

**CITY COUNCIL MEETINGS  
RULES – PUBLIC DECORUM**

**Strict adherence to the following rules of decorum by the public will be observed and adhered to during City Council meetings, including open forum, public comment period on legislative items, and Council deliberations:**

- 1. No Clapping!**
- 2. No Cheering!**
- 3. No Booing!**
- 4. No public outbursts!**
- 5. Three-minute time limit for comments made during open forum and public testimony on legislative items!**
- 6. No person shall be permitted to speak at open forum more often than once per month.**

**In addition, please silence your cell phones when entering the Council Chambers!**

Further, keep the following City Council Rules in mind:

**Rule 2.2      Open Forum**

- 2.2.4 The open forum is a limited public forum and all matters discussed shall relate to affairs of the City. No person may use the open forum to speak on such matters and in such a manner as to violate the laws governing the conduct of municipal affairs. No person shall be permitted to speak on matters related to the current or advance agendas, potential or pending hearing items, or ballot propositions for a pending election. Individuals speaking during the open forum shall address their comments to the Council President and shall not make personal comment or verbal insults about any individual.
- 2.2.6 In an effort to encourage wider participation in open forum so that the Council can hear a wide array of citizen comment, no person shall be permitted to speak at open forum more often than once per month. However, this limitation has no effect on the public comment rules concerning items on the Council's current legislative agenda, special consideration items, hearing items, and other items before the City Council requiring Council action that are not adjudicatory or administrative in nature, as specified in Rules 5.3 and 5.4.

**Rule 5.4      Public Testimony Regarding Legislative Agenda Items – Time Limits**

- 5.3.1 Members of the public may address the Council regarding items on the Council's legislative agenda, special consideration items, hearing items and other items before the City Council requiring Council action that are not adjudicatory or administrative in nature. This rule shall not limit the public's right to speak during the open forum.
- 5.3.2 No one may speak without first being recognized for that purpose by the Chair. Except for named parties to an adjudicative hearing, a person may be required to sign a sign-up sheet and provide his or her address as a condition of recognition. In order for a council member to be recognized by the Chair for the purpose of obtaining the floor, the council member shall either raise a hand or depress the call button on the dais until recognized by the Council President.
- 5.3.3 Each person speaking at the public microphone shall verbally identify him(her)self by name and, if appropriate, representative capacity.
- 5.3.4 Each speaker shall follow all written and verbal instructions so that verbal remarks are electronically recorded and documents submitted for the record are identified and marked by the Clerk.
- 5.3.5 In order that evidence and expressions of opinion be included in the record and that decorum befitting a deliberative process be maintained, no modes of expression not provided by these rules, including but not limited to demonstrations, banners, applause, profanity, vulgar language, or personal insults will be permitted.
- 5.3.6 A speaker asserting a statement of fact may be asked to document and identify the source of the factual datum being asserted.
- 5.3.7 When addressing the Council, members of the public shall direct all remarks to the Council President and shall confine remarks to the matters that are specifically before the Council at that time.
- 5.3.8 When any person, including members of the public, City staff and others are addressing the Council, council members shall observe the same decorum and process, as the rules require among the members inter se. That is, a council member shall not engage the person addressing the Council in colloquy, but shall speak only when granted the floor by the Council President. All persons and/or council members shall not interrupt one another. The duty of mutual respect set forth in Rule 1.2 and the rules governing debate set forth in *Robert's Rules of Order* shall extend to all speakers before the City Council. The council president pro-tem shall be charged with the task of assisting the council president to insure that all individuals desiring to speak, be they members of the public, staff or council members, shall be identified and provided the opportunity to speak.

# THE CITY OF SPOKANE



## ADVANCE COUNCIL AGENDA

MEETING OF MONDAY, JUNE 20, 2016

### MISSION STATEMENT

TO DELIVER EFFICIENT AND EFFECTIVE SERVICES  
THAT FACILITATE ECONOMIC OPPORTUNITY  
AND ENHANCE QUALITY OF LIFE.

MAYOR DAVID A. CONDON

COUNCIL PRESIDENT BEN STUCKART

COUNCIL MEMBER BREEAN BEGGS

COUNCIL MEMBER LORI KINNEAR

COUNCIL MEMBER KAREN STRATTON

COUNCIL MEMBER MIKE FAGAN

COUNCIL MEMBER CANDACE MUMM

COUNCIL MEMBER AMBER WALDREF

CITY COUNCIL CHAMBERS  
CITY HALL

808 W. SPOKANE FALLS BLVD.  
SPOKANE, WA 99201

## CITY COUNCIL BRIEFING SESSION

Council will adopt the Administrative Session Consent Agenda after they have had appropriate discussion. Items may be moved to the 6:00 p.m. Legislative Session for formal consideration by the Council at the request of any Council Member.

SPOKANE CITY COUNCIL BRIEFING SESSIONS (BEGINNING AT 3:30 P.M. EACH MONDAY) AND LEGISLATIVE SESSIONS (BEGINNING AT 6:00 P.M. EACH MONDAY) ARE BROADCAST LIVE ON CITY CABLE CHANNEL FIVE AND STREAMED LIVE ON THE CHANNEL FIVE WEBSITE. THE SESSIONS ARE REPLAYED ON CHANNEL FIVE ON THURSDAYS AT 6:00 P.M. AND FRIDAYS AT 10:00 A.M.

The Briefing Session is open to the public, but will be a workshop meeting. Discussion will be limited to Council Members and appropriate Staff and Counsel. There will be an opportunity for the expression of public views on any issue not relating to the Current or Advance Agendas during the Open Forum at the beginning and the conclusion of the Legislative Agenda.

### ADDRESSING THE COUNCIL

- No one may speak without first being recognized for that purpose by the Chair. Except for named parties to an adjudicative hearing, a person may be required to sign a sign-up sheet as a condition of recognition.
- Each person speaking at the public microphone shall print his or her name and address on the sheet provided at the entrance and verbally identify him/herself by name, address and, if appropriate, representative capacity.
- If you are submitting letters or documents to the Council Members, please provide a minimum of ten copies via the City Clerk. The City Clerk is responsible for officially filing and distributing your submittal.
- In order that evidence and expressions of opinion be included in the record and that decorum befitting a deliberative process be maintained, modes of expression such as demonstration, banners, applause and the like will not be permitted.
- A speaker asserting a statement of fact may be asked to document and identify the source of the factual datum being asserted.

**SPEAKING TIME LIMITS:** Unless deemed otherwise by the Chair, each person addressing the Council shall be limited to a three-minute speaking time.

**CITY COUNCIL AGENDA:** The City Council Advance and Current Agendas may be obtained prior to Council Meetings from the Office of the City Clerk during regular business hours (8 a.m. - 5 p.m.). The Agenda may also be accessed on the City website at [www.spokanecity.org](http://www.spokanecity.org). Agenda items are available for public review in the Office of the City Clerk during regular business hours.

**AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION:** The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Christine Cavanaugh at (509) 625-6383, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or [ccavanaugh@spokanecity.org](mailto:ccavanaugh@spokanecity.org). Persons who are deaf or hard of hearing may contact Ms. Cavanaugh at (509) 625-7083 through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.

If you have questions, please call the Agenda Hotline at 625-6350.

# BRIEFING SESSION

(3:30 p.m.)

(Council Chambers Lower Level of City Hall)

(No Public Testimony Taken)

Council Reports

Staff Reports

Committee Reports

Advance Agenda Review

Current Agenda Review

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## ADMINISTRATIVE SESSION

Roll Call of Council

## CONSENT AGENDA

### REPORTS, CONTRACTS AND CLAIMS

### RECOMMENDATION

- |   |         |                              |
|---|---------|------------------------------|
| 1. Purchase from US Micro an estimated 161 desktop computers and 4 notebooks for the Police Department utilizing Spokane County contract P7858-001 through the City/County Interlocal Agreement—2-year cost of \$220,000.<br><b>Justin Lundgren</b>   | Approve | OPR 2016-0486                |
| 2. Contract Extension with Spokane Regional Chamber of Commerce dba Greater Spokane Incorporated for Federal Lobbying Services (\$18,000) and Business Recruitment Assistance (\$28,220). Total contract amount—\$46,220.<br><b>Jonathan Mallahan</b>                                       | Approve | OPR 2015-0584                |
| 3. Low Bid of Halme Construction, Inc. (Spokane, WA) for West Plains to SIA System Connection—\$683,406.18 (plus tax). An administrative reserve of \$68,340.62 (plus tax), which is 10% of the contract price (plus tax) will be set aside. (West Hills Neighborhood)<br><b>Dan Buller</b> | Approve | PRO 2016-0026<br>ENG 2015168 |



- |  |                                   |                              |
|--|-----------------------------------|------------------------------|
| 4. Loan Agreements & other documents with:   | Approve<br>All                    |                              |
| a. 1 South Madelia LLC (Spokane, WA) for construction of a 36-unit apartment building at 1 and 51 S. Madelia St.—\$300,000 HOME funds. (East Central Neighborhood)   |                                   | OPR 2016-0487                |
| b. Inland Empire Residential Resources (Spokane, WA) for construction of duplex with accessible units at 2418 E. 4th Ave.—\$180,000 HOME CHDO funds. (East Central Neighborhood)   |                                   | OPR 2016-0488                |
| c. Konstantin & Tatyana Vasilenko (Spokane, WA) for rehabilitation of a house and construction of five additional units at 611 South Scott Street—\$395,000 HOME funds. (East Central Neighborhood)  |                                   | OPR 2016-0489                |
| <b>Melora Sharts</b>   |                                   |                              |
| 5. Contract Amendment with SNAP to add CDBG funding to accomplish 49 loans to low-income homeowners for life, health and safety home repairs. Total amended Contract amount—\$1,752,946. (Citywide)  | Approve                           | OPR 2015-0266<br>RFP 4076-14 |
| <b>Rob Crow</b>  |                                   |                              |
| 6. Extension #2 of the Contract with the Seabold Group, (Seattle WA) for independent investigative services concerning the end of former Police Chief Frank Straub's tenure—\$50,000.  | Approve                           | OPR 2016-0025                |
| <b>Council President Stuckart</b>  |                                   |                              |
| 7. Report of the Mayor of pending claims and payments of previously approved obligations, including those of Parks and Library, through _____, 2016, total \$_____, with Parks and Library claims approved by their respective boards. Warrants excluding Parks and Library total \$_____. | Approve &<br>Authorize<br>Payment | CPR 2016-0002                |
| 8. City Council Meeting Minutes: _____, 2016.  | Approve<br>All                    | CPR 2016-0013                |

## EXECUTIVE SESSION

(Closed Session of Council)

(Executive Session may be held or reconvened during the 6:00 p.m. Legislative Session)

# **CITY COUNCIL SESSION**

(May be held or reconvened following the 3:30 p.m. Administrative Session)  
(Council Briefing Center)

This session may be held for the purpose of City Council meeting with Mayoral nominees to Boards and/or Commissions. The session is open to the public.

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## **LEGISLATIVE SESSION**

(6:00 P.M.)  
(Council Reconvenes in Council Chamber)

**WORDS OF INSPIRATION**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF COUNCIL**

**ANNOUNCEMENTS**

(Announcements regarding Changes to the City Council Agenda)

**NO BOARDS AND COMMISSIONS APPOINTMENTS**

**ADMINISTRATIVE REPORT**

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## **COUNCIL COMMITTEE REPORTS**

(Committee Reports for Finance, Neighborhoods, Public Safety, Public Works, and Planning/Community and Economic Development Committees and other Boards and Commissions)

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## **OPEN FORUM**

This is an opportunity for citizens to discuss items of interest not relating to the Current or Advance Agendas nor relating to political campaigns/items on upcoming election ballots. This Forum shall be for a period of time not to exceed thirty minutes. After all the matters on the Agenda have been acted on, unless it is 10:00 p.m. or later, the open forum shall continue for a period of time not to exceed thirty minutes. Each speaker will be limited to three minutes, unless otherwise deemed by the Chair. If you wish to speak at the forum, please sign up on the sign-up sheet located in the Chase Gallery.

Note: No person shall be permitted to speak at Open Forum more often than once per month (Council Rule 2.2.6).

# LEGISLATIVE AGENDA

## EMERGENCY BUDGET ORDINANCES

(Require Five Affirmative, Recorded Roll Call Votes)

Ordinances amending Ordinance No. C35322 passed by the City Council November 23, 2015, and entitled, "An Ordinance adopting the Annual Budget of the City of Spokane for 2016, making appropriations to the various funds, departments and programs of the City of Spokane government for the fiscal year ending December 31, 2016, and providing it shall take effect immediately upon passage," and declaring an emergency and appropriating funds in:

ORD C35405

Human Services Grants Fund

FROM: Dept of Housing & Urban Development, \$294,677,

TO: Contractual Services, same amount;

and

CD Block Grant Fund

FROM: Dept of Housing & Urban Development, \$3,537,269 and  
Proceeds of Fixed Assets, \$92,650,

TO: Contractual Services, \$3,629,919;

and

CDBG Revolving Loan Fund

FROM: Collection of Revolving Loans, \$707,818,

TO: Contractual Services, same amount;

and

HOME Program Grant Fund

FROM: Dept of Housing & Urban Development, \$1,878,728 and  
Collection of Revolving Loans, \$87,912;

TO: Contractual Services, \$1,966,640.

(This action reconciles the 2016 Budget with the City's current HUD entitlements and administrative funding.)

**Suzi Scheidegger**

ORD C35410

CHHS

FROM: Contra Salaries, \$74,000 and  
Contra Benefits, \$32,900;

TO: Various Accounts, \$106,900.

(This action creates two Program Specialist positions for the Homeless Management Information Systems program.)

**Suzi Scheidegger**

**NO EMERGENCY ORDINANCES****RESOLUTIONS & FINAL READING ORDINANCES**(Require Four Affirmative, Recorded Roll Call Votes)

- RES 2016-0052 Providing for the sale of surplus City property. (Emerson/Garfield Neighborhood) (Deferred from June 6, 2016, Agenda)  
**Ed Lukas**
- RES 2016-0057 Setting hearing before the City Council for July 25, 2016 for the vacation of portions of North Center Street, North Crescent Drive, Ross Court, Hamlin Street, and a portion of a nearby alley, as requested by Avista. (Logan Neighborhood) **Eldon Brown**
- RES 2016-0058 Declaring Allen Bradley/Rockwell Automation Motor Control Centers  
OPR 2016-0490 (MCC) and associated software for use in the Central Well Station Motor Control Centers (MCC) upgrade project as Sole Source and thus authorizing its purchase from Columbia Electric Supply of Spokane Washington, at an estimated cost of \$114,475 (excl. taxes).  
**Dan Kegley**

**Request motion to accept revised Ordinance C35402:**

- ORD C35402 Relating to the organization of the Spokane Police Department; amending sections 03.01A.370, 03.01A.375, and 03.01A.400 of the Spokane Municipal Code; repealing sections 03.01A.380, 03.01A.385, and 03.01A.390 of the Spokane Municipal Code.  
**City Council President Stuckart**
- ORD C35404 Providing for the acquisition by eminent domain of certain lands necessary to be acquired for public purposes in connection with the Martin Luther King Jr. Way (Riverside Extension) Project, located in the City and County of Spokane, State of Washington.  
**Dan Buller**

**FIRST READING ORDINANCES**

(No Public Testimony Will Be Taken)

- ORD C35387 Relating to the Spokane Employees Retirement System amending Spokane Municipal Code sections 03.05.020, 03.05.030, 03.05.035, 03.05.040, 03.05.120.  
**Phillip Tencick**
- ORD C35407 Approving an easement between the Park Board and Avista  
OPR 2016-0458 Corporation.  
**Leroy Eadie**
- ORD C35408 Relating to the establishment of new exempt positions; amending section 03.07.330 of the Spokane Municipal Code.  
**Council Member Stratton**
- ORD C35409 Relating to Executive and Administration Organization; amending section 03.01A.205 of the Spokane Municipal Code; adopting a new section 03.01A.195 of the Spokane Municipal Code.  
**Council Member Stratton**

**FURTHER ACTION DEFERRED**

## NO SPECIAL CONSIDERATIONS

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### HEARINGS

(If there are items listed you wish to speak on, please sign your name on the sign-up sheets in the Chase Gallery.)

#### RECOMMENDATION

- |     |   |                                  |                              |
|-----|---|----------------------------------|------------------------------|
| H1. | Resolution 2016-0053 adopting the Six Year Comprehensive Street Program 2017-2022.<br><b>Brandon Blankenagel</b>  | Adopt<br>Upon Roll<br>Call Vote  | RES 2016-0053<br>ENG 2016015 |
| H2. | Approving and confirming the 2016 assessments and assessment roll for the East Sprague Parking and Business Improvement Area, prepared under Ordinance C35377. <b>Boris Borisov</b> | Passed<br>Upon Roll<br>Call Vote | ORD C35406                   |
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**Motion to Approve Advance Agenda for June 20, 2016**  
(per Council Rule 2.1.2)

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### OPEN FORUM (CONTINUED)

This is an opportunity for citizens to discuss items of interest not relating to the Current or Advance Agendas nor relating to political campaigns/items on upcoming election ballots. This Forum shall be for a period of time not to exceed thirty minutes. After all the matters on the Agenda have been acted on, unless it is 10:00 p.m. or later, the open forum shall continue for a period of time not to exceed thirty minutes. Each speaker will be limited to three minutes, unless otherwise deemed by the Chair. If you wish to speak at the forum, please sign up on the sign-up sheet located in the Chase Gallery.

Note: No person shall be permitted to speak at Open Forum more often than once per month (Council Rule 2.2.6).

### ADJOURNMENT

The June 20, 2016, Regular Legislative Session of the City Council is adjourned to June 27, 2016.

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### NOTES



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/7/2016
<b>Clerk's File #</b>	OPR 2016-0486
<b>Renews #</b>	
<b>Cross Ref #</b>	P7858
<b>Project #</b>	
<b>Bid #</b>	
<b>Requisition #</b>	VALUE BLANKET

<b>Submitting Dept</b>	POLICE
<b>Contact Name/Phone</b>	JUSTIN LUNDGREN 835-4527
<b>Contact E-Mail</b>	JCLUNDGREN@SPOKANEPOLICE.ORG
<b>Agenda Item Type</b>	Purchase w/o Contract
<b>Agenda Item Name</b>	0680-DESKTOP COMPUTER PURCHASE

**Agenda Wording**

Approval to purchase an estimated 161 desktop computers and 4 notebooks for the Police Department from US Micro utilizing Spokane County contract P7858-001 through the City/County Interlocal Agreement. Total cost for a period of 2 years is \$220,000.00

**Summary (Background)**

Desktop computers should be replaced every 5 years in order to maintain functionality and warranties. SPD is requesting a value blanket to be set up with U.S Micro for the 2016 and the 2017 purchase. Estimated cost for 2016 is \$135,000.00 and \$85,000.00 for 2017.

