



INFORMATIONAL MEMORANDUM

TO: Community Development and Neighborhoods

FROM: Derek Speck, Economic Development Administrator

CC: Mayor Ekberg

DATE: June 19, 2018

SUBJECT: Tukwila Village Plaza Lease Option

ISSUE

Staff is seeking Council authorization for the Mayor to exercise a lease option for the Tukwila Village commons and plaza.

BACKGROUND

In 2012 the City and Tukwila Village Development Associates (developer) approved a Disposition and Development Agreement (DDA) that provided guidance for the development of Tukwila Village. Section 2.8 (F) of the DDA addresses the management and operation of the plaza and commons (community room and community kitchen). It provides that the developer, in cooperation with the City, shall form an independent, community based non-profit organization (community organization) that will, through a lease agreement, manage, operate maintain, and promote the use of the plaza and commons. It further indicates the developer and City shall agree upon a plan for the formation of the community organization including its initial mission, articles of incorporation, bylaws, composition of board and officer positions, and board member selection. The governing board of the community organization shall represent the interest of both the community at large and the private owners and tenants of Tukwila Village. Section 2.8 (G) of the DDA provided the basic terms for negotiating a long-term lease between the developer and community organization.

In July 2017 the City and developer closed escrow on the sale of the land for the first phase of Tukwila Village. At that time the community organization had not been formed and therefore it could not sign a lease. Staff determined the best way we could ensure the community organization would have a future opportunity to lease the plaza and commons would be for the City to sign an option to lease which it could then assign to the community organization at a later time. Therefore the City and developer signed a Lease Option Agreement that gave the City the right to lease the plaza and commons or assign those rights to the community organization. The City and developer have been working to form the community organization but, due to other priorities, the work is still in progress. The Lease Option Agreement has been amended twice to extend its expiration and it now expires on July 31, 2018.

DISCUSSION

Staff is asking the Council to authorize the Mayor to sign a lease as provided under the Lease Option Agreement. It is important to note that staff does not *intend* for the City to sign the lease.

The City and developer have a good relationship and have made progress on forming the community organization and staff still intends for the City to assign its lease option to the community organization. However, having the Council's authorization to sign the lease puts the City in a stronger negotiating position in case the City and developer are unable to reach agreement on the formation of the community organization. This extra protection becomes more important as we get closer to the expiration date of the City's lease option since it can take up to six weeks to get Council approval.

If the City executes the lease, it would have responsibility for managing the plaza and commons per the terms in the lease. At such time that the City and developer reach mutual agreement and complete the formation of the community organization, the City can then assign the lease to the community organization.

FINANCIAL IMPACT

If the City executes the lease for the plaza and commons, it would incur some expenses, mainly staffing, utilities and cleaning. Rent would be only \$1 per year. The expenses are low for a facility of this quality because the deal terms have been created to ensure the community organization will be successful. A summary of the key expenditures in the Lease Option Agreement is attached. The City or community organization could also earn revenue by renting out the facility. The City could probably operate the facility in a manner in which the revenues exceed the costs. This financial impact and/or benefit would occur until the City assigns the lease to the community organization.

RECOMMENDATION

The Council is being asked to authorize the Mayor to sign a lease for the Tukwila Village plaza and commons as provided in the Lease Option Agreement and consider this item at the July 9, 2018 Committee of the Whole meeting and the subsequent July 16, 2018 Regular Meeting's consent agenda.

ATTACHMENTS

1. Lease Option Agreement (City contract 17-132)
2. Summary of Key Expenditures in the Lease Option Agreement

LEASE OPTION AGREEMENT
(The Commons And Plaza)

THIS LEASE OPTION AGREEMENT is made as of this 19th day of July, 2017, by and between TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington limited liability company, ("TVDA"), and the CITY OF TUKWILA, a municipal corporation operating under the laws of the State of Washington as a non-charter code city ("*Tukwila*").

Recitals

Tukwila is the owner of real property legally described on Exhibit A attached (the "*Property*"). Pursuant to (i) that certain Disposition and Development Agreement dated as of October 30, 2012 entered into by and between the City of Tukwila and Tukwila Village Development Associates, LLC, and amended by that certain First Amendment to the Disposition and Development Agreement dated as of May 18, 2015 (as amended, the "*Disposition Agreement*"), and (ii) that certain Real Estate Purchase and Sale Agreement (Tukwila Village Phase 1) dated August 15, 2016, as amended by Addendum #1 dated January 30, 2017 and by Addendum #2 dated June 12, 2017 (as amended, the "*Purchase Agreement*"), Tukwila has agreed to convey the Property to TDVA. As a condition to the closing of the purchase and sale of the Property in accordance with the Disposition Agreement and the Purchase Agreement, TVDA has agreed to grant Tukwila an option to lease a portion of the Property as provided herein.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt the receipt and sufficiency of which are acknowledged, TVDA and Tukwila agree as follows:

1. **Grant of Option.** TVDA hereby grants Tukwila an option (the "*Option*") to lease a portion of the Property (defined as the "*Premises*" in the form of Lease attached hereto as Exhibit B), for the term and upon all of the terms and conditions as provided in the form of Lease attached hereto as Exhibit B (the "*Lease*").
2. **Term of Option.** The Option granted to Tukwila herein shall commence on the date hereof and shall expire on February 15, 2018 ("*Termination Date*").
3. **Exercise of Option.** Tukwila may exercise this Option by giving written notice to TVDA by the Termination Date. If Tukwila does not give such written notice by the Termination Date, this Option shall terminate.
4. **Execution of Lease.** If Tukwila or a Permitted Assignee exercises the Option by giving written notice to TVDA by the Termination Date, TVDA and Tukwila or a Permitted Assignee shall each cause the Lease in the form attached as Exhibit B to be fully executed, acknowledged and delivered within ten (10) days thereafter.
5. **Operations Prior to Commencement Date.** Between the closing date under the Purchase Agreement and the Commencement Date under the Lease, TVDA shall operate the Property in a commercially reasonable manner and in accordance with Section 2.8A.

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of the Disposition Agreement and the Statements of Purpose and Design for the Property subsequently attached to and incorporated by reference into the Disposition Agreement as Exhibit N and Exhibit O thereto, respectively, and shall not default in any of its obligations under any other agreement affecting the Property.

6. **Notices.** All notices required or permitted hereunder shall be in writing and shall be given as follows:

If to TVDA: Tukwila Village Development Associates, LLC
c/o Pacific Northern Construction Company, Inc.,
Manager
201 – 27th Avenue SE, Building A, Suite 300
Puyallup, WA 98374
ATTN: Bryan M. Park, Manager
Email: bryanp@housing4seniors.com
Office: (253) 231-5001
Fax: (253) 231-5010

If to Tukwila: City of Tukwila
Office of the City Clerk
6200 Southcenter Boulevard
Tukwila, WA 98188

With a copy to: Pepple Cantu Schmidt PLLC
1000 Second Avenue, Suite 2950
Seattle, Washington 98104
Attn: Jeffrey M. Hawkinson
Email: jhawkinson@pcslegal.com
Office: (206) 625-2302
Fax No. (206) 625-1627

Any such notices shall be (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three business days after deposit, postage prepaid in the U.S. mail, or (b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (c) served personally, in which case notice shall be deemed given on the date of such service. The above addresses may be changed by written notice to the other party; provided that no notice of a change of address shall be effective until actual receipt of such notice.

