier of the date received or four (4) business days after having been deposited in the United States Postal Service, postage prepaid. Such writings shall be addressed to Grantee or Grantor, as the case may be, at the respective designated addresses set forth opposite their signatures, or at such other address(es) as they may, after the execution date of this Agreement, specify by written notice delivered in accordance with this paragraph, with copies to the persons at the addresses, if any, designated opposite each party's signature.

8.6 Severability. The provisions of this Agreement shall be independent and severable and the unenforceability of any one provision shall not affect the enforceability of any other provision.

8.7 Interpretation. This Agreement shall be construed by a fair and reasonable interpretation of the words used in it without regard to which party drafted the provision or provisions.

8.8 No Waiver. No party to this Agreement shall be deemed to have waived any rights under this Agreement unless notice of such waiver is given in writing.

8.9 Further Actions. Grantee and Grantor agree to execute such further documents, and take such further actions, as may reasonably be required to carry out the provisions of this Agreement, or any agreement or document relating to or entered into in connection with this Agreement.

8.10 Recordation. This Agreement shall be recorded in the offices of the King County Recorder.

[Signature Page to Follow]



Address:
Seattle School District Number 1
Property Management
c/o Ronald J. English
Deputy General Counsel
MS 32-151, P.O. Box 34165
Seattle, WA 98124-1165

with copy to:
McNaul Ebel Nawrot & Helgren PLLC
Attn: Michelle Gail
600 University Street, Suite 2700
Seattle, WA 98101-3143

Address:
University Heights Center for the
Community Association
Attn: _____
5031 University Avenue, N.E.
Seattle, WA 98_____
Phone: (206) _____

with copy to:
Susan Boyd
Kantor Taylor Nelson & Boyd P.C.
1501 Fourth Avenue, Suite 1610
Seattle, WA 98101-1662
Phone: (206) 625-9898
Fax: (206) 625-9951

GRANTEE:
SEATTLE SCHOOL DISTRICT NUMBER
1, of King County, Washington

By: 
Name: Maria Goodloe Johnson
Its: _____

GRANTOR:
UNIVERSITY HEIGHTS CENTER FOR
THE COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: _____
Name: _____
Its: _____

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this 15th day of April, 2009, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Muriel Hordloe-Johnson to me known to be the Superintendent of SEATTLE SCHOOL DISTRICT NUMBER 1, OF KING COUNTY, WASHINGTON, the entity that executed the foregoing, and acknowledged the said instrument to be the free and voluntary act and deemed of said entity, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.



Joy A. Stevens
Joy A. Stevens

(print or type name)

NOTARY PUBLIC in and for the State of

Washington, residing in Mukilteo

My appointment expires 9/29/09

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this _____ day of _____, 200_, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____ to me known to be the _____ of UNIVERSITY HEIGHTS CENTER FOR THE COMMUNITY ASSOCIATION, a Washington nonprofit corporation; the entity that executed the foregoing, and acknowledged the said instrument to be the free and voluntary act and deemed of said entity, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.

(print or type name)

NOTARY PUBLIC in and for the State of

Washington, residing in _____

My appointment expires _____

Attachment 2 to Fiscal Note



EXHIBIT A
TO RESTRICTIVE COVENANT AGREEMENT

LEGAL DESCRIPTION

Lots 1-9, inclusive, Lots 24-26, inclusive and the northern 30 feet of Lot 23, Block 6,
University Heights, according to the plat thereof recorded in Volume 9 of Plats, page 41,
in King County, Washington.

Attachment 2 to Fiscal Note



EXHIBIT F
TO PURCHASE AND SALE AGREEMENT

FORM OF LICENSE TO USE REAL PROPERTY

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "Agreement") is made as of the ____ day of _____, 2009, by and between Seattle Public School District #1, a Washington municipal corporation, ("Owner") and University Heights Center for the Community Association, a Washington nonprofit corporation ("UHCCA").

RECITALS

A. Owner is the owner of certain real property legally described in the attached Exhibit A (the "Property") (the "Property").

B. UHCCA has recently acquired from Owner and is the current owner of certain real property (the "UHCCA Property") located adjacent to the Property. Prior to acquiring the UHCCA Property, UHCCA leased from Owner the UHCCA Property as well as the Property and used the Property to provide parking for its operations on the UHCCA Property and to operate a farmers' market.