<b><u>Fiscal Impact</u></b>		<b><u>Budget Account</u></b>	
Expense	\$ 135,000.00	#	5310-73100-94000-56409 - 2016
Expense	\$ 85,000.00	#	5901-79115-94000-56409 - 2017
Select	\$	#	
Select	\$	#	
<b><u>Approvals</u></b>		<b><u>Council Notifications</u></b>	
<b><u>Dept Head</u></b>	LYNDS, SARAH	<b><u>Study Session</u></b>	Finance Meeting 06/06/16
<b><u>Division Director</u></b>	LYNDS, SARAH	<b><u>Other</u></b>	
<b><u>Finance</u></b>	KECK, KATHLEEN	<b><u>Distribution List</u></b>	
<b><u>Legal</u></b>	WHALEY, HUNT	achirowamangu	
<b><u>For the Mayor</u></b>	WHITNEY, TYLER	spdfinance	
<b><u>Additional Approvals</u></b>		slynds	
<b><u>Purchasing</u></b>	PRINCE, THEA	ktenny	
		cwahl	
		Purchasing	

**Briefing Paper  
City of Spokane  
Spokane Police Department  
Desktop Computer Value Blanket 2016  
Finance Committee Meeting – June 6, 2016**

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**Subject**

Establish a value blanket with US Micro for the 2016-2017 desktop purchase

**Background**

SPD uses desktop computers for Administration, Detectives, Records, Property, Support Staff, etc. so replacements of these are needed on a 5 year rotation.

**Impact**

- Funds will be used to replace desktop computers for SPD as current ones become non-functional.
- These technology improvements will ensure SPD employees are able to complete essential job functions more effectively and efficiently.
- Estimated 2016 purchase – 101 desktops - \$125,000.00
- Estimated 2016 purchase – 4 notebooks - \$10,000.00
- Estimated 2017 purchase – 60 desktops - \$85,000.00
- Estimated total value blanket for 160 desktops is \$220,000.00 (includes tax).

**Action**

Council Approval for value blanket utilizing Spokane County Resolution 2013-0756

**Funding**

Asset Management Fund – SPD Capital.



**Proposal For: Spokane County Info Systems**

**Attention: Mattie Arnold**

**Quote Number: 042816-MA1**

**Date: April 28, 2016**

**Representative: Todd Marvin**

Phone: (425) 462-7300 or (800) 874-5505 Ext 102

E-Mail Address: tmarvin@usmicro.com

Expires: May 29, 2016

Qty	Description - Spokane County Contract P7858	Each	Total
1	<b>US Micro <b>SFF</b> Core i3-6100 Dual Core Workstation</b> In-Win BQ656 Mini-ATX Mini Tower Case w/ Front USB 2.0 Ports and 120w PS <a href="http://www.in-win.com.tw/Corporate/en/goods.php?act=view&amp;id=BQ656">http://www.in-win.com.tw/Corporate/en/goods.php?act=view&amp;id=BQ656</a> ASUS H110i-Plus Micro ATX Socket 11511 Motherboard (2x Video Ports) <a href="http://www.asus.com/Motherboards/H110I-PLUS">H110I-PLUS   Motherboards   ASUS Global</a> Intel Core i3-6100 3.7 8GT/s Dual Core Processor <a href="http://ark.intel.com/products/90729/Intel-Core-i3-6100-Processor-3M-Cache-3_70-GHz">http://ark.intel.com/products/90729/Intel-Core-i3-6100-Processor-3M-Cache-3_70-GHz</a> 8GB DDR4 2133MHz Kingston Memory (1 x 8GB) Microsoft Windows 7 (or Windows 10) Professional 64-Bit (OEM / Media / License) Warranty: 3 Years Parts & Labor	580.00	580.00
<b><u>SFF Optical Drives:</u></b>			
	LG 16x Slimline SATA DVD-RW Drive w/Software	28.00	0.00
<b><u>SFF Processor Options:</u></b>			
	To Intel Core i5-6400T 2.2/2.8GHz 6MB Cache Quad Core Processor, 35v <a href="http://ark.intel.com/products/88187/Intel-Core-i5-6400T-Processor-6M-Cache-up-to-2_80-GHz">http://ark.intel.com/products/88187/Intel-Core-i5-6400T-Processor-6M-Cache-up-to-2_80-GHz</a>	80.00	0.00
	To Intel Core i7-6700T 2.8/3.6GHz 8MB Cache Quad Core Processor, 35v <a href="http://ark.intel.com/products/88200/Intel-Core-i7-6700T-Processor-8M-Cache-up-to-3_60-GHz">http://ark.intel.com/products/88200/Intel-Core-i7-6700T-Processor-8M-Cache-up-to-3_60-GHz</a>	160.00	0.00
<b><u>SFF Memory Upgrades:</u></b>			
	To 16GB DDR4 2133MHz Kingston Memory (H110 Motherboard)	40.00	0.00
	To 16GB DDR3 1600MHz Kingston Memory (H170 Motherboard)	40.00	0.00
<b><u>SFF Motherboard Options:</u></b>			
	To ASUS H170i-PLUS D3 Mini ITX Motherboard w/ M.2 & WiFi, 3x Video <a href="https://www.asus.com/us/Motherboards/H170I-PLUS-D3/">https://www.asus.com/us/Motherboards/H170I-PLUS-D3/</a>	40.00	0.00
<b><u>SFF Hard Drive Options:</u></b>			
	250GB Samsung 750 Series 2.5" SATA-3 6 GB/s Solid State Drive	90.00	0.00
	250GB Samsung 850 Series M.2 SATA-3 6 GB/s Solid State Drive (H170 I	120.00	0.00
	500GB Samsung 850 Series 2.5" SATA-3 6 GB/s Solid State Drive	200.00	0.00
	500GB Samsung 850 Series M.2 SATA-3 6 GB/s Solid State Drive	210.00	0.00



1TB Samsung 850 Series 2.5" SATA-3 6 GB/s Solid State Drive	375.00	0.00
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1	<b>US Micro Core i3-6100 Dual Core Workstation</b>	<b>580.00</b>	<b>580.00</b>
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In-Win BP691 Mini ITX Case w/ Front USB 3.0 Ports and 300w Power Supply

[BP691 BP-Series Corporation](#) [IN WIN](#) [CORPORATE](#)

ASUS H110I-PLUS Mini ITX Socket 1151 Motherboard

[H110I-PLUS](#) [Motherboards](#) [ASUS Global](#)

Intel Core i3-6100 3.7 3MB Cache Dual Core Processor

[http://ark.intel.com/products/90729/Intel-Core-i3-6100-Processor-3M-Cache-3\\_70-GHz](http://ark.intel.com/products/90729/Intel-Core-i3-6100-Processor-3M-Cache-3_70-GHz)

8GB DDR4 2133MHz Kingston Memory (2 x 4GB)

Microsoft Windows 7 (or Windows 10) Professional 64-Bit (OEM / Media / License)

Warranty: 3 Years Parts & Labor

**Processor Options:**

To Intel Core i5-6400 2.7/3.3GHz 6MB Cache Quad Core Processor	80.00	0.00
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[Intel Core i5-6400 Processor \(6M Cache, up to 3.30 GHz\) Specifications](#)

To Intel Core i5-6600 3.3/3.9GHz 6MB Cache Quad Core Processor	125.00	0.00
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[Intel Core i5-6600 Processor \(6M Cache, up to 3.90 GHz\) Specifications](#)

To Intel Core i7-6700 3.4/4GHz 8MB Cache Quad Core Processor w/ HD	230.00	0.00
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[Intel Core i7-6700 Processor \(8M Cache, up to 4.00 GHz\) Specifications](#)

To Intel Core i7-6700K 4/4.2GHz 8MB Cache Quad Core Processor w/ HD	280.00	0.00
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[Intel Core i7-6700K Processor \(8M Cache, up to 4.20 GHz\) Specifications](#)

**Motherboard Options:**

To ASUS H170I-PLUS D3 Mini ITX Motherboard w/ M.2 & WiFi, 3x Video	40.00	0.00
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<https://www.asus.com/us/Motherboards/H170I-PLUS-D3/>

**Memory Upgrades:**

To 16GB DDR4 2133MHz Kingston Memory (H110 Motherboard)	40.00	0.00
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To 32GB DDR4 2133MHz Kingston Memory (H110 Motherboard)	160.00	0.00
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To 16GB DDR3 1600MHz Kingston Memory (H170 Motherboard)	40.00	0.00
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To 32GB DDR3 1600MHz Kingston Memory (H170 Motherboard)	160.00	0.00
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**Hard Drive Options:**

250GB Samsung 750 Series 2.5" SATA-3 6 GB/s Solid State Drive	90.00	0.00
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250GB Samsung 850 Series M.2 SATA-3 6 GB/s Solid State Drive (H170 I	120.00	0.00
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500GB Samsung 850 Series 2.5" SATA-3 6 GB/s Solid State Drive	200.00	0.00
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500GB Samsung 850 Series M.2 SATA-3 6 GB/s Solid State Drive	210.00	0.00
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1TB Samsung 850 Series 2.5" SATA-3 6 GB/s Solid State Drive	375.00	0.00
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1TB Seagate 7200 RPM 3.5" SATA-3 6 GB/s Hard Drive	60.00	0.00
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2TB Seagate 7200 RPM 3.5" SATA-3 6 GB/s Hard Drive	85.00	0.00
--	-------	------

4TB WD Black 7200 RPM 3.5" SATA-3 6 GB/s Hard Drive	240.00	0.00
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**Video Card Options:**

1GB ASUS nVidia GeForce GT720 Dual Head Graphics Card	65.00	0.00
2GB ASUS nVidia GeForce GT730 Dual Head Graphics Card	70.00	0.00
2GB ASUS nVidia GeForce GT740 Dual Head Graphics Card	120.00	0.00
2GB XFX AMD R7-250X Triple Head Graphics Card	125.00	0.00
1GB DDR3 PNY nVidia Quadro K620 PCIe Graphics Card	195.00	0.00
2GB DDR5 AMD FirePro W4100 PCIe Graphics Card (4 x Mini DP; Incl. N	195.00	0.00
2GB DDR5 ASUS nVidia GTX960 OC PCIe 3.0 Graphics Card	250.00	0.00
2GB DDR5 PNY nVidia GTX970 OC PCIe 3.0 Graphics Card	425.00	0.00
1GB DDR5 PNY nVidia Quadro K2200 PCIe Graphics Card	495.00	0.00

**Optical Drives:**

LG 24x SATA DVD-RW Drive w/Software	20.00	0.00
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**Keyboards & Mice:**

Microsoft Natural Elite 4000 USB 2.0 Keyboard	40.00	0.00
Logitech MK120 USB 2.0 Keyboard & Optical Wheel Mouse	20.00	0.00
Microsoft 600 USB 2.0 Keyboard & Optical Wheel Mouse	30.00	0.00
Microsoft 600 USB 2.0 Keyboard	15.00	0.00
Logitech MK520 Wireless Keyboard & Optical Wheel Mouse	65.00	0.00
Logitech MK550 Wave Wireless Keyboard & Optical Wheel Mouse	85.00	0.00
Logitech MK710 Wireless Keyboard & Optical Wheel Mouse	100.00	0.00
Microsoft USB Optical Wheel Mouse	15.00	0.00

**Displays:**

22" ASUS VE228H Black LED Display (VGA & DVI, Speakers) <a href="#">ASUS - VE228H</a>	125.00	0.00
24" ASUS VE247H Black LED Display (VGA & DVI, Speakers) <a href="#">Monitors &amp; Projectors - VE247H - ASUS</a>	160.00	0.00
27" ASUS VE278H Black LED Display (VGA & DVI, Speakers) <a href="#">Monitors &amp; Projectors - VE278H</a>	255.00	0.00
23" ASUS PB238Q Black LED Display (VGA & DVI, Height Adjust, Speak <a href="#">ASUS - PB238Q</a>	240.00	0.00
10' DVI-D to DVI-D Video Cable	15.00	0.00
10' HDMI to DVI-D Video Cable	15.00	0.00
6' Mini DP to DVI-D Video Cable	15.00	0.00

**Accessories:**

Logitech S120 Powered Stereo Speakers	15.00	0.00
Logitech Z200 Powered Stereo Speakers	35.00	0.00
Add a SYBA Single 9-Pin Serial Port PCIe Card	40.00	0.00

<b>Sub Total</b>	<b>1,160.00</b>
<b>Tax (8.7%)</b>	<b>100.92</b>
<b>Total</b>	<b>1,260.92</b>



BÉLA G. KOVÁCS  
DIRECTOR

COUNTY OF SPOKANE  
WASHINGTON  
Department Of Purchasing  
**CHANGE ORDER 2**

PH (509) 477-2301  
FAX (509) 477-6627

Spokane County Purchasing Department  
1101 W. College Ave., Ste. 241B  
Spokane, WA 99201

Resolution Number: 123-0756  
Contract/Project Number: P7858  
Date: July 15, 2015  
Department: Information Systems

Contract Title: Microcomputers, Parts and Peripherals  
Contractor: US Micro Inc.

You are hereby directed to make the changes listed below in the subject contract.

Nature of the change:

Change order item 1: In accordance with Article 3, Term of Agreement, Spokane County offers to renew this contract for Renewal 2, Term 3, from August 23, 2015 through Midnight, August 22, 2016.

The changes result in the following adjustment of the contract price and time:

CONTRACT WORK	
Original Contract Award (less tax)	\$200,000.00
Previously Authorized Change Order(s) (less tax)	\$0.00
Contract price prior to this change order (less tax)	\$200,000.00
Contract price (increase) (decrease) resulting from this change order (less tax)	\$0.00
Contract price including this change order (less tax)	\$200,000.00
8.7% Sales Tax =	\$17,400.00
Total Contract Value =	\$217,400.00

CONTRACT TIME	
Contract completion date prior to the change order	August 22, 2015
Contract time (increase/decrease) resulting from this change order	1 year
Contract completion date including this change order	August 22, 2016

The above change(s) are approved and I certify that these change(s) are consistent within the original scope of work for this project and that sufficient funds have been budgeted for this change order.	The change(s) as set forth in this Change Order are accepted.
Information Systems	US Micro Inc.
Becky Gehret, Director	Todd Marvin
Date	Date 7/15/15

Purchasing Department	
The above change(s) have been reviewed.	
P7858 Contract Manager/Facilitator	Purchasing Director
Terrie Roberts C.P.M. A.P.P. CPPB	Béla G. Kovács, C.P.M., CPPO
Date	Date



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/1/2016
<b>Clerk's File #</b>	OPR 2015-0584
<b>Renews #</b>	

<b>Submitting Dept</b>	NEIGHBORHOOD & BUSINESS	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	JONATHAN 509-625-6734	<b>Project #</b>	
<b>Contact E-Mail</b>	JMALLAHAN@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Contract Item	<b>Requisition #</b>	
<b>Agenda Item Name</b>	0750 - CONTRACT EXTENSION - GREATER SPOKANE INCORPORATED		

**Agenda Wording**

Contract extension with Spokane Regional Chamber of Commerce dba Greater Spokane Incorporated (GSI) for Federal Lobbying Services (\$18,000) and Business Recruitment Assistance (\$28,220) for a total contract amount of \$46,220

**Summary (Background)**

The contract amendment would extend the term through December 31, 2016. Expenses for the extension will total \$46,220 with \$18,000 for federal lobbying services and \$28,220 for business recruitment assistance. Between June 30, 2016 and October 1, 2016 the City will release an RFP to consider proposals for continued economic development assistance and federal lobbying services in 2017. The RFP draft will be briefed with the City Council prior to its issuance.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Expense	\$ 18,000.00	#	0520 36200 11600 54101 99999
Expense	\$ 28,220.00	#	0750 30210 58100 54201 99999
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	MALLAHAN, JONATHAN	<b>Study Session</b>	PED 6/20/16
<b>Division Director</b>	MALLAHAN, JONATHAN	<b>Other</b>	
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	WHALEY, HUNT	jhappy@spokanecity.org	
<b>For the Mayor</b>	WHITNEY, TYLER	rcrow@spokanecity.org	
<b>Additional Approvals</b>			
<b>Purchasing</b>			

**BRIEFING PAPER**  
**City of Spokane**  
**Planning and Economic Development Committee**  
**June, 2016**

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**Subject**

Greater Spokane Incorporated (GSI) Contract Extension

**Background**

The City of Spokane Contracts with GSI for federal lobbying services and business recruitment assistance. The current contract with GSI expires June 30<sup>th</sup> 2016. The annual value of the contract is \$92,440 with \$36,000 dedicated to federal lobbying services and the remaining \$56,440 for business recruitment assistance.

The contract delineates performance measures for each funded activity. The measures are listed below and performance reports are included as an attachment.

Federal Lobbying Services Performance:

- Number of issues lobbied for the City
- Number of successes obtained for the City

Business Recruitment Assistance:

- Number of businesses shown sites within the City of Spokane by industry (manufacturing, aerospace and medical)
- Number of businesses shown sites by each geographic area (The Yard, West Plains, University District)
- Success rate of recruiting businesses
- What is the feedback from targeted industries on why Spokane is or is not competitive for their business
- Post-mortem on businesses unsuccessfully recruited

The contract amendment would extend the term through December 31, 2016. Expenses for the extension will total \$46,220 with \$18,000 for federal lobbying services and \$28,220 for business recruitment assistance. Between June 30, 2016 and October 1, 2016 the City will release an RFP to consider proposals for continued economic development assistance and federal lobbying services in 2017. The RFP draft will be briefed with the City Council prior to its issuance.

**Action**

Extend City contract with GSI through December 31, 2016

CONTRACT EXTENSION

THIS CONTRACT EXTENSION is between the CITY OF SPOKANE, a Washington State municipal corporation, as "City", and SPOKANE REGIONAL CHAMBER OF COMMERCE, dba GREATER SPOKANE INCORPORATED, whose address is 801 West Riverside Avenue, Suite 100, Spokane, Washington 99201-2147, as "GSI".

WHEREAS, the parties entered into a Contract wherein GSI agreed to provide (A) FEDERAL LOBBYING SERVICES; AND (B) BUSINESS RECRUITMENT ASSISTANCE; and,

WHEREAS, the parties would like to extend the Contract; -- Now, Therefore,

The parties agree as follows:

1. CONTRACT DOCUMENTS. The Contract dated August 3, 2015, any previous amendments, addendums and / or extensions / renewals thereto, are incorporated by reference into this document as though written in full and shall remain in full force and effect except as provided herein.

2. EXTENSION. The contract documents are hereby extended and shall run from July 1, 2016 through December 31, 2016.

3. COMPENSATION. The City shall pay the Company a maximum total amount not to exceed FORTY SIX THOUSAND TWO HUNDRED TWENTY AND NO/100 DOLLARS (\$46,220.00) for everything furnished and done under this Contract Extension. The division and proportion of this aforementioned compensation is as follows:

(A) FEDERAL LOBBYING SERVICES = EIGHTEEN THOUSAND AND NO/100 DOLLARS (\$18,000.00); and,

(B) BUSINESS RECRUITMENT ASSISTANCE = TWENTY EIGHT THOUSAND TWO HUNDRED TWENTY AND NO/100 DOLLARS (\$28,220.00).