7. **Assignment.** Tukwila may assign this Option or the Lease to a "Community Organization" (the "*Permitted Assignee*") as defined in Section 2.8F. of the Disposition Agreement and in Section 1.2 of the Lease for the purposes set forth in Section 2.8 of the Disposition Agreement.

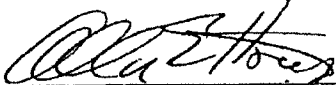
8. General Provisions. TVDA and Tukwila agree as follows:

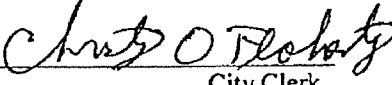
- (a) If TVDA defaults hereunder, Tukwila may seek specific performance, damages or rescission.
- (b) This Agreement may be modified or amended only by a writing signed by TVDA and Tukwila.
- (c) This Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties, including without limitation any transferee of fee simple title to the Property.
- (d) This Agreement shall be governed by the laws of the State of Washington.
- (e) Time is of the essence of this Agreement.
- (f) In the event of any claim or dispute arising out of this Agreement, the party that substantially prevails shall be awarded, in addition to all other relief, all legal fees and other costs and expenses incurred in connection with such claim or dispute; including without limitation those fees, costs, and expenses incurred with or without suit, and in any appeal, any proceedings under any present or future bankruptcy act or receivership, and any post-judgment proceedings.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

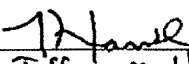
Tukwila:

CITY OF TUKWILA, a municipal corporation

By: 
Name: Allan Fikberg
Title: Mayor
Date: 7-19-17

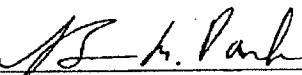
Attest:
By: , City Clerk

Approved as to form:

By: 
Jeffrey M. Hankinson
City Attorney

TVDA:

TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington corporation

By: 
Name: Bryan M. Park
Title: Manager
Date: 7/19/2017

**EXHIBIT A
TO
LEASE OPTION AGREEMENT**

LEGAL DESCRIPTION OF PROPERTY

The Property which is subject to this Agreement is situate in the County of King, State of Washington, and legally described as follows:

Parcel C, City of Tukwila Lot Consolidation No. L13-021, recorded under King County Recording No. 20150428900001.

**EXHIBIT B
TO
LEASE OPTION AGREEMENT
FORM OF LEASE**

LEASE

between

TUKWILA VILLAGE ASSOCIATES (1) LIMITED PARTNERSHIP, as LANDLORD

and

CITY OF TUKWILA, as TENANT

Dated _____, 201__

**For a portion of The Commons and Plaza at Tukwila Village
Tukwila, Washington**

LEASE
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LEASE

THIS LEASE is entered into as of this ___ day of _____, 201___, between TUKWILA VILLAGE ASSOCIATES (I) LIMITED PARTNERSHIP, a Washington limited partnership, (“*Landlord*”) whose address 201 – 27th Avenue SE, Building A, Suite 300, Puyallup, WA 98374, and the CITY OF TUKWILA, a municipal corporation operating under the laws of the State of Washington as a non-charter code city [or the “Community Organization” defined below] (“*Tenant*”), whose address is 6200 Southcenter Boulevard, Tukwila, WA 98188 [or address of the Community Organization].

1.
EXHIBITS, DEFINITIONS AND CONDITIONS.

1.1 Exhibits.

The following exhibits are attached and made a part of this Lease:

Exhibit A	Legal Description of the Property
Exhibit B	Visual Depiction of Premises
Exhibit C	Memorandum of Lease

1.2 Definitions.

The following terms used in this Lease shall have the definitions as set forth below:

“*Building*”: means the community center building located on the Property, commonly known as the “Commons at Tukwila Village,” consisting of approximately 4,253 square feet.

“*Commencement Date*”: The first date on which all of the following have occurred: (a) Landlord has completed construction of the Building and the Premises in accordance with City of Tukwila Permit No. D14-0178 and the Statement of Purpose and Design subsequently attached as Exhibit O to the Disposition Agreement; (b) Landlord’s architect has provided a certificate of substantial completion to Landlord and Tenant with respect to the Building; (c) Landlord has delivered possession of the Premises to Tenant for Tenant’s exclusive use in accordance with Section 2.8 of the Disposition Agreement and the Statement of Purpose and Design subsequently attached as Exhibit O to the Disposition Agreement; (d) the City of Tukwila has issued a certificate of occupancy for the Building; (e) Tenant has exercised the Option in accordance with the Option Agreement dated July ___, 2017 between Landlord and Tenant; and (f) Landlord has provided Tenant with commercially reasonable SNDA(s) with respect to any Master Lease or Mortgage in accordance with Section 13.3 of this Lease.

“*Common Area*”: Those portions of the Building which are available for the common use, convenience, and benefit of all tenants of the Building, and not intended for lease to anyone, including without limitation the reception area, the restrooms, and the mechanical room as depicted on Exhibit B.

“Commons Premises”: the portion of the Building consisting of the Community Room, the Catering Kitchen, and the Storage Room adjacent to the Community Room, as depicted on Exhibit B.

“Community Organization”: A non-profit corporation formed with the mutual approval of Landlord and the City of Tukwila to serve the purpose and function of the “Community Organization” under Section 2.8F. of the Disposition Agreement.

“Disposition Agreement”: Disposition Agreement shall mean that certain Disposition and Development Agreement dated as of October 30, 2012 entered into by and between the City of Tukwila and Tukwila Village Development Associates, LLC, and amended by that certain First Amendment to the Disposition and Development Agreement dated as of May 18, 2015.

“Environmental Law”: Any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or environmental conditions, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*; the Toxic Substances Control Act of 1976, 15 U.S.C. § 2601, *et seq.*; the Superfund Amendments and Reauthorization Act of 1986, Title III, 42 U.S.C. § 1101, *et seq.*; the Clean Air Act, 41 U.S.C. § 7401, *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*; The Safe Drinking Water Act, 41 U.S.C. § 300f, *et seq.*; the Solid Waste Disposal Act, 42 U.S.C. § 3251, *et seq.*; and any other federal, state or local law, statute, ordinance, or regulation now in effect or hereinafter enacted which pertains to health, industrial hygiene, or the regulation or protection of the environment, including without limitation, ambient air, soil, groundwater, surface water, or land use.