C. UHCCA has the right to purchase the Property from Owner pursuant to the terms of the Purchase and Sale Agreement dated March __, 2009 (the "Purchase Agreement").

D. UHCCA desires to maintain the right to use the Property as it did during the term of its lease with Owner, as a parking area and to operate a farmers' market. Owner is willing to grant a right to UHCCA for such purpose subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the keeping and performance of the covenants and agreements by UHCCA under this Agreement, Owner hereby grants UHCCA the right to use the Property at all times and on all days as a parking area and to operate a farmers' market, subject to the following conditions:

1. Use and Maintenance. UHCCA shall use the Property in conformance with all applicable laws and regulations and shall neither cause nor suffer waste on the Property. UHCCA shall keep the Property clear of trash and debris and shall repair any damage done by UHCCA or its agents, contractors, licensees or tenants to any Owner-installed improvements located on the Property.

2. Term. UHCCA's rights and obligations under this Agreement shall commence on the date hereof and extend until the earlier of (a) the Property is transferred by Owner to UHCCA; (b) the termination of the Purchase Agreement; or (c) this Agreement is otherwise terminated pursuant to its terms.

3. Payments. UHCCA shall pay when due any leasehold excise tax in respect of any payment or obligation under this Agreement which is deemed to be taxable rent. In addition, UHCCA shall pay all governmental charges levied on the Property, including property taxes, assessments and the surface water management fee.

4. Transfer and Assignment. UHCCA shall have the right to assign this Agreement and the rights arising hereunder to an entity controlled by UHCCA formed to own and/or operate the UHCCA Property. No other assignment is permitted.

5. Insurance. UHCCA, at its own expense, shall provide and keep in force with companies reasonably acceptable to Owner, the following:

- Commercial general liability insurance for the benefit of Owner and UHCCA jointly against liability for bodily injury and property damage for a combined single limit of not less than One Million Dollars (\$1,000,000) for any one occurrence and Two Million Dollars (\$2,000,000) in the aggregate for this location, including coverage for contractual liability and personal injury, and One Hundred Thousand Dollars (\$100,000) for fire legal liability;
- Statutory Workers' Compensation, including Employer's Contingent Liability (Stop Gap) in UHCCA's commercial general liability coverage with a limit of at least \$1,000,000 per bodily injury/accident; \$1,000,000 bodily injury/disease-policy aggregate, and \$1,000,000 bodily injury/disease-employee;
- Automobile Liability Insurance with a combined single limit for bodily, injury and property damage of not less than \$1,000,000, including all owned, non-owned and hired vehicles and covering claims for damages because of bodily injury or death of any person or property damage arising out of ownership, maintenance or use of any motor vehicle; and
- Products/Completed Operations Liability in the amount of \$1,000,000 per occurrence and \$2,000,000 general aggregate.

The foregoing insurance shall be placed with an insurance company or companies licensed to do business in the State of Washington and shall have an A.M. Best's rating of A or better. UHCCA shall furnish Owner with a copy or certificate of such policies before the commencement date of this Lease and whenever required shall satisfy Owner that such policies are in full force and effect. Such policies shall list Owner as an additional insured and shall be primary and non-contributing with any insurance carried by Owner. Such policies shall not be cancelable or materially altered without forty-five (45) days prior written notice to Owner. In addition, the policies shall provide for ten (10) days written notice to Owner in the event of cancellation for non-payment of premium. In the event that UHCCA fails to deliver the policies or certificates to Owner as required above, Owner may, after fifteen (15) days' notice to UHCCA, take out such coverage and/or policies as Owner may deem necessary or prudent in its sole discretion and for its sole benefit, and charge their costs to UHCCA as additional rent, to be paid by UHCCA on the fifth day of the month following the date on which Owner takes out such coverage and/or policies and sends notice to UHCCA demanding such payment.