Dated: \_\_\_\_\_

CITY OF SPOKANE

By: \_\_\_\_\_  
Title

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

Dated: \_\_\_\_\_

GREATER  
INCORPORATED

SPOKANE

E-Mail address: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Agenda Sheet for City Council Meeting of:**

06/20/2016

<b>Date Rec'd</b>	6/7/2016
<b>Clerk's File #</b>	PRO 2016-0026
<b>Renews #</b>	

<b>Submitting Dept</b>	ENGINEERING SERVICES	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	DAN BULLER 625-6391	<b>Project #</b>	2015168
<b>Contact E-Mail</b>	DBULLER@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Contract Item	<b>Requisition #</b>	BT
<b>Agenda Item Name</b>	0370 - LOW BID - HALME CONSTRUCTION		

**Agenda Wording**

Low Bid of Halme Construction, Inc. (Spokane, WA) for West Plains to SIA System Connection-\$683,406.18. An administrative reserve of \$68,340.62 plus tax, which is 10% of the contract price plus tax will be set aside.(West Hills Neighborhood Council)

**Summary (Background)**

On June 6, 2016 bids were opened for the above project. The low bid was from Halme Construction, Inc. in the amount of \$683,406.18, which is \$320,560.57 or 31.93% under the Engineer's Estimate; eight other bids were received as follows: L&L Cargile, Inc. - \$701,076.00, West Company, Inc. - \$703,262.00, Red Diamond Construction, Inc. - \$710,868.40, Sandry Construction Co. - \$715,743.00, N.A. Degerstrom, Inc. - \$792,220.50, N & N Excavaton LLC - \$854,199.50, MJM Grand, Inc. - \$877,523.24 and

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Expense	\$ 817,148.77	#	4340-42300-94000-56501-15725
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	TWOHIG, KYLE	<b>Study Session</b>	
<b>Division Director</b>	SIMMONS, SCOTT M.	<b>Other</b>	PW 5/23/16
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	WHALEY, HUNT	eraea@spokanecity.org	
<b>For the Mayor</b>	WHITNEY, TYLER	kkeck@spokanecity.org	
<b>Additional Approvals</b>		kbustos@spokanecity.org	
<b>Purchasing</b>		htrautman@spokanecity.org	
		jahensley@spokanecity.org	
		jlargent@spokanecity.org	
		kgoodman@spokanecity.org	





**Continuation of Wording, Summary, Budget, and Distribution**

**Agenda Wording**

**Summary (Background)**

T. LaRiviere Equipment & Excavation - \$884,000.00

**Fiscal Impact**

Select      **\$**

Select      **\$**

**Budget Account**

**#**

**#**

**Distribution List**

mhughes@spokanecity.org

**City Of Spokane**  
**Engineering Services Department**  
**\* \* \* Bid Tabulation \* \* \***

**Project Number:** 2015168

**Project Description** West Plains to SIA System Connection

**Original Date** 3/11/2016 1:38:22 PM

**Funding Source** Local

**Update Date** 6/6/2016 2:29:12 PM

**Preparer** Mark Melnick

**Addendum**

<b>Project Number: 2015168</b>			<b>Engineer's Estimate</b>		Halme Construction Inc		L & L Cargile Inc		West Company, Inc_	
<b>Item No</b>	<b>Bid Item Description</b>	<b>Estimated Quantity</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>

**Schedule Description**

**Tax Classification**

**Schedule 01**

Sales tax shall NOT be included in unit prices

101	REIMBURSEMENT FOR THIRD PARTY DAMAGE	1 EST	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
102	SPCC PLAN	1 LS	*****	500.00	*****	5,000.00	*****	50.00	*****	1,000.00
103	POTHOLING	10 EA	300.00	3,000.00	300.00	3,000.00	100.00	1,000.00	250.00	2,500.00
104	MOBILIZATION	1 LS	*****	58,823.00	*****	68,000.00	*****	40,625.00	*****	70,000.00
105	PROJECT TEMPORARY TRAFFIC CONTROL	1 LS	*****	17,000.00	*****	15,000.00	*****	4,000.00	*****	10,000.00
106	SPECIAL SIGNS	123 SF	20.00	2,460.00	10.50	1,291.50	11.00	1,353.00	15.00	1,845.00
107	SAWCUTTING FLEXIBLE PAVEMENT	116 LFI	3.00	348.00	0.28	32.48	0.50	58.00	2.50	290.00
108	PREPARATION OF UNTREATED ROADWAY	35 SY	2.25	78.75	4.50	157.50	3.00	105.00	20.00	700.00
109	CONSTRUCTION GEOSYNTHETIC FOR SOIL STABILIZATION	13020 SY	2.50	32,550.00	0.80	10,416.00	1.00	13,020.00	1.00	13,020.00
110	CRUSHED SURFACING TOP COURSE	30 CY	35.00	1,050.00	105.00	3,150.00	40.00	1,200.00	40.00	1,200.00
111	CSTC FOR SIDEWALK AND DRIVEWAYS	8 CY	40.00	320.00	35.00	280.00	55.00	440.00	100.00	800.00
112	CSTC FOR ACCESS ROAD	1400 CY	70.00	98,000.00	27.00	37,800.00	25.00	35,000.00	25.00	35,000.00
113	HMA FOR APPROACH CL. 1/2 IN. PG 64-28, 4 INCH	80 SY	16.00	1,280.00	53.50	4,280.00	57.00	4,560.00	50.00	4,000.00
114	HMA FOR PAVEMENT REPAIR CL. 1/2 IN. PG 64-28, 5 INCH THICK	80 SY	50.00	4,000.00	62.00	4,960.00	65.00	5,200.00	60.00	4,800.00

<b>Project Number: 2015168</b>			<b>Engineer's Estimate</b>		Halme Construction Inc		L & L Cargile Inc		West Company, Inc_	
<b>Item No</b>	<b>Bid Item Description</b>	<b>Estimated Quantity</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>

**Schedule Description**

**Tax Classification**

**Schedule 01**

Sales tax shall NOT be included in unit prices

115	PAVEMENT REPAIR EXCAVATION INCL. HAUL	80 SY	25.00	2,000.00	20.00	1,600.00	30.00	2,400.00	17.50	1,400.00
116	RECONSTRUCT DRYWELL GRAVEL BACKFILL	2 EA	325.00	650.00	545.00	1,090.00	200.00	400.00	1,000.00	2,000.00
117	EXTRA WORK ALLOWANCE FOR ROCK EXCAVATION - TRENCHES	800 CY	80.00	64,000.00	47.70	38,160.00	60.00	48,000.00	85.00	68,000.00
118	EXTRA WORK ALLOWANCE FOR EXCAVATION - YPL	1 LS	*****	1,500.00	*****	35,000.00	*****	1,400.00	*****	10,000.00
119	REMOVE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	20.00	4,000.00	7.00	1,400.00	9.00	1,800.00	25.00	5,000.00
120	REPLACE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	12.00	2,400.00	7.00	1,400.00	7.00	1,400.00	15.00	3,000.00
121	IMPORTED BACKFILL	200 CY	17.00	3,400.00	7.00	1,400.00	15.00	3,000.00	15.00	3,000.00
122	TRENCH SAFETY SYSTEM	1 LS	*****	3,500.00	*****	15,000.00	*****	1,200.00	*****	2,500.00
123	TEMPORARY ADJACENT UTILITY SUPPORT	1 LS	*****	2,000.00	*****	1,700.00	*****	100.00	*****	15,000.00
124	ENCASE WATER/SEWER AT CROSSINGS	2 EA	3,000.00	6,000.00	1,700.00	3,400.00	2,500.00	5,000.00	1,000.00	2,000.00
125	DUCTILE IRON PIPE FOR WATER MAIN 12 IN. DIAM.	10500 LF	55.00	577,500.00	32.10	337,050.00	42.75	448,875.00	34.00	357,000.00
126	BLOWOFF ASSEMBLY (Y- 103)	1 EA	5,300.00	5,300.00	4,600.00	4,600.00	4,768.00	4,768.00	4,000.00	4,000.00
127	GATE VALVE 12 IN.	8 EA	2,800.00	22,400.00	1,900.00	15,200.00	2,100.00	16,800.00	2,000.00	16,000.00
128	COMBINATION AIR RELEASE/AIR VACUUM VALVE ASSEMBLY 2 IN.	1 EA	2,200.00	2,200.00	2,300.00	2,300.00	2,618.00	2,618.00	2,000.00	2,000.00
129	PRESSURE REDUCING VALVE SYSTEM	1 EA	70,500.00	70,500.00	53,000.00	53,000.00	48,000.00	48,000.00	50,000.00	50,000.00
130	ESC LEAD	1 LS	*****	500.00	*****	10,000.00	*****	150.00	*****	500.00
131	HYDROSEEDING	16306 SY	1.00	16,306.00	0.45	7,337.70	0.50	8,153.00	1.00	16,306.00
132	PAVEMENT MARKING - PAINT	1 EST	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00

**Schedule Totals**

1,003,966.75

683,406.18

701,076.00

703,262.00

<b>Project Number: 2015168</b>			<b>Engineer's Estimate</b>		Red Diamond Construction Inc		Sandry Conststruction Company Inc		N A Degerstrom Inc	
<b>Item No</b>	<b>Bid Item Description</b>	<b>Estimated Quantity</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>

**Schedule Description**

**Tax Classification**

**Schedule 01**

Sales tax shall NOT be included in unit prices

101	REIMBURSEMENT FOR THIRD PARTY DAMAGE	1 EST	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
102	SPCC PLAN	1 LS	*****	500.00	*****	250.00	*****	531.00	*****	1,500.00
103	POTHOLING	10 EA	300.00	3,000.00	100.00	1,000.00	275.00	2,750.00	250.00	2,500.00
104	MOBILIZATION	1 LS	*****	58,823.00	*****	15,000.00	*****	33,663.00	*****	35,000.00
105	PROJECT TEMPORARY TRAFFIC CONTROL	1 LS	*****	17,000.00	*****	7,300.00	*****	7,500.00	*****	6,000.00
106	SPECIAL SIGNS	123 SF	20.00	2,460.00	11.00	1,353.00	11.00	1,353.00	15.00	1,845.00
107	SAWCUTTING FLEXIBLE PAVEMENT	116 LFI	3.00	348.00	0.30	34.80	3.00	348.00	2.00	232.00
108	PREPARATION OF UNTREATED ROADWAY	35 SY	2.25	78.75	10.00	350.00	15.00	525.00	12.00	420.00
109	CONSTRUCTION GEOSYNTHETIC FOR SOIL STABILIZATION	13020 SY	2.50	32,550.00	1.30	16,926.00	0.50	6,510.00	1.00	13,020.00
110	CRUSHED SURFACING TOP COURSE	30 CY	35.00	1,050.00	25.00	750.00	46.50	1,395.00	40.00	1,200.00
111	CSTC FOR SIDEWALK AND DRIVEWAYS	8 CY	40.00	320.00	38.00	304.00	84.00	672.00	60.00	480.00
112	CSTC FOR ACCESS ROAD	1400 CY	70.00	98,000.00	24.95	34,930.00	26.75	37,450.00	38.00	53,200.00
113	HMA FOR APPROACH CL. 1/2 IN. PG 64-28, 4 INCH	80 SY	16.00	1,280.00	38.00	3,040.00	60.00	4,800.00	73.00	5,840.00
114	HMA FOR PAVEMENT REPAIR CL. 1/2 IN. PG 64-28, 5 INCH THICK	80 SY	50.00	4,000.00	45.00	3,600.00	69.00	5,520.00	85.00	6,800.00
115	PAVEMENT REPAIR EXCAVATION INCL. HAUL	80 SY	25.00	2,000.00	30.00	2,400.00	30.00	2,400.00	25.00	2,000.00
116	RECONSTRUCT DRYWELL GRAVEL BACKFILL	2 EA	325.00	650.00	700.00	1,400.00	1,600.00	3,200.00	2,500.00	5,000.00
117	EXTRA WORK ALLOWANCE FOR ROCK EXCAVATION - TRENCHES	800 CY	80.00	64,000.00	10.00	8,000.00	34.00	27,200.00	30.00	24,000.00
118	EXTRA WORK ALLOWANCE FOR EXCAVATION - YPL	1 LS	*****	1,500.00	*****	1,800.00	*****	2,347.00	*****	7,500.00

<i>Project Number:</i> <b>2015168</b>			<i>Engineer's Estimate</i>		Red Diamond Construction Inc		Sandry Constructions Company Inc		N A Degerstrom Inc	
<i>Item No</i>	<i>Bid Item Description</i>	<i>Estimated Quantity</i>	<i>Unit Price</i>	<i>Amount</i>	<i>Unit Price</i>	<i>Amount</i>	<i>Unit Price</i>	<i>Amount</i>	<i>Unit Price</i>	<i>Amount</i>

***Schedule Description***

***Tax Classification***

***Schedule 01***

Sales tax shall NOT be included in unit prices

119	REMOVE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	20.00	4,000.00	0.01	2.00	22.00	4,400.00	20.00	4,000.00
120	REPLACE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	12.00	2,400.00	0.01	2.00	23.50	4,700.00	18.00	3,600.00
121	IMPORTED BACKFILL	200 CY	17.00	3,400.00	0.01	2.00	23.50	4,700.00	37.00	7,400.00
122	TRENCH SAFETY SYSTEM	1 LS	*****	3,500.00	*****	400.00	*****	355.00	*****	5,000.00
123	TEMPORARY ADJACENT UTILITY SUPPORT	1 LS	*****	2,000.00	*****	7,500.00	*****	1,180.00	*****	5,000.00
124	ENCASE WATER/SEWER AT CROSSINGS	2 EA	3,000.00	6,000.00	1,500.00	3,000.00	4,745.00	9,490.00	3,000.00	6,000.00
125	DUCTILE IRON PIPE FOR WATER MAIN 12 IN. DIAM.	10500 LF	55.00	577,500.00	48.60	510,300.00	44.00	462,000.00	48.00	504,000.00
126	BLOWOFF ASSEMBLY (Y-103)	1 EA	5,300.00	5,300.00	6,000.00	6,000.00	5,300.00	5,300.00	3,000.00	3,000.00
127	GATE VALVE 12 IN.	8 EA	2,800.00	22,400.00	2,390.00	19,120.00	2,850.00	22,800.00	3,300.00	26,400.00
128	COMBINATION AIR RELEASE/AIR VACUUM VALVE ASSEMBLY 2 IN.	1 EA	2,200.00	2,200.00	1,700.00	1,700.00	2,600.00	2,600.00	4,500.00	4,500.00
129	PRESSURE REDUCING VALVE SYSTEM	1 EA	70,500.00	70,500.00	45,817.00	45,817.00	48,500.00	48,500.00	35,000.00	35,000.00
130	ESC LEAD	1 LS	*****	500.00	*****	250.00	*****	3,000.00	*****	1,000.00
131	HYDROSEEDING	16306 SY	1.00	16,306.00	1.10	17,936.60	0.50	8,153.00	1.25	20,382.50
132	PAVEMENT MARKING - PAINT	1 EST	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
<b><i>Schedule Totals</i></b>				1,003,966.75		710,868.40		715,743.00		792,220.50

<b>Project Number: 2015168</b>			<b>Engineer's Estimate</b>		N & N Excavation LLC		MJM Grand Inc		T LaRiviere Equipment & Excavation Inc	
<b>Item No</b>	<b>Bid Item Description</b>	<b>Estimated Quantity</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>

**Schedule Description**

**Tax Classification**

**Schedule 01**

Sales tax shall NOT be included in unit prices

101	REIMBURSEMENT FOR THIRD PARTY DAMAGE	1 EST	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
102	SPCC PLAN	1 LS	*****	500.00	*****	500.00	*****	1,000.00	*****	575.00
103	POTHOLING	10 EA	300.00	3,000.00	350.00	3,500.00	343.00	3,430.00	200.00	2,000.00
104	MOBILIZATION	1 LS	*****	58,823.00	*****	85,000.00	*****	35,655.00	*****	66,991.80
105	PROJECT TEMPORARY TRAFFIC CONTROL	1 LS	*****	17,000.00	*****	8,500.00	*****	6,800.00	*****	3,500.00
106	SPECIAL SIGNS	123 SF	20.00	2,460.00	10.50	1,291.50	11.50	1,414.50	14.00	1,722.00
107	SAWCUTTING FLEXIBLE PAVEMENT	116 LFI	3.00	348.00	4.00	464.00	5.00	580.00	1.00	116.00
108	PREPARATION OF UNTREATED ROADWAY	35 SY	2.25	78.75	10.00	350.00	39.14	1,369.90	15.00	525.00
109	CONSTRUCTION GEOSYNTHETIC FOR SOIL STABILIZATION	13020 SY	2.50	32,550.00	1.10	14,322.00	1.21	15,754.20	1.00	13,020.00
110	CRUSHED SURFACING TOP COURSE	30 CY	35.00	1,050.00	75.00	2,250.00	58.79	1,763.70	40.00	1,200.00
111	CSTC FOR SIDEWALK AND DRIVEWAYS	8 CY	40.00	320.00	75.00	600.00	166.59	1,332.72	115.00	920.00
112	CSTC FOR ACCESS ROAD	1400 CY	70.00	98,000.00	35.00	49,000.00	43.27	60,578.00	31.00	43,400.00
113	HMA FOR APPROACH CL. 1/2 IN. PG 64-28, 4 INCH	80 SY	16.00	1,280.00	89.00	7,120.00	55.84	4,467.20	43.00	3,440.00
114	HMA FOR PAVEMENT REPAIR CL. 1/2 IN. PG 64-28, 5 INCH THICK	80 SY	50.00	4,000.00	62.00	4,960.00	64.63	5,170.40	43.00	3,440.00
115	PAVEMENT REPAIR EXCAVATION INCL. HAUL	80 SY	25.00	2,000.00	20.00	1,600.00	18.69	1,495.20	35.00	2,800.00
116	RECONSTRUCT DRYWELL GRAVEL BACKFILL	2 EA	325.00	650.00	1,000.00	2,000.00	2,350.10	4,700.20	920.00	1,840.00
117	EXTRA WORK ALLOWANCE FOR ROCK EXCAVATION - TRENCHES	800 CY	80.00	64,000.00	60.00	48,000.00	124.39	99,512.00	225.00	180,000.00
118	EXTRA WORK ALLOWANCE FOR EXCAVATION - YPL	1 LS	*****	1,500.00	*****	5,000.00	*****	4,500.00	*****	1,725.00

<b>Project Number: 2015168</b>			<b>Engineer's Estimate</b>		N & N Excavation LLC		MJM Grand Inc		T LaRiviere Equipment & Excavation Inc	
<b>Item No</b>	<b>Bid Item Description</b>	<b>Estimated Quantity</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>	<b>Unit Price</b>	<b>Amount</b>

**Schedule Description**

**Tax Classification**

**Schedule 01**

Sales tax shall NOT be included in unit prices

119	REMOVE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	20.00	4,000.00	9.00	1,800.00	15.20	3,040.00	23.00	4,600.00
120	REPLACE UNSUITABLE PIPE FOUNDATION MATERIAL	200 CY	12.00	2,400.00	18.00	3,600.00	17.76	3,552.00	29.00	5,800.00
121	IMPORTED BACKFILL	200 CY	17.00	3,400.00	18.00	3,600.00	15.81	3,162.00	29.00	5,800.00
122	TRENCH SAFETY SYSTEM	1 LS	*****	3,500.00	*****	2,000.00	*****	1,080.00	*****	575.00
123	TEMPORARY ADJACENT UTILITY SUPPORT	1 LS	*****	2,000.00	*****	2,000.00	*****	500.00	*****	345.00
124	ENCASE WATER/SEWER AT CROSSINGS	2 EA	3,000.00	6,000.00	3,200.00	6,400.00	4,830.00	9,660.00	3,450.00	6,900.00
125	DUCTILE IRON PIPE FOR WATER MAIN 12 IN. DIAM.	10500 LF	55.00	577,500.00	49.23	516,915.00	49.36	518,280.00	42.50	446,250.00
126	BLOWOFF ASSEMBLY (Y-103)	1 EA	5,300.00	5,300.00	4,900.00	4,900.00	6,940.00	6,940.00	2,875.00	2,875.00
127	GATE VALVE 12 IN.	8 EA	2,800.00	22,400.00	2,450.00	19,600.00	2,748.57	21,988.56	2,700.00	21,600.00
128	COMBINATION AIR RELEASE/AIR VACUUM VALVE ASSEMBLY 2 IN.	1 EA	2,200.00	2,200.00	2,200.00	2,200.00	4,350.00	4,350.00	1,150.00	1,150.00
129	PRESSURE REDUCING VALVE SYSTEM	1 EA	70,500.00	70,500.00	39,420.00	39,420.00	44,100.00	44,100.00	48,500.00	48,500.00
130	ESC LEAD	1 LS	*****	500.00	*****	600.00	*****	1,000.00	*****	575.00
131	HYDROSEEDING	16306 SY	1.00	16,306.00	1.00	16,306.00	0.61	9,946.66	0.70	11,414.20
132	PAVEMENT MARKING - PAINT	1 EST	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
<b>Schedule Totals</b>				1,003,966.75		854,199.50		877,523.24		884,000.00

	SCHEDULE SUMMARY								
	Sched 1	Sched 2	Sched 3	Sched 4	Sched 5	Sched 6	Sched 7	Sched 8	Total
Engineer's Est	1,003,966.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,003,966.75
Halme Construction Inc	683,406.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	683,406.18
L & L Cargile Inc	701,076.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	701,076.00
West Company, Inc.	703,262.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	703,262.00
Red Diamond Construc	710,868.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	710,868.40
Sandry Conststruction	715,743.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	715,743.00
N A Degerstrom Inc	792,220.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	792,220.50
N & N Excavation LLC	854,199.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	854,199.50
MJM Grand Inc	877,523.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	877,523.24
T LaRiviere Equipment	884,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	884,000.00

Low Bid Contractor: Halme Construction Inc

	Contractor's Bid	Engineer's Estimate	% Variance	
Schedule 01	\$742,862.52	\$1,091,311.86	31.93	% Under Estimate
Bid Totals	\$742,862.52	\$1,091,311.86	31.93	% Under Estimate



**BRIEFING PAPER**  
**Public Works Committee**  
**Engineering Services**  
**May 23, 2016**

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**Subject:**

Plains to SIA Water Main (2015168)

**Background:**

This project constructs a 12" water main to loop the dead end 36" water main to Fairchild Air Force Base which is currently not in service. By means of a pressure reducing valve, flow will be induced through this 12" main thereby inducing flow in the 36" main which will permit the 36" main to be put in service. Putting the 36" main in service is necessary to permit wholesaling of water to Medical Lake.