“Hazardous Substances”: Any material, waste, substance, pollutant, or contaminant which may or could pose a risk of injury or threat to health or the environment, including, without limitation: (i) those substances included within the definitions of “hazardous substance”, “hazardous waste”, “hazardous material”, “toxic substance”, “solid waste”, or “pollutant or contaminant” in or otherwise regulated by, any Environmental Law; (ii) those substances listed in the United States Department of Transportation Hazardous Materials Table (49 C.F.R. 17.101, including appendices and amendments thereto), or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) such other substances, materials, or wastes which are or become regulated or classified as hazardous or toxic under any Environmental Law; and (iv) any material, waste, or substance which is (A) petroleum or refined petroleum products; (B) asbestos in any form; (C) polychlorinated biphenyls; (D) flammable explosives; or (E) radioactive materials.

“Interest”: Interest shall mean 2% per annum above the rate of interest publicly announced by Bank of America, N.A., or its successors in interest, as its “prime rate”, adjusted simultaneously with each adjustment in such “prime rate”. If Bank of America, N.A. no longer publicly announces its “prime rate”, the rate of interest designated by Citibank, N.A. or its successors in interest as its “prime rate” shall be used.

“Lease Year”: The first Lease Year shall be the period beginning on the Commencement Date and terminating twelve (12) months from the last day of the calendar month in which the

Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall terminate on the day prior to the first anniversary of the Commencement Date), and in the case of each subsequent Lease Year, means each twelve (12) month period following the first Lease Year.

"Plaza Premises": The outdoor plaza on the Property, consisting of all of the real property legally described on Exhibit A except for (i) the portion on which the Building is situated; and (ii) the outdoor café seating area located north of the Building, as depicted on Exhibit B.

"Premises": the Commons Premises and the Plaza Premises, together with the non-exclusive use of the Reception area, Restrooms, and Mechanical Room, as depicted on Exhibit B.

"Property": The real property legally described on Exhibit A attached, the Building, all other improvements located on the real property, and appurtenant easements and rights.

2.

PREMISES AND TERM.

2.1 Premises and Demise.

Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, subject to the terms and conditions of this Lease.

2.2 Term.

The term ("**Term**") of this Lease shall commence on the Commencement Date, and shall terminate at 11:59 P.M. on the last day of the month which is forty (40) Lease Years after the Commencement Date.

2.3 Surrender of Premises.

Upon expiration or earlier termination of this Lease, Tenant shall surrender possession of the Premises to Landlord in good condition, as modified by any repairs, alterations or improvements made by Tenant in accordance with this Lease, subject to ordinary wear and tear, and subject to the provisions of Article 10 and Article 11.

3.

RENT.

3.1 Rent.

Beginning on the Commencement Date, Tenant agrees to pay annual rent ("**Rent**") of One Dollar (\$1.00) for each Lease Year of the Term. The annual Rent for each Lease Year of the Term shall be payable in advance on the first day of each Lease Year.

3.2 No Deduction or Offset.

All Rent due under this Lease shall be paid without deduction or withholding, and except as specifically provided in this Lease, without offset.

**4.
TITLE AND USE.**

4.1 Title and Authority of Landlord.

Landlord represents and warrants to Tenant as follows, which representations and warranties shall be true on the date hereof and on the Commencement Date: (a) Landlord is a limited partnership duly organized and validly existing under the laws of the State of Washington, and is duly authorized to conduct its business in the State of Washington; (b) Landlord has fee simple title to the Premises and has all the requisite right, power, title and authority to enter into this Lease and to perform its obligations hereunder; and (c) no consent or approval of any other person is necessary for the effectiveness of Landlord's obligations under this Lease.

4.2 Hazardous Substances.

(a) **Tenant's Obligation to Comply with Law.** Tenant will at all times operate its business on the Premises in compliance with all Environmental Laws. Tenant will immediately notify Landlord if Tenant becomes aware of (i) any actual or alleged violation of any Environmental Laws on the Premises or (ii) any actual or alleged violation of any Environmental Laws on other properties resulting from activities on or contamination of the Premises.

(b) **Tenant's Indemnity for Contamination Caused by Tenant.** Tenant will hold harmless, protect, indemnify and defend Landlord from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, or liabilities (including the cost of investigation, clean-up and all legal fees and costs), incurred by Landlord as a result of the presence or release of any Hazardous Substance on the Premises (i) resulting from Tenant's use of the Property or (ii) caused by Tenant, its employees, agents or contractors. This indemnity shall survive termination of this Lease.

(c) **Landlord's Indemnity.** Landlord will hold harmless, protect, indemnify and defend Tenant from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, or liabilities (including the cost of investigation, clean-up and all legal fees and costs), incurred by Tenant as a result of (i) the presence or release of any Hazardous Substance on the Premises which existed prior to the Commencement Date, or (ii) the presence or release of any Hazardous Substance on the Premises or any adjoining property to the extent caused by Landlord, its employees, agents or contractors. This indemnity shall survive termination of this Lease.

4.3 Quiet Enjoyment.

Landlord warrants that Tenant shall have quiet enjoyment of the Premises and all of the rights granted hereunder without interference by Landlord, anyone acting by, through or under Landlord, or anyone having title or any lien or interest paramount to Landlord.

4.4 Use of the Premises.

The Premises shall be used for the purposes set forth in the Statements of Purpose and Design subsequently attached as Exhibit N and Exhibit O, respectively to the Disposition Agreement and in accordance with Section 2.8A. of the Disposition Agreement, and for such community, civic and recreational purposes, and ancillary uses, consistent with the foregoing. Tenant shall comply with all governmental rules and regulations (including, without limit, all Environmental Laws) applicable to the conduct of its business in the Premises or applicable to its use or occupancy of the Premises.

4.5 Signs.

Tenant may at its own expense erect, illuminate, and maintain such illuminated and non-illuminated signs on the Premises, provided that such signs are reasonable approved by Landlord and conform with all applicable regulations and building and sign codes of the applicable public authority. Landlord will, at no cost to Landlord, cooperate with Tenant's applications for sign permits and will do nothing to impair or impede such applications. At the termination of this Lease, all signs, symbols and advertising matter attached to the Premises, whether the exterior or interior thereof, shall be promptly removed by Tenant at its own expense, and any damage or injury to the Premises caused thereby shall be promptly repaired by Tenant.

5.

ALTERATIONS.

5.1 Trade Fixtures; Alterations.

Tenant, at its sole cost and expense, without need for Landlord's approval, may make such non-structural repairs, alterations, and improvements to the Premises as Tenant deems desirable in its sole discretion. Tenant may install necessary trade fixtures, equipment and furniture in the Premises, provided that such items are installed and are removable without structural or material damage to the Building.

5.2 Structural Alterations.

Tenant shall not construct, nor allow to be constructed, any structural alterations or additions in, about or to the Premises or Building without obtaining the prior written consent of Landlord, which consent may be conditioned upon Tenant's compliance with Landlord's reasonable requirements regarding construction of improvements and alterations but such consent otherwise shall not be unreasonably withheld, conditioned or delayed.

5.3 Standard of Work.

All work to be performed by or for Tenant pursuant hereto shall be performed in a good and workmanlike manner, and in compliance with all applicable laws, ordinances, regulations and rules of any public authority having jurisdiction over the Premises. Landlord shall have the right, but not the obligation, to inspect periodically the work on the Premises.