6. Waiver of Subrogation. Except as otherwise provided herein, Owner and UHCCA

do each herewith and hereby release and relieve the other from responsibility for, and waive their entire claim of recovery for, any loss or damage to the real or personal property of either located anywhere on the Property, arising out of or incident to the occurrence of any of the perils which are covered by any property insurance policy obtained by UHCCA or Owner or required by this Agreement to be obtained. Each party shall obtain any special endorsements, if required by its insurer, to evidence this waiver of the insurer's right to subrogation against the other party.

7. Indemnity. UHCCA hereby agrees to indemnify, defend, and save Owner and its partners, agents, and employees harmless of and from all liability, loss, damages, costs, or expenses, including reasonable attorney's fees, in connection with the loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Property, or the occupancy or use by UHCCA of the Property or any part thereof, or occasioned wholly or in part by any act or omission of UHCCA, its agents, contractors, employees, invitees, licensees, or concessionaires; provided that UHCCA shall not indemnify Owner to the extent such damages are caused by the negligence or intentional misconduct of Owner.

8. Waiver of Immunity. Solely for the purpose of effectuating the indemnification obligations under this Agreement, and not for the benefit of any third parties (including but not limited to employees of UHCCA), UHCCA specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW. Furthermore, the indemnification obligations under this Agreement shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts. UHCCA shall cause contractors and their subcontractors and material suppliers to execute similar waivers of industrial insurance immunity. The parties acknowledge that the foregoing provisions of this Section have been specifically and mutually negotiated between the parties.

9. Default. If UHCCA shall fail to perform any of its obligations hereunder, Owner shall have the right, at Owner's option, to terminate this Agreement, in which event UHCCA's right to use the Property shall terminate. Owner's rights hereunder shall be in addition to, and not in lieu of, every other right or remedy provided for herein or now or hereafter existing at law or in equity by statute or otherwise, including, but not limited to suits for injunctive relief and specific performance.

10. Attorneys' Fees. In the event of any action filed in relation to this Agreement, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and other disbursements.

11. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the Property and shall supersede all prior offers, negotiations, and agreements.

12. Notices.

All notices and other communications required or permitted under this Agreement shall be in writing and shall be given by United States first class mail, postage prepaid, certified, return receipt requested, or by hand delivery (including by means of a professional messenger service) addressed as follows:

If to Owner: Seattle Public School District #1
Property Manager
MS 32-151, P.O. Box 34165
Seattle, Washington. 98124
Phone: (206) 252-0110
Fax: (206) 252-0111

If to UHCCA: President of the Board of Directors
University Heights Center for the Community Association
5031 University Way N.E.
Seattle, WA 98105
Phone: (206) 527-4278
Fax: (206) 527-7617

Any such notice or other communication shall be deemed to be effective when actually received or refused. Either party may by similar notice given change the address to which future notices or other communications shall be sent.

13. General.

No amendment or modification of this Agreement shall be valid or binding unless expressed in writing and executed by the parties hereto in the same manner as the execution of this Agreement.

This Agreement is not a covenant that touches, concerns or runs with the land. Neither this Agreement nor any memorandum thereof shall be recorded.

[END OF AGREEMENT – SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Attachment 2 to Fiscal Note



SIGNATURE PAGE FOR LICENSE TO USE REAL PROPERTY

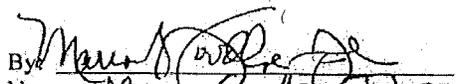
EXECUTED as of the day and year first written above.

OWNER:

UHCCA:

SEATTLE PUBLIC SCHOOL DISTRICT #1,
a Washington municipal corporation

UNIVERSITY HEIGHTS CENTER FOR THE
COMMUNITY ASSOCIATION,
a Washington nonprofit corporation

By: 
Name: Maria Goodale Johnson
Its: _____

By: _____
Name: _____
Its: _____

Attachment 2 to Fiscal Note



EXHIBIT A
TO LICENSE TO USE REAL PROPERTY

Lots 14 and 15 of Block 6, University Heights, according to the plat thereof recorded in Volume
9 of Plats, page 41, in King County, Washington;

TOGETHER WITH vacated alley.