Please refer to attached exhibits.

**Impact:**

This main is almost entirely out of the public right of way so impacts to the traveling public will be minimal except during the tie in to the 36" main on Craig Road during which time a detour will be required.

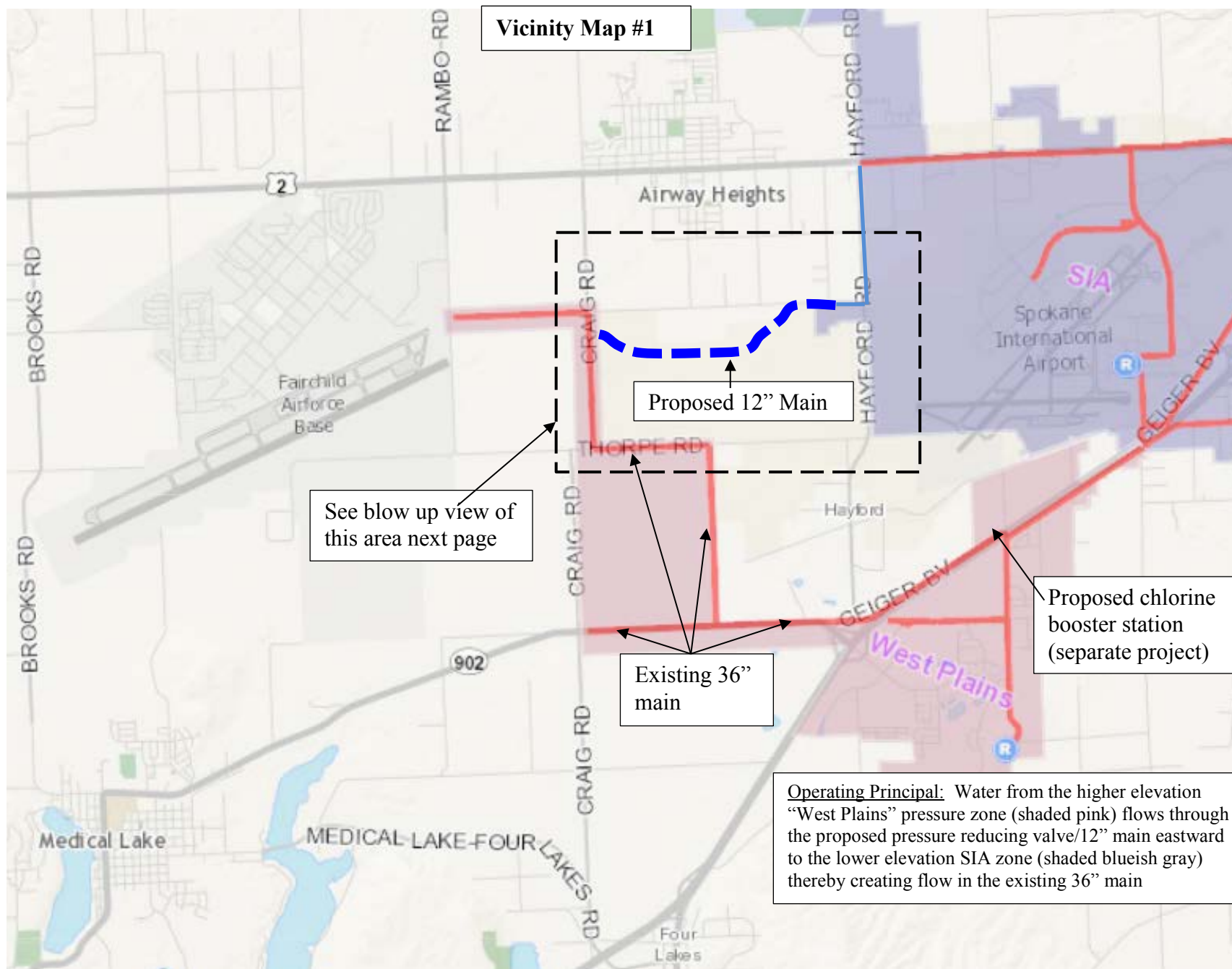
Because of the very busy construction season and because a project like this, which is mostly not under a street, is ideally suited for winter construction, the specifications required construction beginning no earlier than November 1, 2016 meaning that the project will be finished in spring of 2017.

**Action:**

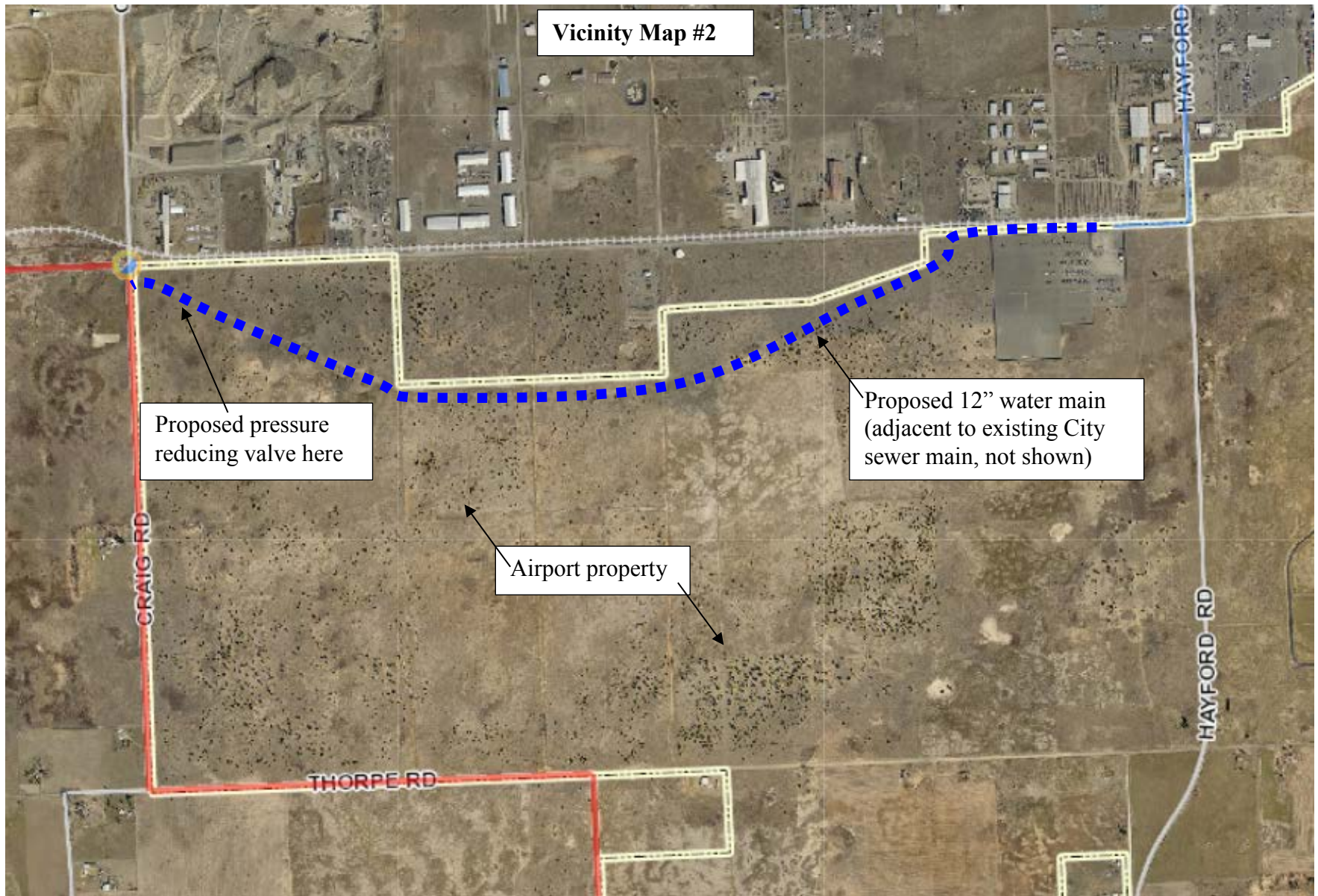
The engineer's estimate is \$950,000.00. We expect to forward a recommendation to award to Council in mid-June.

**Funding:**

This project is paid with Water Department funds.



Vicinity Map #2



Proposed pressure  
reducing valve here

Proposed 12" water main  
(adjacent to existing City  
sewer main, not shown)

Airport property



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	7/12/2013
<b>Clerk's File #</b>	OPR 2016-0487
<b>Renews #</b>	

<b>Submitting Dept</b>	HOUSING & HUMAN SERVICES	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	M SHARTS X6325	<b>Project #</b>	
<b>Contact E-Mail</b>	MSHARTS@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Contract Item	<b>Requisition #</b>	
<b>Agenda Item Name</b>	1680 COMMUNITY FRAMEWORKS - 1 SOUTH MADELIA		

**Agenda Wording**

Loan Agreement & other documents with 1 South Madelia LLC (Spokane, WA)for construction of a 36-unit apartment building at 1 and 51 S Madelia St - \$300,000 HOME funds (East Central neighborhood)

**Summary (Background)**

The City receives HOME grants from HUD for rental housing projects affordable to low-income households. The loan agreement requires that 4 units (2 2-brm, 2 3-bdrm) benefit households at or below 30% of the area median income for at least 20 years. 35 units will be restricted by other funders. Other financing includes a construction loan, tax credit equity & State funds. Community Frameworks is the sole member of the managing member of the LLC.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Expense	\$ 300,000	#	1710-99999-99999-99999 HOME
Neutral	\$ neutral	#	pending approval of EBO
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	CROW, ROB	<b>Study Session</b>	CHE 3/7/16
<b>Division Director</b>	MALLAHAN, JONATHAN	<b>Other</b>	
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	WHALEY, HUNT	kkeck, sscheidegger, mdoval	
<b>For the Mayor</b>	WHITNEY, TYLER	sstopher, cbrown, kkeenan	
<b>Additional Approvals</b>		dkinder, msharts	
<b>Purchasing</b>		timw@communityframeworks.org	

**CITY OF SPOKANE  
1 SOUTH MADELIA LLC**

**1 SOUTH MADELIA**

**HOME PROGRAM LOAN AGREEMENT**

This HOME Program Loan Agreement (the "Loan Agreement") is made effective this \_\_\_\_ day of \_\_\_\_\_ 2016 ("Effective Date"), by and between the City of Spokane, Washington, a Washington municipal corporation (the "City"), whose address is **City of Spokane**, c/o Community, Housing and Human Services Department (the "Department"), 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, and **1 South Madelia LLC**, a Washington limited liability company (the "Borrower"), whose address is c/o Community Frameworks, 907 W. Riverside Avenue, Spokane, WA 99201. Borrower and City are together referenced as the "Parties". This Loan Agreement is part of a transaction further reflected in a Promissory Note (the "Note") and a HOME Program Loan Covenant Agreement ("Covenant Agreement"). The City's disbursements under the Loan Agreement are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said documents shall have the same meaning in this Loan Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

WITNESSETH: The Parties hereby agree to diligently fulfill the following duties and to perform the following services in accordance with all of the conditions, terms and requirements of this Loan Agreement.

**I. PURPOSE**

- A. The purpose of this Loan Agreement is to expand the supply of decent, safe, sanitary, and affordable housing for very low-income households pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq., CFDA #14.239) ("HOME").
- B. To accomplish the purpose of this Loan Agreement, the City shall use HOME funds to provide a portion of the financing for the Borrower's construction of 1 South Madelia an apartment complex with 36 one-, two-, and three-bedroom units, to be constructed at 1 South Madelia Street and 51 South Madelia Street in Spokane, WA (the "Project"). Thirty-five of these units will be available for rent and one will be for a manager. The legal description of the Project is:

CHECK Legal descriptions against title policy when issued after  
BLA done



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LOTS 1, 2, & PTN 3, BLOCK 2, WADSWORTH AND MCDONALD'S  
ADD., VOL. "A", P. 71, SPOKANE COUNTY

Lots 9, 10, 11, & 12, Block 2, Wadsworth and McDonalds  
Addition

Assessor's Parcel Numbers: 35212.0201 and 35212.0211  
Property Address: 1 South Madelia Street and 51 South Madelia  
Street, Spokane, WA 99202

See Attachment 1 for the full legal description.

The Project includes four HOME-assisted units under this Loan Agreement and Related Documents, including two two-bedroom units and two three-bedroom units. These units shall be considered as "floating units", meaning that units originally designated as HOME-assisted units may change over time. The number of HOME-assisted units in the Project under the City's program may never be less than four (4) and units must be comparable in size, features, and number of bedrooms to those units originally identified as HOME-assisted units. In addition, the Project will have six (6) units designated as HOME-assisted units under agreements with the State of Washington's Department of Commerce. Borrower shall provide the City with the address (e.g., street address and apartment number) of each HOME assisted unit no later than the time of initial occupancy. If the Project includes floating units, the units originally designated as HOME-assisted may change over time, but the number of HOME-assisted units, for purposes of this Loan Agreement and Related Documents, shall never be less than the number designated in this section, and any replacement units must be comparable in size, features, and number of bedrooms to those units originally identified as HOME-assisted in this section.

Upon completion, at least two (2) units in the project shall be accessible to individuals with mobility impairments and one (1) additional unit shall be accessible to individuals with sensory impairments pursuant to the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

- C. The Project is expected to conform to the estimates noted in the Project Budget, attached hereto as "Attachment 2" and incorporated herein. All additional costs over and above the sum noted as compensation for this Loan Agreement shall be borne by the Borrower.

## II. DURATION OF THE LOAN AGREEMENT

This Loan Agreement shall commence and be effective on the Effective Date and shall terminate on the later of the end of the HOME Affordability Period or full repayment of sums due under the Note. The City and Borrower, upon mutual agreement, shall have the power to extend the term of this Loan Agreement. Any

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extension shall not increase the overall dollar amount loaned by the City pursuant to this Loan Agreement.

### III. AMOUNT OF LOAN

The City shall loan the Borrower a sum not to exceed THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) from HOME funds, to be disbursed as provided herein, subject to the terms and conditions of this Loan Agreement and Related Documents.

### IV. PRICING

This loan is subject to interest on the outstanding principal balance loaned at the rate of three percent (3%) per annum, such interest commencing on the time of disbursement(s) and compounding monthly during the Affordability Period. Payments shall be made pursuant to the Note and Section XV herein below. If rents for any HOME-assisted in the Project are increased above the level of the Affordability Requirements defined in this Loan Agreement or any other provisions, covenants, terms, conditions or restrictions of this Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%) for the remaining term of the loan, compounded monthly, and may be subject to accelerated repayment pursuant to XV.B. herein below.

### V. SECURITY/SUPPORT

- A. Borrower shall assure and maintain the City's security position on the underlying real estate as evidenced by the Deed of Trust, which will be subordinate only to the following: covenants, use restrictions, and deeds of trust of the Washington State Housing Finance Commission, the Washington State Commerce Department, and an interim construction lender. The sum of all loans against the Project, including the City's, cannot exceed ninety percent (90%) of the appraised value or cost.
- B. The Affordability Requirement outlined in this Loan Agreement shall be recorded as a **covenant running with the Project**, and shall apply without regard to the term of any loan or mortgage or transfer of ownership.
- C. Borrower shall keep in force, continuously, insurance covering the Project and property legally described above, listing the City as policy beneficiary, pursuant to Section IX of this Loan Agreement.

### VI. FUNDING DISBURSEMENTS

- A. The timing and disbursement of HOME funds shall be determined by the City in its sole discretion, consistent with the provisions of this Loan Agreement. Without limiting the foregoing, funding disbursements are subject to the following conditions:

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1. City HOME funds shall be disbursed only after completion of all requirements imposed by the United States Department of Housing and Urban Development ("HUD"), as determined by the City in its sole discretion, and upon completion of an environmental review by the City.
  2. All funds lent under this Agreement must be utilized by March 30, 2018.
  3. Borrower may not request disbursement of funds until needed for payment of eligible project costs, as defined by 24 CFR §92.206 and as further defined in the Program Description of the City's Multifamily Housing Program, and the amount of each request must be limited to the amount needed. Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups may be reimbursed if they were incurred not more than 24 months before the date of this Loan Agreement. In case of a dispute between the Parties regarding when the funds shall be disbursed, the determination of the Director of the Department of Community, Housing, and Human Services of the City of Spokane ("Director") shall govern.
- B. Notwithstanding any other provision of this Loan Agreement, except as approved by the City, prior to the drawdown or disbursement of any City HOME funds hereunder, the Borrower shall provide documentation, in a form reasonably acceptable to the City, that the following actions have been taken to the City's satisfaction:
1. Recording of the Covenant Agreement and Deed of Trust.
  2. The Borrower has in place all applicable construction, land use, environmental, zoning permits and/or other federal, state and local governmental approvals as necessary for undertaking the activity for which the specific draw request is to be used.
  3. For projects including acquisition of land and/or buildings, an appropriate assessment of fair market value must be reviewed and approved by the City.
  4. Notwithstanding any provision in this Loan Agreement, the Borrower and the City hereto agree and acknowledge that Borrower shall not be entitled to any drawdown or disbursement of funds until satisfactory completion of environmental review and receipt by the City of a release of funds from HUD under 24 CFR Part 58. The Borrower and the City further agree that the provision of any funds to the Project shall be conditioned upon the City's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review. The Borrower shall not spend any funds on physical or choice-limiting actions, including property acquisitions, demolition, movement, rehabilitation, conversion, repair, or construction prior to the environmental clearance as described herein. Violation of this provision may result in the denial of any funds under this Loan Agreement. The Borrower shall perform all the required



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mitigation measures referenced in the environmental review record completed by the City.