5.4 Liens.

Tenant shall not permit any liens to be filed against the Premises for work done, materials furnished or obligations incurred by or on behalf of Tenant. Tenant covenants and agrees that any liens filed against the Premises for work claimed to have been done for or materials claimed to have been furnished to, or obligations incurred by, Tenant, shall be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing of such lien, at the sole cost and expense of Tenant. Should Tenant fail to timely discharge any such lien, Landlord may, at Landlord's election, pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title and the cost thereof shall be immediately due from Tenant.

6.

TAXES, ASSESSMENTS & UTILITIES.

6.1 Real Estate Taxes and Assessments.

Landlord shall be responsible to pay, prior to delinquency, all real estate taxes and assessments levied upon the Building or Property, including all assessments for Common Expenses under the Declaration of Covenants, Conditions, Restrictions and Easements for Tukwila Village. Landlord acknowledges that Tenant is not responsible for payment of any portion of the real estate taxes or assessments levied upon the Premises, Building or Property.

6.2 Personal Property Taxes.

Tenant shall pay prior to delinquency all personal property taxes assessed during the term of this Lease upon Tenant's fixtures, furnishings, and equipment or upon any other personal property of Tenant situated in or upon the Premises.

6.3 Utilities.

Landlord shall separately meter electricity, water/sewer and gas to the Commons Premises. Tenant agrees to pay for, when due, all water, sewer, heat, gas, electricity, garbage collection and all other utility services consumed or used at the Commons Premises during the Term of this Lease. Nothing contained herein shall be deemed to render Tenant liable for any charges incurred after the termination or expiration of this Lease, all such charges being solely for the account of Landlord. Landlord agrees to pay for, when due, all water, electricity and other utility services for the Plaza Premises.

7.

LANDLORD'S MAINTENANCE AND REPAIR OBLIGATIONS

7.1 Maintenance of Building.

Except for Tenant's obligations under Section 8, Landlord agrees, at its own expense, to operate and maintain all aspects of the Building and the Plaza in good order, condition and repair, including without limitation making all necessary repairs and replacements to: (a) the interior of the Building, including interior walls and floor coverings; (b) the exterior of the Building, including exterior doors, exterior windows and door glass; (c) all structural portions of the

Building, including foundation and all load bearing walls; (d) the roof of the Building, including the roof membrane, structure, parapets, flashings, copings, and roof drains; and (e) all heating, ventilation, air conditioning, electrical, plumbing and life safety systems serving the Building.

7.2 Maintenance of Plaza.

Except for Tenant's obligations under Section 8, Landlord agrees, at its own expense, to maintain the Plaza in good order, condition and repair, including without limitation: (a) remove snow and ice and apply salt as necessary; (b) maintain, repair and replace grass, landscaping, plantings, trees and shrubs within the Plaza in an attractive and healthy condition, trimmed and weed-free; (c) maintain, repair and replace irrigation systems within the Plaza; (d) operate, keep in repair and replace all Plaza lighting facilities, including light standards, wires, conduits, lamps, bulbs, ballasts and lenses, time clocks and circuit breakers; and (e) operate, keep in repair and replace all Plaza art, fountains and water features.

8.

TENANT'S MAINTENANCE OBLIGATIONS.

8.1 Maintenance of Commons Premises.

Tenant, at its sole expense, shall be responsible for keeping the Commons Premises in a neat, clean and orderly condition, including sweeping or vacuuming the Commons Premises and the removal of all papers, debris, filth, and refuse.

8.2 Maintenance of Plaza Premises.

In connection with any events or gatherings organized or permitted by Tenant on the Plaza Premises, Tenant, at its sole expense, shall be responsible to clean and restore the Plaza Premises to a neat, clean and orderly condition, including the removal of all papers, debris, filth, and refuse.

9.

INDEMNITY AND INSURANCE.

9.1 Indemnity By Tenant.

During the Term of this Lease, Tenant agrees to hold harmless, protect, indemnify and defend Landlord from all demands, claims, damages, causes of action or judgments, and all reasonable expenses incurred in investigating and defending the same (including reasonable attorney fees and costs) for injury to person or property occurring to or on or about the Premises or Property and arising out of the negligence or willful misconduct of Tenant or its agents, employees or contractors, except to the extent caused by the negligence or willful misconduct of Landlord or its agents, employees or contractors.

9.2 Indemnity By Landlord.

During the Term of this Lease, Landlord agrees to hold harmless, protect, indemnify and defend Tenant from all demands, claims, damages, causes of action or judgments, and all reasonable

expenses incurred in investigating and defending the same (including reasonable attorney fees and costs) for injury to person or property occurring to or on or about the Premises or Property and arising out of the negligence or willful misconduct of Landlord or its agents, employees or contractors, except to the extent caused by the negligence or willful misconduct of Tenant or its agents, employees or contractors.

9.3 Property Insurance.

During Term of this Lease, Landlord shall maintain in full force and effect, at its sole cost and expense, one or more policies of "Special Form" casualty insurance, insuring the Building and Plaza against loss or damage for the full replacement cost of the Building and Plaza.

9.4 Liability Insurance.

(a) During the Term of this Lease, Landlord shall keep in full force and effect, at its sole cost and expense, a policy or policies of liability insurance for property damage and bodily injury, with minimum coverage amounts of \$2,000,000 per occurrence within or about the Building or Plaza, and in an aggregate coverage amount of not less than \$5,000,000 which amount may be achieved through the use of umbrella liability insurance. Each such policy shall name Tenant as an additional insured.

(b) During the Term of this Lease, Tenant shall keep in full force and effect, at its sole cost and expense, a policy or policies of liability insurance for property damage and bodily injury, with minimum coverage amounts of \$1,000,000 per occurrence within or about the Premises, and in an aggregate coverage amount of not less than \$2,000,000 which amount may be achieved through the use of umbrella liability insurance. Each such policy shall name Landlord as an additional insured.

9.5 General.

Landlord shall provide to Tenant certificates of insurance promptly upon the request of Landlord. All policies of insurance required under shall: (a) be written as primary policies not contributing with and not in excess of coverage that Tenant may carry; (b) contain an endorsement providing that such insurance may not be cancelled with respect to Tenant except after 30 days' prior written notice from insurance company to Tenant (10 days for nonpayment of premium); and (c) be written by insurance companies having a A.M. Best's rating of "A- VII" or better.

9.6 Waiver of Subrogation.

Landlord and Tenant hereby release each other from any and all liability or responsibility (to the other or anyone claiming through or under the other by way of subrogation or otherwise) for any loss or damage to real or personal property on the Premises or Property caused by fire or any other insured peril, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible. All insurance policies procured by Landlord or and Tenant that relate to the Premises shall include a waiver of subrogation and a clause or endorsement to the effect that the foregoing release shall not adversely affect or impair such policies or prejudice the right of the releaser to recover thereunder.

