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Tony Kilduff
LEG SISC Trusteeship RES
August 31, 2011
Version #2

RESOLUTION 31321

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A RESOLUTION of the City Council, the Mayor concurring, requesting that the City Attorney petition the Superior Court of King County to impose a trusteeship over the Seattle Indian Services Commission in order to effectuate the conveyance of the Pearl Warren Building and the Leschi Center to the Seattle Indian Health Board with the intent of preserving the assets for the community served.

WHEREAS, The Seattle Indian Services Commission ("Commission") is a public corporation created pursuant to Chapter 3.110 of the Seattle Municipal Code in 1972 to provide effective, comprehensive, and coordinated planning services, activities, and programs to meet the unique needs of the many Native American residents of Seattle; and

WHEREAS, the Commission owns the Pearl Warren Building ("Building") and the Leschi Center (collectively, the "Properties"), both financed with municipal bonds guaranteed by the City of Seattle ("City"); and

WHEREAS, debt outstanding on the Properties currently exceeds \$6,000,000; and

WHEREAS, since it was built, the Building has suffered from water infiltration and as a consequence has sustained damage estimated at \$2,500,000; and

WHEREAS, the Seattle Indian Health Board ("Board"), a non-profit corporation, is the only tenant in the Building and the primary tenant in the Leschi Center, and is currently the sole source of revenue to the Commission to pay the debt service on the Properties; and

WHEREAS, after repeated requests to the Commission to repair the Building, the Board, on December 16, 2009, gave notice to the Commission of termination of its lease due to detailed breaches of the lease but to date has forbore from so terminating; and

WHEREAS, the Commission does not have the resources necessary to correct the problems with the Building; and

WHEREAS, if the Board leaves the Building and ceases to pay rent, the Commission will be unable to pay the debt service on the Building and the City will be obliged, as the bond guarantor, to make the payment; and

WHEREAS, the City is not in a position to assume the financial responsibility for the Building; and



1 WHEREAS, the Board offered to assume all financial responsibility for the Properties and to
2 repair the Building in exchange for title to said Properties and the Commission rejected
that offer; and

3 WHEREAS, the City believes that with title to the Properties, the Board will be able to secure
4 the funding necessary to repair the damage to the Building and will be able to continue to
carry out its mission at that location; and

5 WHEREAS, the City intends to preserve the Properties for the public good and to ensure their
6 use for the purposes originally intended for as long as possible and believes that this can
7 best be accomplished by conveying the Properties to the Board; and

8 WHEREAS, the City believes that delay will result in continued deterioration of the Building
and its income-producing potential; and

9 WHEREAS, the City believes that intervention, as contemplated by SMC 3.110.440 is not
10 feasible under the circumstances since it would not authorize the City to convey the
11 Properties and that trusteeship would be required in any event, and also; NOW,
THEREFORE,

12
13 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
14 **MAYOR CONCURRING, THAT:**

15
16 Section 1. The City Attorney is requested to petition the King County Superior Court to
17 impose a trusteeship over the Seattle Indian Services Commission, as contemplated in Seattle
18 Municipal Code, Section 3.110.450. The primary purpose of the trusteeship shall be to cause the
19 transfer of ownership of the Pearl Warren Building and the Leschi Center from the Commission
20 to the Board.

21
22 Adopted by the City Council the ____ day of _____, 2011, and
23 signed by me in open session in authentication of its adoption this _____ day
24 of _____, 2011.

25 _____
26 President _____ of the City Council



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THE MAYOR CONCURRING:

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2011.

Monica Martinez Simmons, City Clerk

(Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
LEG	Tony Kilduff	N/A

Legislation Title:

A RESOLUTION of the City Council, the Mayor concurring, requesting that the City Attorney petition the Superior Court of King County to impose a trusteeship over the Seattle Indian Services Commission in order to effectuate the conveyance of the Pearl Warren Building and the Leschi Center to the Seattle Indian Health Board with the intent of preserving the assets for the community served.

Summary of the Legislation:

This resolution requests that the Executive attempt to negotiate the transfer of the ownership of the Pearl Warren and Leschi Center buildings from the Seattle Indian Services Commission ("Commission") to the Seattle Indian Health Board ("Health Board")

Background:

The Commission was created by the City in 1972 as a public corporation pursuant to Chapter 3.110 of the Seattle Municipal to provide effective, comprehensive, and coordinated planning services, activities, and programs to meet the unique needs of the many Native American residents of Seattle. The City subsequently guaranteed debt the Commission issued to acquire the Leschi Center and build Pearl Warren Building. Since it was built the Pearl Warren has suffered water infiltration problems that the Commission has not been able to deal with effectively. The resulting accumulated damage will cost approximately \$2.5 million to repair. The Commission is not in a position to make those repairs.

The sole source of revenue to pay the debt service on the Pearl Warren is the rent the Commission receives from the Health Board. Because of the poor state of the building and its continued deterioration the Health has put the Commission on notice that it intends to void its lease. If it does so, the City would be required to pay the \$435,000 debt service to avoid default by the Commission with the consequent impact on the City's bond rating.

The Health Board has proposed that it be granted the two buildings. Although the Pearl Warren is negative equity between it and the Leschi Center there is sufficient positive equity for the Health Board, which is a private non-profit in good standing, to secure funding to make the necessary repairs to the Pearl Warren. It also agrees to pay the debt service and assume all responsibility for both buildings.

Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