5. As applicable, the Borrower shall demonstrate, to the City's satisfaction, full compliance with the minimum wage requirements set forth in Section XVIII herein below.
- D. Notwithstanding the foregoing, a retainage of ten percent (10%) of the total amount allocated under this Loan Agreement shall be held by the City until all permits have been received, final inspections are complete, a final Certificate of Occupancy is issued, the Borrower accepts the work, federal requirements are fully satisfied, and all other obligations under this Loan Agreement or related agreements are carried out to the satisfaction of the Director.

## VII. INCOME DETERMINATIONS

- A. For purposes of this Loan Agreement, tenant "annual income" is defined pursuant to 24 CFR §92.203, and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.
- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements.

## VIII. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. "Project Completion" means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), Project Completion occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the "Affordability

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Period.” Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with Affordability Requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Note.

- C. Rent Limit. During the Affordability Period, rents (exclusive of rent paid through project-based subsidies) on the four (4) HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of Spokane area median income (“AMI”), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied appliances. These units shall include two (2) two-bedroom units and two (2) three-bedroom units. Should the HUD rents decline below the initial project rents, the Borrower’s rents do not need to be reduced below the initial rents. A table of initial HOME rents for the Project as established by HUD is attached to this Loan Agreement as Attachment 3. The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to 24 CFR §92.252, which previously used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by HUD and issued by the Spokane Housing Authority or twelve (12) months of documented actual utility costs as acceptable to the Department. New HUD requirements are being clarified and may include that the adjustment for tenant-paid utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the Department, or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utimodel.html>.

However, any HOME-assisted unit receiving federal or state project-based rental subsidy, where the tenant pays not more than thirty percent (30%) of the household’s adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits exclusive of rent paid through project-based subsidies) in accordance with this Loan Agreement and 24 CFR §92.252(f)(2). The Borrower must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Loan Agreement. The City will review rents for compliance and approve or disapprove them every year. The Borrower must provide tenants of HOME-assisted units written notification of rent increases no less than 30 days prior to the beginning of the month in which the increase is intended to be implemented, subject to the provisions of a tenant’s lease agreement, pursuant to 24 CFR §92.252(f)(3).

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- D. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed solely by Section 42 of the Internal Revenue Code of 1986, as amended from time to time.
- E. Upon completion of the HOME Affordability Period, if the maximum rent and income limits are exceeded, the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.
- F. Income Limit. At initial occupancy, tenants of the four (4) HOME-assisted units shall have incomes not greater than thirty percent (30%) of the AMI as defined by HUD. If any of these tenants' incomes increases to a level exceeding fifty percent (50%) of AMI, then the next available HOME-assisted unit shall be made available to families at or below thirty percent (30%) of AMI. If the income of a tenant of a HOME-assisted unit increases and exceeds eighty percent (80%) of AMI, then the tenant's rent shall increase to the lesser of thirty percent (30%) of the tenant's adjusted monthly income or Fair Market Rent, subject to paragraph VIII.D hereof.
- G. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- H. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- I. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- J. Protection of Affordability Requirements – City Purchase Option. The Affordability Requirements will terminate upon foreclosure or transfer in lieu of foreclosure by any lender (a "Senior Lender") whose mortgage or deed of trust (the "Senior Mortgage") is senior to the Deed of Trust. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its option to purchase the Project by paying the purchase price to Borrower (who shall immediately transfer such amount, without deduction, to the Senior Lender). Borrower shall provide written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure to the City immediately upon Borrower learning of the same. The purchase price shall be the assessed fair market value of the Project at the time of the City's exercise of its purchase option, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. Pursuant to 24 CFR §92.252(e)(3),

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the City further reserves the right to revive any affordability restrictions according to the original terms of this Loan Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or property.

## IX. INSURANCE

The Borrower shall keep the Project and all improvements now existing or hereafter erected thereon continuously insured as required in the Deed of Trust, the Note and the Covenant Agreement and this Loan Agreement, naming the City as mortgagee and/or loss payee. The insurance requirements apply during the Affordability Period, or during any such time as there are outstanding sums due under the Note, whichever is longer.

## X. PROPERTY STANDARDS

- A. All HOME-assisted housing under this Loan Agreement shall meet the requirements of 24 CFR §92.251, which includes applicable Federal, State and local code requirements and housing quality standards, construction standards, ordinances and zoning ordinances at the time of Project completion and for the duration of the Affordability Period. Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with applicable State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish. The standards under 24 CFR §92.251 were modified in 2013 and implementation awaits further clarification from HUD, at this time.
- B. Any accessible HOME-assisted housing units under this Loan Agreement shall, for the duration of the Affordability Period, meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). The foregoing shall not be interpreted as limiting Borrower's obligation to comply with accessibility requirements applicable to the Project as whole.
- C. The Borrower shall comply with the provisions of 24 CFR §92.251.

## XI. ADDITIONAL MISCELLANEOUS COVENANTS

Borrower shall:

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- A. Comply with the Affordability Requirements described in this Loan Agreement and Related Documents.
- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.
- C. Maintain Project financial reports, Project financial records, and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under this Loan Agreement or as approved of by the Director in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of this Loan Agreement, or as otherwise requested by the City. If the Project has floating HOME units, the Borrower must provide the City with information regarding the unit substitution and filling vacancies so that the Project remains in compliance with HOME rental occupancy requirements.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower) whether private, for-profit or nonprofit, (including a community housing development organization ("CHDO") when acting as an owner, developer or sponsor).
- I. Comply with all applicable federal, state, and local regulations and requirements, including, but not limited to Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Loan Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. When applicable, the City's costs to administer Davis-Bacon Federal Labor Standards, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.

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- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.
- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of this Loan Agreement.
- L. Upon Project Completion, the Project shall obtain a final Certificate of Occupancy, meet all licensing requirements needed to operate the facility as proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.
- M. Cause each of the four (4) HOME-assisted units to have been occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units have not been occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$75,000.00/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$300,000 HOME dollars/4 HOME units. The number of HOME-assisted units required hereunder shall be reduced in proportion to the amounts so repaid.

The Borrower shall cause the Covenant Agreement (which shall contain the foregoing covenants) to be recorded as a covenant running with the land and the Project.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

XII. PROJECT TIMETABLE

- A. The Borrower agrees to complete work required in accordance with the timetable set forth in Attachment 4. Timely completion of the work is an integral and essential part of performance. The expenditure of HOME funds is subject to Federal deadlines and failure to meet deadlines could result in the loss of the Federal funds. By the acceptance and execution of this Loan Agreement, the Borrower agrees that the Project will be completed as expeditiously as possible and make every effort to ensure the project will proceed and will not be delayed. Failure to meet these deadlines can result in cancellation of this contract and revocation of HOME funds. Since it is mutually agreed that time is of the essence, the Borrower shall cause

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appropriate provisions to be included in all contracts or subcontracts relative to the work tasks in Attachment 4. It is intended that such provisions included in any subcontracts be, to the fullest extent permitted by law and equity, binding for the benefit of the City and enforceable by the City against the Borrower and its successors and assigns to the project or any part thereof or any interest therein.

- B. In the event the Borrower is unable to meet the above schedule or complete the above services due to delays resulting from Acts of God, untimely review and approval by the City and other governmental authorities having jurisdiction over the Project, or other delays that are not caused by the Borrower, the City shall grant a reasonable extension of time for completion of the work. It shall be the responsibility of the Borrower to notify the City promptly in writing whenever a delay is anticipated or experienced, and to inform the City of all facts and delays related to the delay.

## XIII. DEFAULT

A. The following shall be considered "Events of Default" for purposes of this Loan Agreement:

1. Failure of Borrower to make any principal and interest payment within fifteen (15) days after such payment is due.
2. Failure to perform, observe or comply with the Affordability Requirements, Income Determinations, or any other provisions, related covenants, terms, conditions or restrictions of this Loan Agreement or any agreement relating to the Project (i.e., the occurrence of an event of default under other indebtedness secured by the Project property) or any part thereof, and failure to fully cure the same within the period of time, if any, permitted for cure and, if no period for cure is otherwise provided for, within sixty (60) days of written notice from the City of such failure, requesting the same to be remedied; provided, after a second non-compliance of any provision in a five- (5-) year period, only fourteen (14) days written notice is needed.
3. Failure to perform required maintenance or performance of any act by Borrower which would, in the City's reasonable opinion, adversely affect the value of the Project.
4. Except as otherwise permitted under this Loan Agreement, the sale, transfer, lease, or other conveyance of the Project or any portion thereof, including assumptions and subordinations, without obtaining the prior written consent of the Director.
5. Filing a voluntary or involuntary petition not dismissed within ninety (90) days after filing under the United States Bankruptcy Code by or against the Borrower.

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6. Any representation, warranty, or disclosure made to the City or any other Project lender which proves to be materially false or misleading as of the date made, whether or not such representation, warranty, or disclosure appears in this Loan Agreement.
7. Failure to maintain and keep in force adequate amounts of insurance as is usual in the business carried on by the Borrower, or as required herein.
8. Without limiting any of the foregoing, Borrower's failure to comply with the minimum wage requirements set forth in Section XVIII of this Loan Agreement.

## XIV. REMEDIES

- A. Upon the occurrence of an event of default not timely cured after notice, the City may, in addition to any other remedies which the City may have hereunder or under this Loan Agreement or by law or equity, at its option and upon written notice to the Borrower, take any or all of the following actions:
  1. Immediately terminate any further advance of loan funds.
  2. Declare the debt incurred hereunder and under the Related Documents immediately due and payable and commence collection proceedings against the Borrower.
  3. Seek judicial appointment of a receiver.
  4. Foreclose under the security documents or instruments, judicially or non-judicially.
  5. File suit against the Borrower.
  6. Seek specific performance or injunctive relief to enforce performance of the undertakings, duties, and agreements provided in this Loan Agreement or any related security document or instrument, whether or not a remedy at law exists or is adequate.
- B. All remedies of the City provided for herein are cumulative and shall be in addition to all other rights and remedies provided by law or in equity or by this Loan Agreement. The exercise of any right or remedy by the City shall not in any way constitute a cure or waiver of default under this Loan Agreement or any other related Project agreement, or invalidate any act done pursuant to any notice of default, or prejudice the City in the exercise of any of its rights unless, in the exercise of such rights, the City realizes all amounts owed to it by the Borrower.



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- C. A failure to declare or a delay in declaring a default shall not constitute a waiver of any rights or remedies or excuse any failure by the Borrower to strictly comply with its obligations under this Loan Agreement or any other related Project agreement or document.
- D. As long as Wincopin Circle LLLP, a Maryland limited liability limited partnership ("Tax Credit Investor") or an affiliate thereof remains the investor member of Borrower, if a default occurs under this Loan Agreement or any other related document, and the City intends to exercise any of its remedies on account of such default, then prior to the initiation of any remedy by the City on account of such default, then City at the same time as it delivers notice to the Borrower shall deliver written notice of such default to the Tax Credit Investor at the address specified in Section XXVII. The City shall accept cure of the defaults by the Tax Credit Investor within the cure periods, if any, provided in this Loan Agreement or any other related document, and in any event, shall not exercise any rights to accelerate or foreclose with respect to this Loan until Tax Credit Investor has been given the notice (but not the obligation) to remedy any default forming the basis with respect to such remedy.
- E. Notwithstanding anything to the contrary herein, the Borrower, its members, officers, directors, employees, agents and contractors shall have no personal liability for payment of the indebtedness evidenced hereby or performance of the covenants set forth in this Loan Agreement and in the Related Documents and the sole recourse of the City shall be confined to the exercise of its rights under this Loan Agreement and the Related Documents, provided that nothing shall diminish the Borrower's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation and misuse of rents.

## XV. REPAYMENT

- A. Deferral Period: No payments of principal or interest shall be due during the HOME Affordability Period, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of this Loan Agreement and Covenant Agreement together with all other provisions of this Note and Related Documents.
- B. Payment Period: Following the HOME Affordability Period, and during the remainder of the City Affordability Period, principal and interest due under the Note shall be repayable in approximately equal amortized installments of principal and interest on the first day of each month (or the first business day thereafter if the first day of the month is a weekend or a holiday for the City), in the amount required to fully amortize the principal and accrued interest during the remaining term of the City Affordability Period.
- C. Notification of Non-Compliance: During the Affordability Period, Borrower shall notify the City in writing if, for any reason, the Project will not comply with the Affordability Requirements, at which time any and all outstanding balance would become immediately due and payable in full.

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- D. Prepayment: The Borrower may repay all or any portion of the outstanding principal of the Loan at any time, without penalty. Repayment during the HOME Affordability Period described in Paragraph VIII.A of this Loan Agreement shall not extinguish the Affordability Requirements.
- E. Late Charges: A late charge of thirty dollars (\$30.00) will be added to any payment received after the 10<sup>th</sup> day of the month in which it is due in addition to any other remedy.
- F. Application of Payments: Payments received will first be applied to late charges, then to interest, and finally to principal.
- G. Place of Payment: Payment of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as the City may designate to Borrower in writing.

## XVI. NONDISCRIMINATION/RENT SUBSIDY

Neither the Borrower nor any of its agents shall refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982 – Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

## XVII. FAITH-BASED ACTIVITIES AND ORGANIZATIONS

- A. Borrower, in providing services supported in whole or in part with HOME program funds, shall not discriminate against current or prospective program beneficiaries (i.e., tenants) on the basis of religion, a religious belief, or a refusal to attend or participate in a religious practice.
- B. If Borrower engages in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, Borrower must perform such activities and offer such services outside of and separately in time or location, from the activities or programs financed under this Loan Agreement, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services (i.e., tenants).
- C. Whether or not Borrower is a faith-based organization, it may use the loan proceeds provided under this Loan Agreement as provided under relevant regulations and this Loan Agreement without impairing its independence, autonomy, expression of religious beliefs, or religious character. Borrower will

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retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct HOME funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Borrower may use space in its facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, Borrower retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

- D. The loan proceeds provided to Borrower pursuant to this Loan Agreement may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are or will be used for explicitly religious activities. Subject to other limitations in this Loan Agreement, loan proceeds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under HOME regulations. When a structure is or will be used for both eligible and explicitly religious activities, HOME funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that Borrower uses as its principal place of worship, however, are ineligible for HOME-funded improvements. Disposition of real property after the term of the loan or grant, or any change in use of the property during the term of the loan or grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- E. This limitations in this Section XVII shall apply regardless whether the loan proceeds under this Loan Agreement includes local funds that the City has voluntarily contributed to supplement federally funded activities.

## XVIII. COMPLIANCE WITH LAWS

- A. The Borrower shall comply with all HOME Program requirements as outlined in 24 CFR part 92 et seq., as may be amended from time to time.
- B. The Borrower shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601 et seq.), E.O. 11063 (3 CFR, 1959-1963 Comp., p. 652), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and HUD regulations issued pursuant thereto.
- C. The Borrower shall comply with the nondiscrimination and equal opportunity, disclosure requirements, debarred, suspended or ineligible contractors, and drug-free workplace, per 24 CFR §92.350.

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- D. The Borrower shall comply with the affirmative marketing and minority outreach program of 24 CFR §92.351, and shall further comply with the tenant selection requirements set forth in 24 CFR 92.253(d). For purposes of complying with 24 CFR 92.253(d), the City agrees that the Borrower may limit eligibility or give a preference to disabled persons and large families when selecting tenants.
- E. The Borrower shall comply with the National Environmental Policy Act of 1969, as outlined in 24 CFR 92.352 and Borrower agrees to implement City-identified conditions on safeguards to protect and enhance environmental quality or minimize adverse environmental impacts.
- F. Minimum Wages.
1. Federal Labor Standards/Davis-Bacon Act ☐ Applicable ☒ Not Applicable. If the "Applicable" box is checked, the following provisions apply:
- a. The Borrower shall pay prevailing wages, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics employed in the development of the Project; provided, in the event the Project is subject to state minimum wage requirements, and if the state minimum wage rate exceeds the Department of Labor rate, the conflict will be resolved by applying the higher rate
  - b. All contracts relating to the Project shall contain a provision requiring the payment of such wages, as predetermined by the Secretary of Labor under the Davis-Bacon Act, 40 USC 276(a) under wage decision [DECISION #], modification [MODIFICATION #], dated \_\_\_\_\_.
  - c. The Borrower shall pay overtime, as applicable, pursuant to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).
  - d. The Borrower shall comply with all regulations issued under the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act, all Federal laws and regulations pertaining to labor standards, Federal Labor Standards, HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), and 24 CFR §92.354, as applicable.
  - e. The Borrower shall provide contracts with the prime contractor and major subcontractors as soon as these contracts are available and the contracts shall evidence compliance with Federal Labor Standards.
  - f. These prevailing wage requirements do not apply to volunteers or sweat equity pursuant to 24 CFR §92.354(a) and (b).
  - g. Borrower shall reimburse the City for all costs incurred by the City in administering Borrower's compliance with applicable Davis-Bacon, Federal Labor Standards, and Related Acts.
2. Labor Standards. If applicable, the Federal Labor Standards Provisions (HUD 4010) are attached as Attachment n.a.

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3. State Minimum Wage. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply. When Washington State prevailing wages apply, the contractor and all subcontractors will submit a "Statement of Intent to Pay Prevailing Wages" certified by the industrial statistician of the State Department of Labor and Industries, prior to any payments. The "Statement of Intent to Pay Prevailing Wages" shall include: (1) the contractor's registration number; and (2) the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020 and the number of workers in each classification. Each voucher claim submitted by the contractor for payment on a project estimate shall state that the prevailing wages have been paid in accordance with the "Statement(s) of Intent to Pay Prevailing Wages" on file with the City. Prior to the payment of funds held under chapter 60.28 RCW, the contractor and subcontractors must submit an "Affidavit of Wages Paid" certified by the industrial statistician.
- G. Conflict of Interest. The Borrower shall comply with the conflict of interest provisions prescribed in 24 CFR §92.356(f). During the Affordability Period, Borrower shall prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the Borrower), whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer, or sponsor).
- H. The Borrower shall comply with the equal employment opportunities for low- and very low-income persons pursuant to 24 CFR part 135.
- I. The Borrower shall comply with the Fair Housing Act as implemented by 24 CFR parts 100-115, as applicable.

## XIX. TENANT AND PARTICIPANT PROTECTIONS

- A. There must be a written lease between the tenant and the Borrower that complies with 24 CFR 92.253 (Tenant Protections and Selection) and that is for a period of not less than one year, unless by mutual agreement between the tenant and the Borrower a shorter period is specified.
- B. Leases between the Borrower and a tenant shall not contain any of the following provisions:
  1. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Borrower in a lawsuit brought in connection with the lease.