9.7 Certificates of Insurance.

Certificates issued by an authorized representative of the insurance carrier for each policy of insurance required to be maintained by Landlord hereunder shall be delivered to Tenant before the Commencement Date, and thereafter at least ten (10) days prior to the expiration of the term of each such policy.

**10.
DAMAGE BY CASUALTY.**

10.1 Repair and Restoration.

During the Term of this Lease, if the Building is damaged or destroyed by fire or other insured casualty, subject to availability of sufficient insurance proceeds, Landlord shall promptly rebuild and restore the Building to its pre-existing condition unless it is mutually agreed in writing between Landlord and Tenant that the Building will not be rebuilt.

10.2 Rental Abatement.

In the event of damage or destruction to the Building, Tenant's obligation to pay Rent shall entirely abate from the date of such damage or destruction until the damage or destruction has been repaired or restored.

**11.
CONDEMNATION AND GOVERNMENTAL ACTION.**

11.1 Total Taking.

In the event of a total taking of the Premises by condemnation or eminent domain or under the threat thereof ("*Total Taking*"), this Lease shall automatically terminate as of the date of any final condemnation judgment or as of the date possession is taken by the condemning authority, whichever is earlier, and Tenant shall be released from any liability arising thereafter under this Lease except for any payments due Landlord by Tenant arising prior to the date of termination set forth above.

11.2 Partial Taking.

If any portion of the Premises is taken by condemnation or eminent domain or under the threat thereof ("*Partial Taking*"), and such Partial Taking in Tenant's sole judgment, renders the Premises unsuitable for Tenant's business operations, then Tenant may terminate this Lease by written notice to Landlord given no more than thirty (30) days following the earlier of (i) the date of any final condemnation judgment, or (ii) the date possession is taken by the condemning authority (such earlier date, the "*Taking Date*"). In the event of such termination, Tenant shall be released from any liability arising thereafter under this Lease except for any payments due Landlord by Tenant arising prior to the Taking Date.

11.3 Restoration.

If this Lease is not so terminated upon condemnation or eminent domain, Landlord shall promptly restore the Premises to a unit architecturally and functionally comparable to the unit existing just prior to such taking or damage, and this Lease shall continue.

11.4 Proceedings.

Nothing contained herein shall prevent Landlord and Tenant from prosecuting claims in any condemnation proceedings for the value of their respective interests. Tenant reserves all rights to an award for a taking of the Building to the extent of the investment in the Building by Tenant and/or Tenant's affiliates, and Landlord reserves all rights to an award for a taking of the real property. Tenant reserves all rights to receive compensation for the value of improvements, trade fixtures and personal property in the Premises and any award for Tenant's interruption of business and moving expenses shall be the property of Tenant. Neither Landlord nor Tenant shall have the right to claim any portion of the condemnation award separately allocated to the other party.

12. DEFAULT.

12.1 Tenant's Default.

Any one or more of the following is an "*Event of Default*" by Tenant:

(a) Tenant fails to make any payment of Rent when due, and such failure is not cured within ten (10) calendar days after Landlord's notice to Tenant. The notice shall specify the amounts past due.

(b) Tenant fails to observe or perform any other covenant, condition or provision of this Lease (other than the payment of Rent) to be observed or performed by Tenant, and such failure is not cured within thirty (30) calendar days after Landlord's notice to Tenant. The notice shall specify the covenant, condition or provision of this Lease that Tenant has failed to observe. However, if Tenant's default is such that more than thirty (30) calendar days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) calendar day period and thereafter diligently prosecutes such cure to completion.

(c) A petition to have Tenant adjudged a bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy is filed against Tenant (unless, in the case of a petition filed against Tenant, it is dismissed within sixty calendar days of filing), or a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located on the Premises or of Tenant's interest in this Lease, and such possession is not released in thirty (30) calendar days after appointment of said trustee or receiver, or the filing of the petition for the appointment of the same, whichever occurs first.

12.2 Landlord's Remedies.

Upon the occurrence of an Event of Default by Tenant, Landlord may thereafter exercise any right and obtain any remedy available to it at law or in equity including, without limit, the following remedies:

(a) Terminate the Lease and Tenant's right to possession of the Premises by any lawful means and upon such notice as may be required hereunder and by law, in which case this Lease shall terminate and Tenant shall surrender possession of the Premises to Landlord.

OR

(b) Upon written notice to Tenant, continue the Lease in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover Rent as it becomes due. In such event, Landlord shall use reasonable diligence to relet the Premises. Any rental or other amounts realized by Landlord from such reletting, after deducting all expenses incurred by Landlord to put the Premises in tenantable condition and to obtain a new tenant shall be applied against amounts due from Tenant hereunder.

12.3 Landlord's Defaults.

It is an "Event of Default" by Landlord if (a) there is a breach of any covenant or warranty of Landlord, or (b) Landlord fails to perform its obligations under this Lease, and in either such event, such breach or failure is not cured within thirty (30) calendar days after Tenant's notice to Landlord and, if Tenant has agreed in writing to attorn to a first lienholder on the Premises, Tenant's notice to such first lienholder. The notice shall specify Landlord's breach or failure to perform such obligation. If the nature of Landlord's breach or obligation is such that more than thirty (30) calendar days are required for cure or performance, then Landlord shall not be in default if it commences performance to cure within said thirty (30) calendar day period and thereafter diligently prosecutes the same to completion. Any Mortgagee or any Master Lessee whose contact information has been provided to Tenant in writing shall be afforded the same opportunity to cure Landlord's defaults as is given Landlord hereunder. For so long as the Landlord is Tukwila Village Associates (1) Limited Partnership, the following entity shall be entitled to notice of default and shall have the same cure rights as provided to Landlord:

U.S. Bancorp Community Development Corporation, its successors and assigns
c/o U.S. Bank Community Development Corporation
ATTENTION: Director of LIHTC Asset Management

1307 Washington Avenue, Suite 300
St. Louis, MO 63103

12.4 Tenant's Remedies.

Upon the occurrence of an Event of Default by Landlord, then at the option of Tenant and without limiting any other available legal or equitable remedy, Tenant may terminate this Lease. Upon any Event of Default by Landlord, Tenant shall have the right, but not the obligation, to incur any cost or make any expenditure reasonably necessary to remedy Landlord's default, in which case Landlord shall reimburse Tenant for any expenditure made or cost incurred and Tenant shall have the right to withhold Rent. If, as the result of Landlord's default or failure to perform, immediate action is necessary to avoid potential injury to Tenant's customers or employees or actual injury to Tenant's business or property, Tenant may, but shall not be required, to take such action immediately and withhold Rent or seek recovery from Landlord.

12.5 Other Remedies.

Except as provided herein, Landlord and Tenant shall have all other remedies provided by law or statute to the same extent as if fully set forth herein. No remedy herein conferred upon or reserved to Landlord or Tenant shall exclude any other remedy herein or by law provided, including termination of this Lease, but each shall be cumulative.

13.

GENERAL PROVISIONS.