Attachment 2 to Fiscal Note



Project Name:
 Organization Name:
 Date of Budget Prep:

University Heights
 UHCCA
 5/28/2009

Stage of Project (check appropriate box):
 Preliminary estimates and negotiations
 Based on architectural plans/contractor estimates
 Based on signed PSA and contract documents, and
 estimated costs to close

<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>

Uses of Funds	Initial Development Budget	Notes
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Acquisition Costs:

Purchase Price	\$3,472,000	UHCCA portion of the total acquisition price for the phase I purchase of School District property
Closing, Title & Recording Costs	\$15,000	Closing costs per estimated settlement statement from escrow company.
Extension payment (if any)		

Construction:

Basic Construction Contract	\$210,600	Estimate of construction cost needed to operate the property consistent with the organization's plan and to ensure a 15 year building/systems life.
Hazardous Abate. & Monitoring		
Construction Contingency	\$42,120	
Sales Taxes	\$17,550	

Development:

Appraisal	\$4,250	complete
Architect/Engineer		
Environmental Assessment	\$2,500	complete
Geotechnical Study		
Boundary & Topographic Survey	\$19,740	complete
Legal	\$45,000	partially complete
Project Management	\$125,000	partially complete
Technical Assistance		
Other Consultants: _____		
Other: _____		

Other Development:

Insurance	
Bidding Costs	
Permits, Fees & Hookups	
Capital Campaign Costs	
Other: _____	

Total Initial Development Cost **\$3,953,760**

Sources of Funds		Notes
City of Seattle	\$2,500,000	Agency Service Agreement
City of Seattle-Tech Assist	\$36,100	Already spent
State of Washington	\$1,000,000	Draft contract Amount
UHCCA Reserves for Acquisition	\$89,660	Funds spent to-date + use of reserves + SSD return of rent
UHCCA Operating Revenue	\$328,000	4 years of projected operating budget surplus
Total Sources of Funds	\$3,953,760	

Funding Surplus/(Gap) **\$0**





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

June 2, 2009

Honorable Richard Conlin, President
Seattle City Council,
City Hall, 2nd Floor

Dear Council President Conlin:

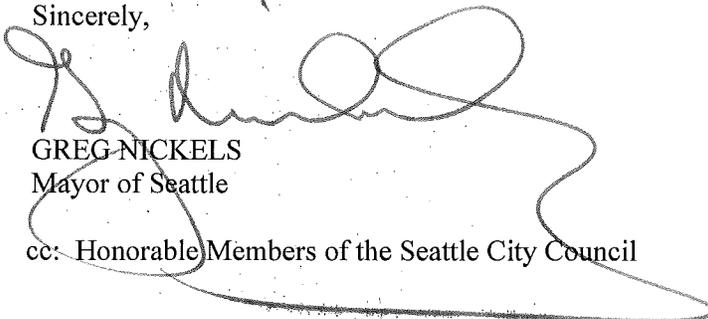
I am pleased to transmit the attached proposed Council Bill that removes a budget proviso restricting an appropriation in the 2009 budget for the "University Heights Center for the Community Association" (UHCCA). This Bill does not appropriate any new funds.

In 1990, the UHCCA was established by area neighbors to develop and provide community programs at the former University Heights Elementary School, which had been closed by the Seattle School District in 1988 and was declared surplus to the District's needs on June 6, 2007. The UHCCA subsequently negotiated a purchase and sale agreement with the School District in order to acquire the school property. At the same time, the City's Department of Parks and Recreation (DPR) began drafting legislation to acquire a portion of the site for future development as a public park. DPR and Office of Policy & Management (OPM) staff have worked closely together to coordinate the park and community center aspects of the City's involvement in this acquisition.

As part of the 2008 Budget process, the City Council adopted a budget proviso restricting the expenditure of funds for UHCCA until authorized by future ordinance. Ordinance 122962 was later adopted by the Council to carry these funds forward to 2009. OPM has determined that UHCCA is now ready to receive City funding for this project, believes the intent behind the Council proviso has been met, and has negotiated a contract with the UHCCA, which will be executed prior to the release of City funds.

The UHCCA has served as an important neighborhood institution for the past 19 years. Passage of this legislation will allow the UHCCA to continue to serve the community at the University Heights Center facility. We thank you for your consideration of this legislation. Should you have questions, please contact Paul Fischburg (684-8395) or Marshall Foster (684-8413) in the Office of Policy and Management.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a large, loopy flourish that extends across the signature line and into the "cc:" line below.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov

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