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2. Agreement by the tenant that Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the Borrower and tenant. This prohibition does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Borrower may dispose of this personal property in accordance with Washington state law.
  3. Agreement by the tenant not to hold the Borrower or the Borrower's agents legally responsible for any action or failure to act, whether intentional or negligent.
  4. Agreement by the tenant that the Borrower may institute a lawsuit against a tenant or affecting a tenant's interests without notice to tenant.
  5. Agreement by the tenant that the Borrower may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the Borrower and tenant.
  6. Agreement by the tenant to waive any right to a trial by jury.
  7. Agreement by the tenant to waive the tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease.
  8. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Borrower against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
  9. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.
- C. Borrower may not terminate the tenancy or refuse to renew the lease of a tenant occupying a HOME-assisted unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, Borrower must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.
- D. Borrower shall adopt and follow written tenant selection policies and criteria that:

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1. Limit the HOME-assisted units to very low-income and low-income families;
  2. Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing, not to interfere with the rights and quiet enjoyment of other tenants);
  3. Limit eligibility or give a preference to a particular segment of the population if otherwise permitted in this Loan Agreement (and only if the limitation or preference is described in the City's consolidated plan).
- E. Borrower shall select tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and give prompt written notification to any rejected applicant of the grounds for any rejection pursuant to 24 CFR §92.253(d)(5) and 24 CFR §92.253(d)(6).
- F. Borrower shall not charge fees that are not customarily charged in rental housing (e.g., laundry room access fees), except that Borrower may charge: (i) reasonable application fees to prospective tenants; (ii) parking fees to tenants only if such fees are customary for rental projects in the neighborhood; and (iii) fees for services such as bus transportation or meals, as long as such services are voluntary and fees are charged for services provided.

## XX. TENANT PARTICIPATION PLAN

If the Borrower is a Community Housing Development Organization ("CHDO") as defined by 24 CFR 92.2, the Borrower shall adhere to a fair lease and grievance procedure approved by the City and shall provide a plan for and follow a program of tenant participation in management decisions pursuant to 24 CFR §92.303.

## XXI. UNIFORM ADMINISTRATIVE REQUIREMENTS/PROJECT REQUIREMENTS

- A. The Borrower shall comply with the applicable uniform administrative requirements of 24 CFR §92.505 if the Borrower is organized as a non-profit organization.
- B. The Borrower shall comply with all applicable Project requirements of Subpart F of 24 CFR part 92 et seq.
- C. The Borrower shall maintain all tenant and Project records for the most recent five- (5-) year period until five (5) years after the Affordability Period, terminates. The Borrower shall permit the Department, the HUD, and the Comptroller General of the United States, or their authorized representatives, access to all books, records, and papers of the Borrower pertinent to the Project. The Borrower shall keep and retain records sufficient to document invoices of all expenditures, project beneficiary data, and all other records required to be kept pursuant to 24 CFR §92.508.

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- D. The Borrower shall permit the Department, HUD, the Comptroller General of the United States, or their authorized representatives, site visits at all times upon reasonable notice throughout the Affordability Period.

XXII. TRANSFER/ASSIGNMENT

The Borrower shall not assign, transfer, subordinate or sublet any obligation of this Loan Agreement nor shall it sell or otherwise transfer any property subject to this Loan Agreement (other than by leasing or renting for residential tenant use as contemplated by various provisions of the Loan Agreement, or for any other incidental use (to the extent permissible under all applicable federal and state laws and regulations)) without prior written consent of the Director, who may withhold consent at his/her discretion. Notwithstanding any other provision of this Loan Agreement or the Related Documents, the Director's consent will not be required for any of the following transactions ("Permitted Transfers"):

- A. The transfer by Tax Credit Investor, as investor member of the Borrower as provided for in that certain First Amended and Restated Operating Agreement of Borrower dated on or about the date hereof ("Borrower's Governing Agreement"), of its equity interests in Borrower to one or more Affiliates (as defined in Borrower's Governing Agreement) of Tax Credit Investor, subject to any and all requirements for such a transfer set forth in Borrower's Governing Agreement and so long as Tax Credit Investor or its Affiliate is not relieved of its obligation to make capital contributions to Borrower required under the terms of Borrower's Governing Agreement;
- B. The transfer of interests within Tax Credit Investor;
- C. The removal by Tax Credit Investor or its Affiliate of a managing member or manager of Borrower for cause in accordance with the terms of Borrower's Governing Agreement, and the replacement of such removed managing member or manager with an Affiliate, with the special limited member designated in the Borrowers Governing Agreement, or with an individual or entity, not an Affiliate, who or which is reasonably acceptable to the City and meets the requirements of Paragraph XXIV regarding suspension and debarment;
- D. Execution and/or exercise of a purchase option and/or right of first refusal agreement by Borrower's managing member or manager and/or or its Affiliate to be exercised following expiration of the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Internal Revenue Code of 1986 (the "Code"), or any corresponding provision or provisions of succeeding law; and
- E. Recording of the Washington State Housing Finance Commission's ("WSHFC") Regulatory Agreement (Extended Use Agreement), as required by Section 42 of the Code.



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The provisions of this Loan Agreement shall apply to all persons or entities performing obligations set forth by this Loan Agreement, including approved persons or entities to whom or to which the Borrower assigns, transfers, or sublets services as above. Such approved persons or entities shall be subject to the provisions for faith-based activities and organizations as outlined in this Loan Agreement, as applicable.

### XXIII. HAZARDOUS SUBSTANCES/REPRESENTATIONS AND WARRANTIES

- A. The Borrower shall not cause or permit the presence, use, disposal, storage, or release of any "Hazardous Substances" (as defined below) on or in the Property. The Borrower shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state or local Environmental Law, ordinance or rule. As used in this provision, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.
- B. The Borrower shall promptly give the City written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which the Borrower has actual knowledge. If the Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, the Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.
- C. The Borrower hereby represents and warrants that, to the best of the Borrower's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the project. To the best of Borrower's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Project, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the project. The Borrower has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Borrower represents and warrants that any asbestos and lead-based paint found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended

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from time to time, and regulations promulgated thereunder; (ii) any “hazardous substance” as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) “oil, petroleum products and their by-products” as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any “hazardous substance” as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any “asbestos material” as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any “radon gas” in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as provided by any applicable law or regulation now or hereafter in effect; (vii) any “infectious waste” as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Borrower is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls (“PCBs”) and lead-based paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

## XXIV. DEBARMENT AND SUSPENSION

The Borrower shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any federal department or agency. Additionally, the Borrower shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/ subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible under the provisions of 24 CFR Part 24. Using the System for Award Management (<https://www.sam.gov>), the City has determined, as of the date of this contract that the Borrower is not excluded from federal procurement and non-procurement programs. The Borrower has provided in Attachment 5 its certification that it is in compliance with and shall not contract with individuals or organizations which are debarred, suspended, or otherwise excluded from or ineligible from participation in Federal Assistance Programs under Executive Order 12549 and “Debarment and Suspension”, codified at 29 CFR part 98.

## XXV. ANTI-LOBBYING

Borrower certifies that, to the best of Borrower’s knowledge and belief:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of

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Congress, or an employee of a Member of Congress in connection with the awarding of this loan;

- B. That if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employees of Congress, or an employee of a Member of Congress in connection with this loan, Borrower shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instruction; and
- C. Borrower shall require that the language of paragraphs A and B of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all such subrecipients shall certify and disclose accordingly.

## XXVI. SEVERABILITY

The invalidity of any clause, part or provision of this Loan Agreement shall not affect the validity of the remaining portions thereof.

## XXVII. NOTICES

All notices given pursuant to this Loan Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the Parties hereto at the addresses set forth below, or to such other place as a Party may from time to time designate in writing:

City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201-3339

1 South Madelia LLC  
c/o Community Frameworks  
907 W. Riverside Avenue  
Spokane, WA 99201

Wincopin Circle LLLP  
c/o Enterprise Community Asset Management, Inc.  
70 Corporate Center  
11000 Broken Land Parkway, Suite 700  
Attn: General Counsel

## XXVIII. INDEMNIFICATION

The Borrower shall protect, defend, indemnify, and hold harmless the City, its officers, employees and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of, or in any way resulting from, the negligent acts or omissions of the Borrower, its officers, employees or agents, in its performance and/or

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non-performance of its obligations under this Loan Agreement. The Borrower agrees that its obligations under this indemnification shall extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. ***This agreement to indemnify is a separate agreement, shall survive any foreclosure action, attempted transfer or the like, is a legal obligation of the Borrower and action may be brought thereon independently of any other remedy at law or provided for herein.***

XXIX. TERMINATION

In accordance with 24 CFR §85.43, this Loan Agreement may be suspended or terminated if the Borrower materially fails to comply with any term of this Loan Agreement. This Loan Agreement may be terminated for convenience in accordance with 24 CFR §85.44.

XXX. CERTAIN CITY REPRESENTATIONS

The City represents and warrants to the Borrower that none of the money used by the City to make this loan is or will be derived, directly or indirectly, from any obligation the interest on which is exempt from tax under Section 103 of the Code.

XXXI. EXECUTION IN COUNTERPARTS

This Loan Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS LOAN AGREEMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the Effective Date.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.)

**1 SOUTH MADELIA LLC,**  
a Washington limited liability company

By: Community Frameworks, a Washington nonprofit corporation  
Its: Manager and sole member

Date of execution:

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me \_\_\_\_\_, to me known to be the \_\_\_\_\_ of **Community Frameworks**, a Washington nonprofit corporation, which is the sole member and manager of CF Madelia Manager LLC, a Washington limited liability company, which is the managing member of **1 South Madelia LLC**, a Washington limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Borrower, for the uses and purposes therein mentioned, and on oath stated that said person was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**CITY OF SPOKANE**

Date: \_\_\_\_\_

**ATTEST:**

**APPROVED AS TO FORM:**

By: Terri L. Pfister, City Clerk

By: \_\_\_\_\_  
Assistant City Attorney

Date: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the Mayor and City Clerk, respectively, of and for the City of Spokane, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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ATTACHMENT 1

**LEGAL DESCRIPTION**

1 South Madelia Street

Check updated title report – this is from old one.

Lots 1 and 2 and the West half of Lot 3, Block 2, WADSWORTH AND MCDONALD'S ADDITION, according to plat recorded in Volume "A: of Plats, Page 71, in the City of Spokane, Spokane County, Washington

APN: 35212.0201

51 South Madelia Street

Need update after BLA

APN: 35212.0211

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**ATTACHMENT 2  
PROPOSED BUDGET**

**1 SOUTH MADELIA LLC  
1 SOUTH MADELIA**

Purchase price	\$525,000	Low-income Housing Tax	
Closing/title/recording	15,750	Credit (LIHTC)	
Demolition	40,000	equity	\$7,294,302
New building	5,278,401		
Construction conting	497,840	WA State Housing	
Solar	150,000	Trust Fund	1,200,000
Sales tax	459,221		
Equipment & furnishings	39,000	Solar Tax Credits	45,000
Appraisal & market study	6,000		
Architect	285,000	<b>City HOME funds</b>	<b>300,000</b>
Environ. assessment	22,204		
Surveys, geotechnical	14,100		
Legal-real estate	50,000		
Soft cost contingency	20,000		
Permits/fees/hookups	56,748		
Construct'n loan fees	55,000		
Construct'n loan expenses	11,000		
Construct'n loan legal	15,000		
Construct'n loan interest	98,000		
Leaseup period interest	130,000		
LIHTC fees	70,947		
LIHTC legal	50,000		
Owner's title policy	15,000		
City/state app fees	2,300		
RE taxes/insurance	21,015		
Bidding/impact fees	10,997		
Donation	15,000		
Accounting/audit	17,000		
Marketing/leaseup	27,780		
Reserves	116,000		
Developer fee	725,000		
<b>TOTAL</b>	<b>\$8,839,302</b>	<b>TOTAL</b>	<b>\$8,839,302</b>

The Project includes the construction of 35 rental units and a manager's unit in four buildings on two sites that bridge an alley. The buildings will include 6 one-bedroom units, 12 two-bedroom units, and 18 three-bedroom units. The buildings will include green building features, as required by State funding. The Sprague building will have 18 rental units, a resident manager's unit, tenant space with a coin-operated laundry, and manager's office. The First Avenue buildings will be two-story townhouse-style apartments with 17 two- and three-bedroom units and a central play area. Both sites will access parking from the alley.



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Attachment 3  
Initial Project Rents

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**ATTACHMENT 4**

**TIMETABLE**

Category	Milestone/Task	Deadline Month Yr/Status
Site control	Close on property.	August 2016.
Financing	Funding awarded by public lenders.	Completed.
	Construction lender and investor selection	May 2016
	Funding documented by all lenders	August 2016.
Design/Permits	Approval of zoning, site plan, construction plans.	August 2016.
	Building permits issued.	August 2016.
Construction	Select general contractor	May 2016
	Begin construction.	September 2016.
	Complete construction.	September 2017.
	Certificate of occupancy issued.	September 2017.
Occupancy	Units occupied.	60 days from Certificate of Occupancy

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## ATTACHMENT 5

## CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

1. The undersigned (i.e., signatory for the Borrower) certifies, to the best of its knowledge and belief, that it and its principals:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
  - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
  - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
  - d. Have not within a three-year period preceding this contract had one or more public transactions (federal, state, or local) terminated for cause or default.

Where the undersigned is unable to certify to any of the statements in this contract, it shall attach an explanation to this contract.

2. The undersigned agrees by signing this contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the City.
3. The undersigned further agrees by signing this contract that it will include the following clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions

1. The lower tier contractor certified, by signing this contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
2. Where the lower tier contractor is unable to certify to any of the statements in this contract, such contractor shall attach an explanation to this contract.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded, as used in this exhibit, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. The undersigned may contact the City for assistance in obtaining a copy of these regulations.
5. I understand that a false statement of this certification may be grounds for termination of the contract.

<u>1 South Madelia LLC</u>	<u>1 South Madelia</u>
Name of Borrower	Program Title
<u>Name of Certifying Official (Type or Print)</u>	<u>Signature</u>
<u>Title of Certifying Official (Type or Print)</u>	<u>Date (Type or Print)</u>

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**CITY OF SPOKANE  
1 SOUTH MADELIA LLC**

**1 SOUTH MADELIA**

**PROMISSORY NOTE**

OPR #2016-\_\_\_\_\_

Borrower: 1 South Madelia LLC  
c/o Community Frameworks  
907 W. Riverside Avenue  
Spokane, WA 99201

Lender: City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

Principal: \$300,000.00

Date: \_\_\_\_\_, 2016

1. **PROMISE TO REPAY:** FOR VALUE RECEIVED, the undersigned **1 SOUTH MADELIA LLC**, a Washington limited liability company, hereinafter referred to as "Borrower", promises to repay to the order of the **City of Spokane**, a Washington state municipal corporation, or its successors and assigns (hereinafter called "Lender" or "City") the maximum principal sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) or so much of said sum or sums as may now or hereafter be loaned or disbursed to the Borrower by the Lender, for the purpose of providing a portion of the financing for the Borrower's construction of 1 South Madelia, a 36-unit apartment complex, located at 1 South Madelia Street and 51 South Madelia Street in Spokane, WA (the "Project"). This Promissory Note (the "Note") is part of a transaction further reflected in a HOME Program Loan Agreement ("Loan Agreement") and HOME Program Loan Covenant Agreement ("Covenant Agreement") of even date herewith. Lender's disbursements under the Loan Agreement and the Note are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents". The capitalized terms in said Related Documents shall have the same meaning in this Note unless the context clearly suggests otherwise. In the event of conflict or ambiguity in the terms of any of these documents, the terms most favorable to Lender shall apply.

2. **INTEREST:** In addition to repayment of principal sums loaned, Borrower agrees to pay interest, compounded monthly, commencing on the date the money is first disbursed under the Loan Agreement, at the rate of three percent (3%) per annum. If

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rents for any HOME-assisted unit of the Project are raised above the level of the Affordability Requirement defined in the Loan Agreement, or any other provisions, covenants, terms, conditions or restrictions of the Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%), compounded monthly, for the period of noncompliance, as determined by the Director of Community, Housing and Human Services for the City of Spokane (the "Director").

3. REPAYMENT; MATURITY:

A. Deferral Period: Payment of principal and interest shall be deferred during the HOME Affordability Period, as defined in the Loan Agreement and Covenant Agreement, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of the Loan Agreement and Covenant Agreement together with all other provisions of this Note and Related Documents.

B. Payment Period: Principal and interest on this Note shall be payable in approximately equal amortized installments on the first day of each month (or the first business day thereafter if the first day of the month is a weekend or a holiday for the City of Spokane), commencing immediately after the HOME Affordability Period ends, in the amount required to fully amortize the outstanding principal and accrued interest on this Note (including the interest accrued) during the remaining City Affordability Period, as defined in the Loan Agreement. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, Borrower and/or the Project will not comply with the Affordability Requirements, at which time any remaining balance would become immediately due and payable in full. This Note shall mature on the earlier of (i) the thirtieth (30th) anniversary of the date of Project Completion, and (ii) December 1, 2048.

C. Prepayment: The Borrower may pay all or any portion of the outstanding principal of the Note at any time, without penalty. Repayment during the HOME Affordability Period, as described in the Loan Agreement, shall not extinguish the Affordability Requirements.

D. Late Charges: A late charge of thirty dollars (\$30.00) will be added to any payment received after the 10<sup>th</sup> day of the month in which it is due in addition to any other remedy.

E. Application of Payments: Payments received will first be applied to late charges, then to interest, and finally to principal.

F. Place of Payment: Payments of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as Lender may designate in writing according to the schedule noted above.

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4. SECURITY: This Note is secured by the Deed of Trust of even date herewith, duly filed for record in the County of Spokane, Washington.

5. PURPOSE: This loan is made for the purpose of financing a portion of the costs of the acquisition and construction of the 1 South Madelia project on the property described in the Deed of Trust and Loan Agreement. As a condition of receiving this loan, Borrower agrees to abide by all of the terms and conditions of this Note, the Deed of Trust, the Loan Agreement and associated Covenant Agreement, incorporated herein by reference as if fully set forth.

6. IF THE BORROWER SHALL default in the payment of any amount due under this Note, and such default is not cured within ten (10) days after such payment is due, or if any other Event of Default occurs under the Deed of Trust, the Loan Agreement or the Covenant Agreement and such default is not cured within the cure period, if any, applicable thereto, the entire unpaid principal amount of this Note, together with accrued interest, shall immediately become due and payable, at Lender's option, upon notice to the Borrower. Failure of Lender to exercise such option shall not constitute a waiver of default. If Lender exercises its option to declare the entire amount of Borrower's loan immediately due and payable as provided above, Borrower agrees to pay Lender's cost and expenses of collection, including reasonable attorney's fees and court costs. If this Note is reduced to judgment, the judgment shall bear interest at the maximum rate permissible on judgments in the State of Washington.