13.1 Attorney Fees.

If legal action is necessary to enforce or interpret this Lease, the prevailing party in such litigation shall be entitled to be reimbursed by the other party for reasonable attorney fees, litigation expenses, and statutory costs as awarded by the court. Such fees, costs and expenses shall include those incurred in the enforcement and collection of any judgment, the litigation of any right under bankruptcy law, and any appeal from any proceeding.

13.2 Assignment and Subletting.

Tenant may assign this Lease or sublease the entirety of the Premises to a Community Organization. If Tenant assigns this Lease to a Community Organization, Tenant shall be released from all duties, obligations and liabilities hereunder upon the effective date of such assignment. Landlord may, in connection with Landlord's conveyance of its fee simple title to the Property, assign this Lease to the successor owner of the Property.

13.3 Subordination; Recognition.

If Landlord desires to place a mortgage or deed of trust on the Property ("*Mortgage*"), or to place a master lease on the Property ("*Master Lease*"), and the holder of such Mortgage ("*Mortgagee*") or the lessor under such Master Lease ("*Master Lessor*") requires that this Lease be subordinate thereto, Tenant, upon the written request of Landlord, agrees to execute a commercially reasonable subordination, non-disturbance and attornment agreement ("*SNDA*")

with such Mortgagee or Master Lessor, provided that the Mortgagee or Master Lessor, as applicable, executes an agreement with Tenant, as follows: (a) that in the event of foreclosure of such Mortgage, the Mortgagee shall not join Tenant in any foreclosure action and Tenant's possession of the Premises shall remain undisturbed and Tenant's rights under this Lease shall be recognized and shall not be adversely affected so long as there is no Event of Default by Tenant hereunder; and (b) that in the event of the termination of any such Master Lease, this Lease shall not be terminated, but shall continue as a direct Lease between the Master Lessor and Tenant, and that Tenant's possession of the Premises shall remain undisturbed and Tenant's rights under this Lease shall be recognized and shall not be adversely affected so long as there is no Event of Default by Tenant hereunder; (c) that Tenant may remove Tenant's fixtures from the Premises in accordance with the provisions of this Lease; and (d) the form is otherwise reasonably acceptable to Tenant. In the event that, as of the date this Lease is executed, the Premises is then subject to any Mortgage or any Master Lease, Landlord agrees to use commercially reasonable efforts to obtain and deliver to Tenant SNDAs with such Mortgagee and/or Master Lessor, which are in commercially reasonable form and comply with the provisions of this Section 13.3. Landlord acknowledges that the Commencement Date will not be deemed to have occurred unless or until such SNDAs are provided or this condition is waived by Tenant.

13.4 Estoppel Certificate.

Whenever requested in writing by Landlord, Tenant shall execute and deliver within twenty (20) days an estoppel certificate stating: (a) the Commencement Date and the expiration date of the Lease; (b) the amount of Rent and the date to which such Rent has been paid; (c) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of agreement so affecting this Lease); (d) that this Lease represents the entire agreement between the parties as to this leasing; (e) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by the Landlord (or specifying any existing claims, defenses or offsets); (f) that no Rent has been paid more than one month in advance; and (g) the amount of any security which has been deposited with Landlord.

13.5 Sale by Landlord.

If Landlord sells or otherwise transfers or assigns all or part of its interest in the Premises in a bona fide transaction where the proposed purchaser or transferee of such interest is an unrelated third party who shall assume Landlord's obligations under this Lease and agree that so long as such purchaser or transferee retains any interest in the Premises such purchaser or transferee will be bound by the provisions of the Lease, then Landlord shall be relieved of any obligation hereunder arising after the effective date of such transfer, to the extent assumed by such purchaser or transferee, other than any continuing Event of Default by Landlord. However the foregoing requirements of Landlord shall not apply to any transfer of only a part of the Premises to any municipality or other governmental or similar authority or utility supplier, including, without limitation, for road widenings, utility easements, easements for access, grade, pipes, poles, transformers, wires, or other like purposes. Nothing herein shall prevent the partners or members of Landlord from selling or otherwise transferring or assigning their ownership interests in the Landlord entity.

13.6 Trade Fixtures and Personal Property.

Any trade fixtures, equipment and other property installed in or attached to the Premises by and at the expense of Tenant shall remain the property of Tenant, except in any case where Tenant is the lessee of any trade fixtures, equipment or other property, in which case the lessor of such property shall retain title. Not later than the last day of the Term Tenant shall remove any and all of its trade fixtures, equipment and other property which it may have stored, attached to, or installed in the Premises; provided, however, that Tenant will repair all damage to the Premises occasioned by such removal.

13.7 Memorandum of Lease.

On the Commencement Date, or as soon thereafter as practical, Landlord and Tenant shall each sign a Memorandum of Lease substantially in the form attached as Exhibit C which may be recorded by either Landlord or Tenant.

13.8 Notices.

Any notice provided for herein shall be delivered personally, by a reputable overnight courier service or by certified United States mail, postage prepaid, addressed as set out in the opening paragraph of this Lease. The person and the place to which notices are to be mailed may be changed by either party by written notice to the other. For so long as the Landlord is Tukwila Village Associates (1) Limited Partnership, a copy of any notices to Landlord shall be sent to:

U.S. Bancorp Community Development Corporation, its successors and assigns
c/o U.S Bank Community Development Corporation
ATTENTION: Director of LIHTC Asset Management
1307 Washington Avenue, Suite 300
St. Louis, MO 63103

13.9 Rights of Successors.

All rights and obligations under this Lease shall bind, and inure to the benefit of, the parties hereto and their successors and assigns.

13.10 Holdover.

If Tenant shall hold over following the expiration of the Term of this Lease, such holding over shall be deemed to be a month-to-month tenancy under the terms of this Lease and any non-conflicting terms of this Lease shall apply to the holdover tenancy.

13.11 Interest.

Except as otherwise provided herein, any sum which remains due and owing from either Landlord or Tenant to the other after the date on which it should have been paid in accordance with the provisions of this Lease shall bear Interest.

13.12 Severability.

If any term or provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid and unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each remaining term and provision of this Lease shall be valid and be enforced to the extent permitted by law.

13.13 Time of Essence.

Time is of the essence. The failure of a party to insist upon a strict performance of any of the terms, conditions and covenants herein shall not be deemed a waiver of any rights or remedies that said party may have and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained.

13.14 Commercial Reasonableness.

Every consent or approval of either Landlord or Tenant required or contemplated under this Lease (except those that, by their express terms, may be made in the "sole discretion" of the party giving such consent or approval) implies a covenant of commercial reasonableness and shall not be unreasonably withheld or delayed.

13.15 Amendments.

No provision of this Lease may be amended, waived, terminated or supplemented except by a non-electronic writing or a facsimile document transmission, in either case bearing the hand signature for the party against whom enforcement of the amendment, waiver, termination or supplement is sought.

13.16 Entire Agreement.

There is no verbal or other agreement (unless attached hereto or specifically referred to herein) which modifies or affects this Lease. This Lease supersedes any and all prior agreements executed by or on behalf of the parties hereto regarding the Premises.