7. IF THE BORROWER voluntarily sells, transfers, leases or otherwise conveys the Project or any portion thereof, to any person/persons or entity/entities (the "Transferee"), other than by leasing or renting for residential tenant use as contemplated by various provisions of the Loan Agreement, or for any other incidental use (to the extent permissible under all applicable federal and state laws and regulations), an Event of Default shall occur under the terms of this Note and the Related Documents unless the Borrower obtained prior written consent of the Director. However, the following actions are consented to and shall not trigger loan acceleration or cause an event of default: The admission of the investor partners to the Borrower and/or a transfer of the Property at the end of the compliance period to CF Madelia Manager LLC or Community Frameworks. The remedies provided for Default may be exercised at the discretion of the Director. An unauthorized transfer also occurs if Borrower grants a junior security interest without obtaining the prior written consent of the Director. Any sale, transfer, leasing or other disposition of the Project in violation of this Section 7 shall not relieve the Borrower of any obligation or obligations under this Note or any Related Document. The Borrower hereby agrees that upon any sale, transfer, lease or other disposition of the Project, the Borrower shall transfer all records, accounts, electronic data or other documents pertaining to the Project, including documents related to Borrower's compliance with this Note and any Related Document, to the Transferee or its designated agent. Failure by the City to exercise any of its rights and remedies under this Note or any Related Documents shall not be construed as a waiver of any kind. The Director's written consent may be conditioned upon the following, at the Director's sole discretion:

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(a) reasonable evidence satisfactory to the Director that the Borrower is not then in default under any document related to this transaction beyond any applicable grace period or cure period;

(b) an opinion of counsel for the Transferee, delivered to the City, to the effect that the Transferee (i) has assumed in writing and in full, all duties and obligations of the Borrower under this Note, the Loan Agreement and the Covenant Agreement, and (ii) that this Note and the Related Documents constitute the legal, valid and binding obligations of the Transferee;

(c) a showing that written assumption of the Transferee and/or the written agreement of the Transferee complies with all provisions of local, state and federal laws, ordinances and regulations applicable to the Borrower under this Note and Related Documents;

(d) a showing that the Borrower or the Transferee is not in arrears on any payments due and owing to the City or is in default under this Note or any of the Related Documents, beyond any applicable grace period or cure period;

(e) a showing that the Borrower or the Transferee do not have a history of instances of non-compliance with any non-monetary provision of this Note or any of the Related Documents, which were not cured after notice thereof and within the applicable cure period or grace period; and/or,

(f) a showing that the Borrower or the Transferee do not have a documented history of instances of failure to make payments due and owing to the City which are not paid within a reasonable period after notice thereof.

Notwithstanding any other provision of this Note or the Related Documents, the Director's consent will not be required for any of the following transactions ("Permitted Transfers"):

A. The transfer by Wincopin Circle LLLP, a Maryland limited liability limited partnership ("Tax Credit Investor"), as investor member of the Borrower as provided for in that certain First Amended and Restated Operating Agreement of Borrower dated on or about the date hereof ("Borrower's Governing Agreement"), of its equity interests in Borrower to one or more Affiliates (as defined in Borrower's Governing Agreement) of Tax Credit Investor, subject to any and all requirements for such a transfer set forth in Borrower's Governing Agreement and so long as Tax Credit Investor or its Affiliate is not relieved of its obligation to make capital contributions to Borrower required under the terms of Borrower's Governing Agreement;

B. The transfer of interests within Tax Credit Investor;

C. The removal by Tax Credit Investor or its Affiliate of a managing member or manager of Borrower for cause in accordance with the terms of Borrower's Governing Agreement, and the replacement of such removed managing member or manager with an Affiliate, with the special limited member designated in the Borrower's Governing Agreement, or with an individual or entity, not an Affiliate, who or which is reasonably acceptable to the City and meets the requirements of Paragraph XXIV of the Loan Agreement regarding suspension and debarment;

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D. Execution and/or exercise of a purchase option and/or right of first refusal agreement by Borrower's managing member or manager and/or its Affiliate to be exercised following expiration of the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Internal Revenue Code of 1986 (the "Code"), as amended from time to time, or any corresponding provision or provisions of succeeding law; and

E. Recording of the Washington State Housing Finance Commission's ("WSHFC") Regulatory Agreement (Extended Use Agreement), as required by Section 42 of the Code.

8. ASSIGNMENT: This Note is not assignable or assumable without the express written consent of the Lender, except for the transfer of the Property to CF Madelia Manager LLC or Community Frameworks, as provided for in Paragraph 7.

9. MISCELLANEOUS: Each maker and endorser of this Note hereby waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith. Each maker and endorser expressly agrees that this Note or any payment thereunder may be extended from time to time, and consent to the acceptance of further security for this Note, including other types of security, all without in any way affecting the liability of each maker and endorser hereof. The right to plead any statutes of limitation as a defense to any demand on this Note, or any guaranty thereof or to any agreement to pay the same or to any demand secured by the Deed of Trust or other security, securing the Note, or any and all obligations or liabilities arising out of or in connection with said Note or Deed of Trust by any parties hereto is expressly waived by each and every of the makers, endorsers, guarantors or sureties.

10. SEVERABILITY: If any provision, or a part thereof, of this Note is declared by a court of competent jurisdiction to be invalid, the invalid provision or part thereof shall be stricken, with the remainder of the provision and other provisions of this Note surviving with full force and effect.

11. NO MATERIAL ADVERSE CHANGE: Borrower ratifies and reaffirms all information previously submitted in Borrower's loan application or financial statement, and by signing this Note, Borrower represents and warrants to Lender that the information provided is true and correct and that there has been no adverse change in Borrower's financial condition as disclosed to Lender in Borrower's most recent application or financial statement.

12. APPLICABLE LAW AND VENUE: This Note has been issued, executed and delivered in the State of Washington and shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent that the laws of the United States of America may prevail. Venue to enforce any provision shall be in the Spokane County Superior Court.



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13. NONRECOURSE. Notwithstanding anything to the contrary herein, Borrower, its partners, officers, directors, employees, agents and contractors shall have no personal liability for payment of the indebtedness evidenced by this Note or performance of the covenants set forth in the Loan Agreement and in the Related Documents, and the sole recourse of the City shall be confined to the exercise of its rights under the Loan Agreement and the Related Documents, provided that nothing shall diminish Borrower's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation and misuse of rents.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS NOTE ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO ALL TERMS AND CONDITIONS OF THIS NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note to be executed as of the date first set forth above.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.)

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**1 SOUTH MADELIA LLC**, a Washington limited liability company

By: CF Madelia Manager LLC, a Washington limited liability company  
Its: Managing Member

By: Community Frameworks, a Washington nonprofit corporation  
Its: Manager and sole member

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date of execution: \_\_\_\_\_

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AFTER RECORDING MAIL TO:

City of Spokane  
Department of Community, Housing and Human Services  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

OPR #2016 - \_\_\_\_\_

**CITY OF SPOKANE  
1 SOUTH MADELIA LLC**

**1 SOUTH MADELIA**

**DEED OF TRUST**

Grantor: 1 South Madelia LLC, a Washington limited liability company

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel No.: 35212.0201 and 35212.0211

Legal Description (abbreviated): CHECK Legal descriptions against title policy  
when issued after BLA done

LOTS 1, 2, & PTN 3, BLOCK 2, WADSWORTH AND  
MCDONALD'S ADD., VOL. "A", P. 71, SPOKANE COUNTY

Lots 9, 10, 11, & 12, Block 2, Wadsworth and McDonalds  
Addition

(See Attachment 1 for full legal description.)

THIS DEED OF TRUST, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between **1 South Madelia LLC**, a Washington limited liability company referred to herein as GRANTOR, whose address is c/o Community Frameworks, 907 West Riverside Avenue, Spokane, WA 99201, **Inland Professional Title**, TRUSTEE, whose address is 501 S. Bernard, 1st Floor, Spokane, WA 99204, and the **City of Spokane**, Washington, a Washington state municipal corporation, BENEFICIARY, whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201.

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This Deed of Trust is part of a transaction further reflected in a HOME Program Loan Agreement ("Loan Agreement"), HOME Program Loan Covenant Agreement ("Covenant Agreement"), and Promissory Note, secured by this Deed of Trust. The terms of said agreements are incorporated into this Deed of Trust, and the capitalized terms in said agreements shall have the same meaning in this Deed of Trust unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to Beneficiary shall apply.

WITNESSETH: Grantor hereby irrevocably grants and conveys to Trustee in trust, with power of sale, the following described real property (the "Property") in Spokane County, Washington:

LOTS 1, 2, & PTN 3, BLOCK 2, WADSWORTH AND MCDONALD'S ADD.,  
VOL. "A", P. 71, SPOKANE COUNTY

Lots 9, 10, 11, & 12, Block 2, Wadsworth and McDonalds Addition

Assessor's Parcel Numbers: 35212.0201 and 35212.0211  
Property Addresses: 1 South Madelia Street and 51 South Madelia  
Street, Spokane, WA 99202

See Attachment 1 for full legal description.

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, easements, fixtures and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues, and profits thereof.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained and as further contained in the Loan Agreement, Covenant Agreement, and Promissory Note, secured by this Deed of Trust, and for the purpose of securing payment of the sum of **THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00)** with interest, in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary, and made by Grantor, and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon. This Deed of Trust also secures to Beneficiary: (a) the payment of other sums, with interest, advanced to protect the security of this Deed of Trust; and (b) the performance of Grantor's covenants and agreements under this Deed of Trust and the Promissory Note, Covenant Agreement and Loan Agreement of even date herewith.

GRANTOR COVENANTS that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property that the Property is unencumbered, except for encumbrances of record. Grantor warrants and will defend the title to the Property against all claims and demands, subject to any prior

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encumbrances of record and encumbrances listed in the Priority and Subordination Agreement recorded of even date herewith.

COVENANTS: Grantor and Beneficiary covenant and agree as follows:

**1. PAYMENT OF PRINCIPAL AND INTEREST; PREPAYMENT AND LATE CHARGES.** Grantor shall promptly pay when due the principal of and interest on the debt evidenced by the Promissory Note and any late charges due under the Promissory Note.

**2. APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Beneficiary under Paragraph 1 shall be applied: first, to any late charges due under the Promissory Note; second, to interest; and third, to principal due under the Promissory Note.

**3. CHARGES; LIENS.** Grantor shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property, which may attain priority over this Deed of Trust, including utility charges, whether or not reflected in a recorded lien. Grantor shall pay these obligations on time directly to the person or entity owed payment. Grantor shall promptly furnish to Beneficiary upon request copies of all notices of amounts to be paid under this Paragraph. If Grantor makes these payments directly, Grantor shall promptly furnish to Beneficiary upon request receipts evidencing the payments. Grantor shall promptly discharge any lien which has priority over this Deed of Trust unless: (a) Grantor agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (b) Grantor contests in good faith the lien in legal proceedings, or defends against enforcement of the lien in legal proceedings, which, in the Beneficiary's opinion, operate to prevent the enforcement of the lien; or (c) Grantor secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust, or (d) Beneficiary has executed an agreement subordinating its interest. If Beneficiary determines that any part of the Property is subject to a lien to which the Beneficiary has not provided its consent, which lien may attain priority over this Deed of Trust, Beneficiary may give Grantor a notice identifying the lien. Grantor shall satisfy the lien or take one or more of the actions set forth above within ten business (10) days of the giving of the notice. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, recorded or unrecorded liens, encumbrances, or other charges against the Property, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Promissory Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**4. HAZARD OR PROPERTY INSURANCE.** A. Grantor shall keep the improvements now existing or hereafter erected on the Property continuously insured against loss by fire, hazards included within the term "extended coverage", and any other hazards, including floods or flooding, for which the Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods that Beneficiary requires in order to maintain adequate protection for the Property, but no act or

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omission by the Beneficiary shall relieve Grantor of the primary duty to procure adequate insurance. In no event shall such insurance be less than the full replacement cost of the Property (*i.e.*, 100% of replacement cost). The insurance carrier providing the insurance shall be chosen by the Grantor subject to Beneficiary's approval. All policies shall be held by the Beneficiary, and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. If Grantor fails to maintain coverage as described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with Paragraph 7.

B. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgage clause. If Beneficiary requires, Grantor shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. In the event of loss, Grantor shall give prompt notice to the insurance carrier and to Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor.

C. Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Beneficiary's security is not lessened thereby. If the restoration or repair is not economically feasible or if Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Grantor. If Grantor abandons the Property or does not answer within thirty (30) days notice from the Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may, in its sole discretion, use the proceeds to restore or repair the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30-day period will begin when the notice is given. Such application of proceeds by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. 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. Unless Beneficiary and Grantor otherwise agree in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of the payments. If under Paragraph 20, the Property is acquired by Beneficiary, Grantor's right to any insurance policies or proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

**5. FLOOD INSURANCE.** If the Property is located in a one hundred year FEMA Flood Zone, Grantor shall maintain flood insurance throughout the term of the Loan in an amount not less than the total amount of the Loan or the maximum amount of coverage available through the National Flood Insurance Program, furnishing proof of same upon request by Beneficiary.

**6. OCCUPANCY, PRESERVATION, MAINTENANCE AND PROTECTION OF THE PROPERTY; LOAN APPLICATION; LEASEHOLDS.** Grantor shall cause the Property to be occupied, established, and used as decent, safe, sanitary and affordable housing for low-income families pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq.) throughout the term of the loan as described in the Promissory Note and Covenant Agreement. Grantor covenants and agrees to keep the Property in good condition and repair, to permit no waste thereof, to complete any building, structure, or improvement being built now or hereafter thereon, to restore or replace promptly any building, structure, or improvement thereon which may be damaged or destroyed, and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Property. Grantor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Grantor may cure such a default and reinstate, as provided in Paragraph 17 by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of Grantor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Grantor shall also be in default if Grantor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Promissory Note. If this Deed of Trust is on a leasehold, Grantor shall comply with all the provisions of the lease. If Grantor acquires fee title to the property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

**7. PROTECTION OF BENEFICIARY'S RIGHTS IN THE PROPERTY.** A. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, the Loan Agreement and/or the Covenant Agreement, or there is a legal proceeding which, in the Beneficiary's good faith judgment, may affect Beneficiary's rights in the Property (including but not limited to proceedings in bankruptcy, probate, for condemnation or forfeiture, or to enforce laws or regulations), then Beneficiary shall have the right to take whatever action it deems reasonably necessary and appropriate to protect the value of the Property and Beneficiary's rights in the Property. Although Beneficiary may take action under this Paragraph 7, Beneficiary is not obligated to do so.

B. Any amounts caused to be disbursed by Beneficiary under this Paragraph 7 shall become additional debt secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Promissory Note rate and shall be payable with interest upon notice from Beneficiary to Grantor requesting payment.

C. Grantor covenants and agrees 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 the cost of title search and any and all attorney's

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fees actually incurred, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

D. Grantor further covenants and agrees to pay any and 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 attorney's fees actually incurred, as provided by statute.

**8. INSPECTIONS.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property, subject to all applicable landlord/tenant laws. Beneficiary shall give Grantor notice at least 24 hours prior to an inspection; provided, however, such right to notice does not apply to Beneficiary when acting in its regulatory capacity or when exercising its police powers.

**9. CONDEMNATION.** A. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust and other liens as approved by the Beneficiary, whether or not then due, with any excess paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (i) the total amount of the sums secured immediately before the taking, divided by (ii) the fair market value of the Property immediately before the taking. Any balance shall be paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due.

B. If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the condemnor offers to make an award or settle a claim for damages, and Grantor fails to respond to Beneficiary within thirty (30) days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

C. Unless Beneficiary and Grantor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of such payments.



**10. GRANTOR NOT RELEASED; FORBEARANCE BY BENEFICIARY NOT A WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release the liability of the original Grantor or of Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor or Grantor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**11. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Grantor, except as otherwise provided for in this Deed of Trust. Grantor's covenants and agreements shall be joint and several.

**12. LOAN CHARGES.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and; (ii) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Beneficiary may choose to make this refund by reducing the principal owed under the Promissory Note or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Promissory Note.

**13. NOTICES.** Grantor shall promptly give Beneficiary written notice of any and all Project defaults (regardless of whether the default is related to the financing provided by Beneficiary and the various agreements governing the terms of such financing, or whether the default is related to any of the various other parties or entities providing financing to the Project under their various agreements), investigations, claims, demands, lawsuits, licensing issues relating to the operation of the building or care facility, or other actions by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law (as defined in Paragraph 19 of this Deed of Trust) of which Grantor has actual or constructive knowledge. Any notice provided for in this Deed of Trust shall be given pursuant to the procedures outlined in the Loan Agreement.

**14. GOVERNING LAW; SEVERABILITY.** This Deed of Trust shall be governed by federal law and the laws of the State of Washington. In the event that any provisions of this Deed of Trust or the Promissory Note conflict with applicable law, such conflict shall not affect other non-conflicting provisions of this Deed of Trust or the Promissory Note, which shall continue in full force and effect.

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**15. GRANTOR'S COPY.** Grantor hereby acknowledges receipt of a conformed copy of the Loan Agreement, Covenant Agreement, Promissory Note, and of this Deed of Trust.

**16. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN GRANTOR.**

A. Except as provided in the Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent, or if any other default occurs under this Deed of Trust, the Promissory Note, the Loan Agreement or the Covenant Agreement, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the execution date of this Deed of Trust. By accepting payment of any sum secured by this Deed of Trust after payment is due, Beneficiary does not waive the right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

B. If Beneficiary exercises the above option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a cure period of not less than thirty (30) days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any and all remedies permitted by this Deed of Trust without further notice or demand on Grantor.

**17. GRANTOR'S RIGHT TO REINSTATE FOLLOWING ACCELERATION.** If Grantor meets the conditions outlined in this paragraph, Grantor shall have the right to have enforcement by acceleration of this Deed of Trust discontinued at any time prior to the earlier of: (i) 10 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (ii) entry of a judgment enforcing this Deed of Trust. The conditions which Grantor must meet are that Grantor shall: pay Beneficiary all sums which then would be due under this Deed of Trust and the Promissory Note as if no acceleration had occurred; cure any default of any other covenants or agreements; pay all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees, and; take such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property, and Grantor's obligation to pay the sums secured by this Deed of Trust continue unchanged. Upon reinstatement by Grantor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration caused by Grantor's selling or transferring all or any part of the Property or any interest in it (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent.

**18. NO FURTHER ENCUMBRANCES.** A. For the purposes of protecting Beneficiary's security and keeping the Property free from junior and subordinate financing liens, Grantor agrees and understands that any sale, conveyance, further encumbrance

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(including the granting of easements and any and all other matters affecting title except for easements required for delivery of services or utilities to the Property or other transfer of title to the Property, or any interest therein (whether voluntary or by operation of law), without Beneficiary's prior written consent or except as permitted under the Loan Agreement or Note, shall be an Event of Default under this Deed of Trust.

**B. Notice is hereby given to all third parties that any mortgage or other Deed of Trust that they may receive against the Property without the prior written approval and acknowledgment of the Beneficiary of this Deed of Trust shall be null and void and without force or effect.**

**19. HAZARDOUS SUBSTANCES; REPRESENTATIONS AND WARRANTY.** A. Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as defined in this Paragraph 19) on or in the Property, except for the presence, use, storage and disposal of reasonable quantities of such Hazardous Substances as are generally used in the ordinary course of operating, maintaining or developing properties such as the Property, all of which Indemnitor represents, warrants and covenants shall be used, stored and disposed of in accordance with commercially reasonable practices and all applicable laws. Grantor shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state, or local Environmental Law, ordinance, or rule. As used in this Paragraph 19, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

B. Grantor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which Grantor has actual knowledge. If Grantor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.