13.17 Force Majeure.

Notwithstanding anything in this Lease to the contrary, Landlord and Tenant shall not be deemed to be in default in respect of the performance of any term, covenant or condition of this Lease if any failure or delay in such performance is due to any strike, lockout, civil commotion, warlike operation, invasion, rebellion, hostilities, terrorism, military or usurped power, sabotage, governmental regulations or controls, act of God, or other cause beyond the reasonable control of Landlord or Tenant; provided, however, that this provision shall not excuse any obligation of Landlord or Tenant to make any payment due to the other, including, but not limited to, Rent.

13.18 Relationship of Parties.

Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto and nothing in this Lease is intended or shall be construed to benefit anyone not a party to this Lease.

13.19 No Brokerage Commission.

Landlord and Tenant each represent and warrant to the other that, to its knowledge, no broker, agent or finder (a) negotiated or was instrumental in negotiating or consummating this Lease on its behalf, or (b) is or might be entitled to a commission or compensation in connection with this Lease. Landlord shall promptly indemnify, protect, defend and hold Tenant harmless from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including attorneys' fees and court costs) that may be asserted or brought by any broker, agent or finder alleging representation of or agreement with Landlord in connection with this Lease. Tenant shall promptly indemnify, protect, defend and hold Landlord harmless from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including attorneys' fees and court costs) that may be asserted or brought by any broker, agent or finder alleging representation of or agreement with Tenant in connection with this Lease. The foregoing indemnities shall survive the expiration or earlier termination of this Lease.

13.20 Prevailing Law.

This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of Washington as they exist from time to time.

IN WITNESS WHEREOF, Landlord and Tenant have signed this Lease as of the date first above written.

"Landlord"

TUKWILA VILLAGE ASSOCIATES (I)
LIMITED PARTNERSHIP, a Washington limited
partnership

By: Tukwila Village Development Associates,
LLC, its Sole General Partner

By: _____
Name: Bryan M. Park
Title: Manager

Date: _____

"Tenant"

CITY OF TUKWILA, a municipal corporation

By: _____
Name: Allan Ekberg
Title: Mayor
Date: _____

Attest:
By: _____
_____, City Clerk

Approved as to form:

By: _____

City Attorney

**EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY**

Parcel C, City of Tukwila Lot Consolidation No. L13-021, recorded under King County
Recording No. 20150428900001.

**EXHIBIT B
VISUAL DEPICTION OF PREMISES**

**EXHIBIT C
MEMORANDUM OF LEASE**

After Recording Mail To:

City of Tukwila
Attn: City Clerk
6200 Southcenter Boulevard
Tukwila, WA 98188

MEMORANDUM OF LEASE

GRANTOR: TUKWILA VILLAGE ASSOCIATES (1) LIMITED PARTNERSHIP

GRANTEE: CITY OF TUKWILA

LEGAL DESCRIPTION: Parcel C of City of Tukwila Lot Consolidation No. L13-021, King County Rec. No. 20150428900001
The complete legal description is on Exhibit A.

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBERS:
1523049096

Reference is made to the lease ("*Lease*") dated _____, 201_, between TUKWILA VILLAGE ASSOCIATES (1) LIMITED PARTNERSHIP, a Washington limited partnership ("*Landlord*") and the CITY OF TUKWILA, a municipal corporation operating under the laws of the State of Washington as a non-charter code city ("*Tenant*"), whereby Landlord leased to Tenant and Tenant leased from Landlord the certain premises ("*Premises*") on land legally described on the attached Exhibit A.

Tenant and Landlord hereby agree as follows:

- (1) The Commencement Date is _____, 201_.
- (2) The Term of the Lease is forty (40) years from the Commencement Date.

IN WITNESS WHEREOF, this Memorandum of Lease is executed this ____ day of _____, 20__.

"Landlord"

TUKWILA VILLAGE ASSOCIATES (1)
LIMITED PARTNERSHIP, a Washington limited
partnership

By: Tukwila Village Development Associates,
LLC, its Sole General Partner

By: _____
Name: Bryan M. Park
Title: Manager

Date: _____

"Tenant"

CITY OF TUKWILA, a municipal corporation

By: _____
Name: Allan Ekberg
Title: Mayor
Date: _____

Attest:
By: _____
_____, City Clerk

Approved as to form:

By: _____

City Attorney

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

I HEREBY CERTIFY that on this ____ day of _____, 201__, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Bryan M. Park, to me known to be the Manager of Tukwila Village Development Associates, LLC, a Washington limited liability company, the Sole General Partner of TUKWILA VILLAGE ASSOCIATES (1) LIMITED PARTNERSHIP, a Washington limited partnership, the company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said instrument on behalf of said company.

WITNESS my hand and official seal the day and year certificate first above written.

 (Print Name)
 Residing at _____
 My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I HEREBY CERTIFY that on this ____ day of _____, 201_, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Allan Ekberg, to me known to be the Mayor of the CITY OF TUKWILA, a Washington non-charter optional municipal code city, the municipal code city that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal code city for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said instrument on behalf of said municipal code city.

WITNESS my hand and official seal the day and year certificate first above written.

(Print Name)
Residing at _____
My appointment expires _____

FIRST AMENDMENT TO LEASE OPTION AGREEMENT

THIS FIRST AMENDMENT TO LEASE OPTION AGREEMENT ("*Amendment*") is made as of this 8th day of February, 2018, by and between TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington limited liability company, ("*TVDA*"), and the CITY OF TUKWILA, a municipal corporation operating under the laws of the State of Washington as a non-charter code city ("*Tukwila*").

Recitals

- A. TVDA and Tukwila are the parties to that certain Lease Option Agreement dated as of July 19, 2017 for reference purposes, which grants Tukwila the Option to lease the Commons Premises and the Plaza Premises as described therein (the "*Option Agreement*").
- B. TVDA and Tukwila desire to amend the Option Agreement on the terms and conditions set forth herein.

Agreement

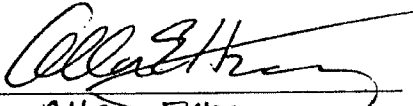
NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, and for good and valuable consideration, the receipt the receipt and sufficiency of which are acknowledged, TVDA and Tukwila agree as follows:

- 1. **Definitions.** Capitalized terms used but not defined or amended herein shall have the meaning given to such terms in the Option Agreement.
- 2. **Extension of Termination Date.** The Termination Date referenced in Section 2 of the Option Agreement is hereby extended from February 15, 2018 to May 31, 2018.
- 3. **Full Force and Effect.** Except as specifically amended herein, all of the terms, conditions and covenants in the Option Agreement are ratified and restated herein as if set forth in full, and shall continue in full force and effect.
- 4. **Counterparts.** This Amendment may be executed in several counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart. Delivery of a facsimile, scanned, or other copy of a signed version of this Amendment has the same effect as delivery of an original. Delivery by electronic transmission such as email or facsimile shall be deemed effective delivery of a copy.

IN WITNESS WHEREOF, this Amendment is executed as of the day and year first above written.

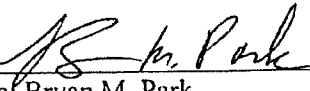
Tukwila:

CITY OF TUKWILA, a municipal corporation

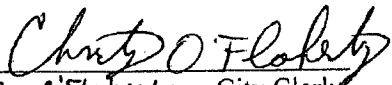
DCS By: 
Name: Allan Ekberg
Title: Mayor
Date: 2/8/18

TVDA:

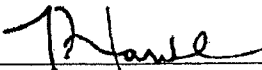
TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington corporation

By: 
Name: Bryan M. Park
Title: Manager
Date: 2/7/2018

Attest:

By: 
Christy O'Flaherty, City Clerk

Approved as to form:

By: 
Jeffrey M. Hawkinson
City Attorney

SECOND AMENDMENT TO LEASE OPTION AGREEMENT

THIS SECOND AMENDMENT TO LEASE OPTION AGREEMENT ("*Amendment*") is made as of this 24th day of May 2018, by and between TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington limited liability company, ("*TVDA*"), and the CITY OF TUKWILA, a municipal corporation operating under the laws of the State of Washington as a non-charter code city ("*Tukwila*").

Recitals

- A. TVDA and Tukwila are the parties to that certain Lease Option Agreement dated as of July 19, 2017 for reference purposes, which grants Tukwila the Option to lease the Commons Premises and the Plaza Premises as described therein (the "*Option Agreement*").
- B. The Option Agreement was previously amended by the First Amendment to Lease Option Agreement dated February 8, 2018. TVDA and Tukwila desire to further amend the Option Agreement on the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, and for good and valuable consideration, the receipt the receipt and sufficiency of which are acknowledged, TVDA and Tukwila agree as follows:


- 1. **Definitions.** Capitalized terms used but not defined or amended herein shall have the meaning given to such terms in the Option Agreement.
- 2. **Extension of Termination Date.** The Termination Date referenced in Section 2 of the Option Agreement is hereby extended from May 31, 2018 to July 31, 2018.
- 3. **Full Force and Effect.** Except as specifically amended herein, all of the terms, conditions and covenants in the Option Agreement are ratified and restated herein as if set forth in full, and shall continue in full force and effect.
- 4. **Counterparts.** This Amendment may be executed in several counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart. Delivery of a facsimile, scanned, or other copy of a signed version of this Amendment has the same effect as delivery of an original. Delivery by electronic transmission such as email or facsimile shall be deemed effective delivery of a copy.

1st of 2 originals

IN WITNESS WHEREOF, this Amendment is executed as of the day and year first above written.

Tukwila:

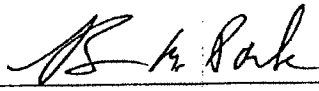
CITY OF TUKWILA, a municipal corporation

By: 
Name: Allan Ekberg 5/24/18
Title: Mayor
Date: MAY 24, 2018

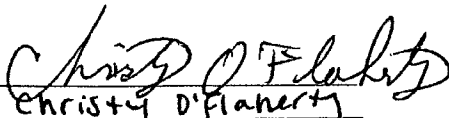
DCS

TVDA:

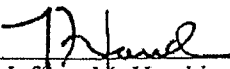
TUKWILA VILLAGE DEVELOPMENT ASSOCIATES, LLC, a Washington corporation

By: 
Name: Bryan M. Park
Title: Manager
Date: 5/15/2018

Attest:

By: 
Name: Christy D'Flanerty
Title: City Clerk

Approved as to form:

By: 
Name: Jeffrey M. Hawkinson
Title: City Attorney

Lease Option Agreement Summary of Key Expenditures

On July 19, 2017 Tukwila Village Development Associates, LLC (TVDA) and the City of Tukwila executed a Lease Option Agreement through which the City can exercise a lease of the community room, community kitchen, and plaza. The City can also assign the lease option to the Community Organization being formed by SHAG (Sustainable Housing for Ageless Generations) and the City. The Lease Option was amended on February 8, 2018 and again on May 24, 2018. It currently terminates on July 31, 2018.

Following are key terms related to responsibilities for expenditures:

<u>Item</u>	<u>Responsible Party</u>
Rent: \$1/year for 40 years	Tenant
Real estate taxes and assessments	Landlord
Personal property taxes on tenant's personal property	Tenant
Utilities for Commons Premises*	Tenant
Utilities for Plaza Premises*	Landlord
Maintenance of Building and Plaza	Landlord
Maintenance of Commons Premises - Cleaning	Tenant
Maintenance of Plaza Premises - Clean and restore when connected to events organized or permitted by the tenant.	Tenant
Insurance – Liability of at least \$1 million/\$2 million	Tenant
Insurance – Liability of at least \$2 million/\$5 million	Landlord

*water, sewer, heat, gas, electric, garbage, etc.

Updated: 6/18/18



COMMUNITY DEVELOPMENT & NEIGHBORHOODS COMMITTEE

Meeting Minutes


June 26, 2018 – 5:30 p.m. – Hazelnut Conference Room, City Hall

Councilmembers: Zak Idan, Acting Chair, Dennis Robertson, De'Sean Quinn
Staff: Jack Pace, Derek Speck, Minnie Dhaliwal, Laurel Humphrey
Guest: Chuck Parrish, resident

CALL TO ORDER: Acting Chair Idan called the meeting to order at 5:30 p.m.

I. BUSINESS AGENDA

A. Tukwila Village Lease Authorization



Staff is seeking Council approval of a lease for the Tukwila Village commons and plaza pursuant to a Lease Option Agreement set to expire July 31, 2018. Because the City and the developer are still working on formation of the nonprofit/community organization that will manage the property, this will afford the City the ability to manage the plaza and commons until the nonprofit is formed and can assume the lease. There will be minor expenses associated with staffing, utilities and cleaning, but the City could earn revenue on rentals to offset the costs. With regard to the formation of the nonprofit, the City is allotted one Board position, which will be filled by the Mayor for one year. Staff plans to seek direction from Council on how to handle future appointments to this position. **UNANIMOUS APPROVAL. FORWARD TO JULY 9, 2018 COMMITTEE OF THE WHOLE.**

B. Tukwila Municipal Code Update: Environmentally Sensitive Areas

Staff briefed the Committee on efforts to update Tukwila Municipal Code 18.45, Environmentally Sensitive Areas. The Growth Management Act requires all cities to periodically review and update regulations for “critical areas,” which include wetlands, frequently flooded areas, streams, steep slopes, and fish and wildlife habitat. The update must include “best available science” and this process is overseen by the Washington State Department of Ecology. Staff’s proposed timeline includes public outreach between July and October, Planning Commission review in October and November, and Council review in early 2019. **FORWARD TO PLANNING COMMISSION.**

Adjourned 6:06 p.m.

ZI _____ Committee Chair Approval

Minutes by LH