C. The Grantor hereby represents and warrants that, to the best of the Grantor's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the project. To the best of Grantor's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Property, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the project. The Grantor

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has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Grantor represents and warrants that any asbestos and lead-based paint found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) "oil, petroleum products and their by-products" as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any "hazardous substance" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any "asbestos material" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any "radon gas" in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as provided by any applicable law or regulation now or hereafter in effect; (vii) any "infectious waste" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Grantor is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls ("PCBs") and lead-based paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

**20. ACCELERATION: REMEDIES.** A. Beneficiary shall give notice to Grantor, prior to acceleration, following Grantor's breach of any covenant or agreement noted in this Deed of Trust, the Loan Agreement, or the Covenant Agreement. The notice shall specify: (a) the nature of the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property at public auction to the highest bidder, in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 or as hereafter amended). The notice shall further inform Grantor of applicable rights to reinstate after acceleration, rights to bring a court action to assert the nonexistence of a default or any other defense Grantor wishes to assert prior to acceleration and sale, and of any other matters required by applicable law to be included in the notice. If the default is not cured on or before the date specified in the notice (or, if later, by the date specified in the Loan Agreement), Beneficiary, at its option, may require immediate payment in full of all sums secured by this Deed of Trust without further demand and

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may invoke the power of sale and any other remedies permitted under the Loan Agreement, the Covenant Agreement, the Promissory Note, this Deed of Trust or by applicable law. Beneficiary shall be entitled to collect from Grantor all expenses incurred in pursuing the remedies provided in this Paragraph 20, including, but not limited to, attorneys' fees and costs of title evidence.

B. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Trustee of the occurrence of an event of default. Upon instruction from the Beneficiary to do so, Trustee shall cause the trust Property to be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Beneficiary or its designee may purchase the Property at any sale. Trustee and Beneficiary shall take such action regarding notice of sale and shall give such notices to Grantor and to other persons as applicable law may require.

C. Trustee shall deliver to the purchaser a Trustee's Deed conveying the Property without warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

D. 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.

E. As long as Wincopin Circle LLLP, a Maryland limited liability limited partnership ("Tax Credit Investor") or an affiliate thereof remains the investor member of Grantor, if a default occurs under the Loan Agreement, this Deed of Trust or any other related document, and Beneficiary intends to exercise any of its remedies on account of such default, then prior to the initiation of any remedy by Beneficiary on account of such default, then Beneficiary at the same time as it delivers notice to Grantor shall deliver written notice of such default to the Tax Credit Investor at the address specified in the Loan Agreement. Beneficiary shall accept cure of the defaults by the Tax Credit Investor within the cure periods, if any, provided in the Loan Agreement, this Deed of Trust or any other related document, and in any event, shall not exercise any rights to foreclose this Deed of Trust until Tax Credit Investor has been given the notice (but not the obligation) to remedy any default forming the basis with respect to such remedy.

**21. RECONVEYANCE.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property to the person entitled thereto and shall surrender this Deed of Trust and all Promissory Notes evidencing the debt secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

**22. SUBSTITUTE TRUSTEE.** In the event of the death, incapacity, disability, or resignation of Trustee, or at Beneficiary's reasonable discretion, 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 an action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

**23. USE OF PROPERTY.** The Property is not used principally for agricultural or farming purposes.

**24. BINDING EFFECT.** This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term "Beneficiary" shall mean the holder and owner of the Promissory Note secured hereby, whether or not named as Beneficiary herein.

**25. EXTENDED USE AGREEMENT.** Beneficiary acknowledges that Grantor intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 or a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement is recorded against the Property, the Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

**26. NONRECOURSE PROVISION.** Notwithstanding anything to the contrary herein, Borrower, its partners, officers, directors, employees, agents and contractors shall have no personal liability for payment of the indebtedness secured or evidenced hereby or performance of the covenants set forth in this Deed of Trust, the Loan Agreement, the Covenant Agreement or the Promissory Note, and the sole recourse of the Beneficiary shall be confined to the exercise of its rights under this Deed of Trust, the Loan Agreement, the Covenant Agreement and the Promissory Note, provided that nothing shall diminish Borrower's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation and misuse of rents.

**27. ORAL AGREEMENTS OR ORAL COMMITMENTS.** ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY

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REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS INSTRUMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Deed of Trust and in any riders executed by Grantor and recorded with it.

IN WITNESS WHEREOF, the Parties have executed this Deed of Trust as of the day and year first written above.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.)

**1 SOUTH MADELIA LLC,**  
a Washington limited liability company

By: Community Frameworks, a Washington nonprofit corporation  
Its: Manager and sole member

Date:

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me \_\_\_\_\_, to me known to be the \_\_\_\_\_ of **Community Frameworks**, a Washington nonprofit corporation, which is the sole member and manager of CF Madelia Manager LLC, a Washington limited liability company, which is the managing member of **1 South Madelia LLC**, a Washington limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of 1 South Madelia and the Grantor, for the uses and purposes therein mentioned, and on oath stated that she said person was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_



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**BENEFICIARY - CITY OF SPOKANE**

By: \_\_\_\_\_  
David A. Condon, Mayor

Date: \_\_\_\_\_

**ATTEST:**

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Terri L. Pfister, City Clerk

By: \_\_\_\_\_  
Assistant City Attorney

Date: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the City of Spokane, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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**ATTACHMENT 1**

**LEGAL DESCRIPTION**

1 South Madelia Street

Check updated title report – this is from old one.

Lots 1 and 2 and the West half of Lot 3, Block 2, WADSWORTH AND MCDONALD'S ADDITION, according to plat recorded in Volume "A: of Plats, Page 71, in the City of Spokane, Spokane County, Washington

APN: 35212.0201

51 South Madelia Street

Need update after BLA

APN: 35212.0211

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WHEN RECORDED RETURN TO:

CITY OF SPOKANE

COMMUNITY, HOUSING AND HUMAN SERVICES DEPARTMENT

808 W. SPOKANE FALLS BLVD., ROOM 650

SPOKANE, WASHINGTON 99201-3339

OPR #2016-\_\_\_\_\_

**CITY OF SPOKANE  
1 SOUTH MADELIA LLC**

**1 SOUTH MADELIA**

**HOME PROGRAM LOAN COVENANT AGREEMENT**

Grantor: 1 South Madelia LLC, a Washington limited liability company

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel Nos.: Current: 35212.0201, 35212.0211

Legal Description (abbreviated):

INSERT when BLA complete

(See Attachment 1 for full legal description.)

This HOME Program Loan Covenant Agreement ("Covenant Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the **City of Spokane**, Washington, a Washington municipal corporation (the "City"), whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, Washington 99201-3339 and **1 South Madelia LLC**, a Washington limited liability company (the "Borrower" or "Grantor"), whose address is c/o Community Frameworks, 907 West Riverside Avenue, Spokane, WA 99201.

**I. STIPULATIONS**

1. This Covenant Agreement is a condition of and part of the consideration for the financial assistance provided by the City to the Borrower for the Borrower's acquisition and construction of 1 South Madelia, an apartment complex with 36 one-, two-, and three-bedroom units to be constructed at 1 South Madelia Street and 51 South Madelia Street in Spokane, WA (the "Project"). Thirty-five of these units will be available for rent and one will be for a manager. Four of the units will be HOME-assisted, including two two-bedroom units and two three-bedroom units.

2. This Covenant Agreement is part of a transaction further reflected in a Promissory Note ("Promissory Note") and a HOME Program Loan Agreement ("Loan Agreement") of even date herewith. The City's disbursements under the Loan Agreement are further secured by a Deed of Trust ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said agreements shall have the same meaning in this Covenant Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

3. The Project is situated in the City and County of Spokane, State of Washington, and is legally described in Attachment 1. The abbreviated legal description is:

INSERT when BLA complete

Assessor's Parcel Numbers: 35212.0201 and 35212.0211

Address: 1 South Madelia Street and 51 South Madelia Street, Spokane,  
WA 99202

4. This Covenant Agreement shall be filed and recorded in the official public land records of Spokane County, Washington, and shall constitute a restriction upon the use of the property and Project described herein, subject to and in accordance with the terms of this Covenant Agreement during the Affordability Period described in Section IV herein below.

5. The covenants contained herein are to be taken and construed as **covenants running with the land** and shall pass to and be binding upon the Borrower, its successors in interest, assigns, heirs or lessees of the Project, beginning on the date this Covenant Agreement is executed. Each and every contract, deed or other instrument covering or conveying the property or Project, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants regardless of whether such covenants are set forth in such contract, deed or other instrument.

NOW, THEREFORE, it is hereby covenanted, that during the Affordability Period described in Section IV herein below, the Borrower agrees to the following covenants running with the land which shall bind the Borrower, its heirs, assigns, lessees and successors in interest through the Affordability Period.

## II. COVENANTS

Borrower shall:

- A. Comply with the Affordability Requirements described in this Covenant Agreement and Related Documents.
- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.
- C. Maintain Project financial reports, Project financial records and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under the Loan Agreement or as approved of by the Director of Community, Housing and Human Services of the City of Spokane (the "Director") in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of the Loan Agreement, or as otherwise requested by the City. If the Project has floating HOME units, the Borrower must provide the City with information regarding the unit substitution and filling vacancies so that the Project remains in compliance with HOME rental occupancy requirements.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower) whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor).
- I. Comply with all applicable federal, state and local regulations and requirements, including, but not limited to, Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Covenant Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. When applicable, the City's cost to administer Davis Bacon Federal Labor Standard, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.

- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.
- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of the Loan Agreement.
- L. Upon Project Completion (as defined in Section IV.A), the Project shall obtain a final Certificate of Occupancy, meet all licensing requirements needed to operate the facility as proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable federal, state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.
- M. Cause each of the four (4) HOME-assisted units to have been occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units have not been occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$75,000.00/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$300,000 HOME dollars/4 HOME units. The number of HOME-assisted units required hereunder shall be reduced in proportion to the amounts so repaid.

The Borrower shall cause this Covenant Agreement to be recorded as a covenant running with the land and the Project.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

### III. INCOME DETERMINATIONS

- A. For purposes of this Covenant Agreement, tenant "annual income" is defined pursuant to 24 CFR §92.203), and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.

- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements below.

#### IV. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. "Project Completion" means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), "Project Completion" occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the "Affordability Period." Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with affordability requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Note.
- C. Rent Limit. During the Affordability Period, rents (exclusive of rent paid through project-based subsidies) on the four (4) HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of Spokane area median income ("AMI"), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied appliances. These units shall include two (2) two-bedroom units and two (2) three-bedroom units. Should the HUD rents decline below the initial project rents, the Borrower's rents do not need to be reduced below the initial rents. A table of initial HOME rents for the Project as established by HUD is attached to the Loan Agreement as Attachment 3. The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to 24 CFR §92.252, which previously used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by HUD and issued by the Spokane Housing Authority or twelve (12)

months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department ("Department"). New HUD requirements are being clarified and may include that the adjustment for tenant-furnished utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the Department, or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utimodel.html>.

However, any HOME-assisted unit receiving federal or state project-based rental assistance, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits, exclusive of rent paid through project-based subsidies) in accordance with this Covenant Agreement and 24 CFR §92.252(f)(2). The Borrower must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Covenant Agreement. The City will review rents for compliance and approve or disapprove them every year. The Borrower must provide tenants of HOME-assisted units written notification of rent increases no less than 30 days prior to the beginning of the month in which the increase is intended to be implemented, subject to the provisions of a tenant's lease agreement, pursuant to 24 CFR §92.252(f)(3).

- D. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed solely by Section 42 of the Internal Revenue Code of 1986, as amended from time to time.
- E. Rents can be increased above the maximum limits described above after expiration of the HOME Affordability Period, but the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.
- F. Income Limit. At initial occupancy, tenants of the four (4) HOME-assisted units shall have incomes not greater than thirty percent (30%) of the AMI as defined by HUD. If any of these tenants' incomes increases to a level exceeding fifty percent (50%) of AMI, then the next available HOME-assisted unit shall be made available to families at or below thirty percent (30%) of AMI. If the income of a tenant of a HOME-assisted unit increases and exceeds eighty percent (80%) of AMI, then the tenant's rent shall increase to the lesser of thirty percent (30%) of the tenant's adjusted monthly income or Fair Market Rent, subject to paragraph IV.D hereof.



- G. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- H. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- I. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- J. Protection of Affordability Requirements – City Purchase Option. The Affordability Requirements may terminate upon foreclosure or transfer in lieu of foreclosure at the sole election of the Director. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option and a right of first refusal to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its right to purchase the Project in any reasonable manner following the City's receipt of written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure, which notice Borrower hereby agrees to provide to City. The purchase price shall be the assessed value of the Project at the time of the City's exercise of its purchase rights, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. Pursuant to 24 CFR §92.252(e)(3), the City further reserves the right to revive any affordability restrictions according to the original terms of the Loan Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or property.

## V. DEFAULT

If a violation of any of the foregoing covenants occurs, the City may, after thirty (30) days written notice, the default meanwhile not having been cured, institute and prosecute any proceeding at law or in equity or as otherwise provided for in this Covenant Agreement, or Related Documents, to abate, prevent, or enjoin any such violation or to compel specific performance by the Borrower of its obligations hereunder, including, without limitation of other remedies, the exercise of the City's purchase rights described herein. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS COVENANT AGREEMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.)



By: \_\_\_\_\_  
David A. Condon, Mayor

By: Terri L. Pfister, City Clerk

By: \_\_\_\_\_  
Assistant City Attorney

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the **City of Spokane**, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**ATTACHMENT 1**  
**LEGAL DESCRIPTION**

INSERT when BLA complete

Tax Parcel Number: \_\_\_\_\_.

Situs Address: 1 South Madelia Street, Spokane, WA 99202

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PLACEHOLDER FOR  
PRIORITY AND SUBORDINATION AGREEMENT  
WHICH IS UNDER NEGOTIATION  
WITH OTHER FUNDERS

**BRIEFING PAPER**  
**City of Spokane – City Council CHE**  
**Community, Housing & Human Services Department**  
**Multifamily Housing Program Update**  
**March 7, 2016**

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**Subject**

Review of affordable rental housing projects, which have been allocated federal HOME funds through the Community, Housing, and Human Services (CHHS) Dept. and will come before City Council in 2016 and early 2017. The attached table includes recommended new projects and projects that are underway.

**Background**

The City receives federal funds from the U. S. Department of Housing and Urban Development (HUD) through its HOME Investment Partnerships Program (HOME), which is administered by the CHHS Dept. Eligible uses include the construction, rehabilitation, and acquisition of rental properties, which are affordable to low-income tenants. Eligible recipients include for-profit and non-profit housing providers and housing authorities. Some funding is restricted to non-profits designated as Community Housing Development Organizations (CHDO).

Following an RFP process and review by its Affordable Housing subcommittee, the CHHS Board recommends projects for allocations of HOME funds. On 11/4/15, the CHHS Board allocated funds to two new projects and increased funding for a CHDO set aside project that was originally allocated funds on 12/3/14. These three projects are included in the attached table, which shows proposed projects and projects that are currently underway. The proposed projects are:

- The ECCO First Avenue Duplex will be built by the Spokane Service Team on a lot currently owned by the City at 2418 E 1<sup>st</sup> Avenue, in the East Central neighborhood and the Sprague TIP. One unit will be affordable to households at or below 50% of Spokane area median income (AMI) and one will be affordable to households at or below 30% AMI. Construction will start this Spring.
- Transitions' Permanent Supportive Housing Project will build 24 cottage homes and a residents' common building on Transitions' North Hemlock property. Seven of the 24 units will be HOME-assisted and affordable to households at or below 30% AMI. Construction is planned for early 2017.
- The 1 South Madelia project will construct 36 units in four buildings on land that currently has a used car lot and a house. The 3-story apartment building at Sprague and Madelia will have 19 1-, 2- and 3-bedroom units

(including a resident manager's unit), a tenant common area, tenant laundry, and a manager's office. Three buildings along First Avenue will have 17 townhouse-style apartments with 2 and 3 bedrooms, a central play area, and parking accessible from the alley. The four City HOME units include 2 two-bedroom and 2 three-bedroom units at or below 30% AMI. Community Frameworks expects to start construction in August 2016.

### **Impact**

The three proposed projects will construct a total of 62 units. The targeted income levels of the various funders range from 30% to 60% of AMI. Twelve of the 13 HOME units will serve households at or below 30% AMI. The HOME units include 1 studio, 2 one-bedroom units, 6 two-bedroom units, and 4 three-bedroom units. All projects are in established neighborhoods with good bus service.

### **Action**

Loan documents for the ECCO Duplex and 1 South Madelia will be to Council before the end of summer. Documents for Transitions' Cottage Homes will be before the Council for action in early 2017.

### **Funding**

The HUD program began in 1992 and the City's annual allocation of HOME funds ranged from \$1.4 to \$1.8 million from 1995 to 2011, and was reduced to under \$1 million in 2012-2016. HOME's eligible uses include: rental housing (acquisition, rehabilitation, or construction), single family housing rehabilitation, tenant-based rental assistance, and homebuyer assistance.

HOME is subject to a number of federal requirements and regulations. The catalogue of Federal Domestic Assistance Number (CFDA) is 14.239. More information is at: <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/>.

Most uses of HOME funds require a 25% match from non-federal sources. The match requirement is evaluated at the program level, not the level of each project. Thus far, the City has easily met the HOME program match requirement.



## PROPOSED BUDGET

### 1 SOUTH MADELIA LLC 1 SOUTH MADELIA

Purchase price	\$525,000	Low-income Housing Tax	
Closing/title/recording	15,750	Credit (LIHTC)	
Demolition	40,000	equity	\$7,294,302
New building	5,278,401		
Construction conting	497,840	WA State Housing	
Solar	150,000	Trust Fund	1,200,000
Sales tax	459,221		
Equipment & furnishings	39,000	Solar Tax Credits	45,000
Appraisal & market study	6,000		
Architect	285,000	<b>City HOME funds</b>	<b>300,000</b>
Environ. assessment	22,204		
Surveys, geotechnical	14,100		
Legal-real estate	50,000		
Soft cost contingency	20,000		
Permits/fees/hookups	56,748		
Construct'n loan fees	55,000		
Construct'n loan expenses	11,000		
Construct'n loan legal	15,000		
Construct'n loan interest	98,000		
Leaseup period interest	130,000		
LIHTC fees	70,947		
LIHTC legal	50,000		
Owner's title policy	15,000		
City/state app fees	2,300		
RE taxes/insurance	21,015		
Bidding/impact fees	10,997		
Donation	15,000		
Accounting/audit	17,000		
Marketing/leaseup	27,780		
Reserves	116,000		
Developer fee	725,000		
<b>TOTAL</b>	<b>\$8,839,302</b>	<b>TOTAL</b>	<b>\$8,839,302</b>

The Project includes the construction of 35 rental units and a manager's unit in four buildings on two sites that bridge an alley. The buildings will include 6 one-bedroom units, 12 two-bedroom units, and 18 three-bedroom units. The buildings will include green building features, as required by State funding. The Sprague building will have 18 rental units, a resident manager's unit, tenant space with a coin-operated laundry, and manager's office. The First Avenue buildings will be two-story townhouse-style apartments with 17 two- and three-bedroom units and a central play area. Both sites will access parking from the alley.



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	7/12/2013
<b>Clerk's File #</b>	OPR 2016-0488
<b>Renews #</b>	

<b>Submitting Dept</b>	HOUSING & HUMAN SERVICES	<b>Cross Ref #</b>	2016-0477
<b>Contact Name/Phone</b>	M SHARTS X6325	<b>Project #</b>	
<b>Contact E-Mail</b>	MSHARTS@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Contract Item	<b>Requisition #</b>	
<b>Agenda Item Name</b>	1680 INLAND EMPIRE RESIDENTIAL RESOURCES - SPECIAL SKILLS DUPLEX		

**Agenda Wording**

Loan Agreement & other documents with Inland Empire Residential Resources(Spokane)for construction of duplex with accessible units at 2418 E 4th Ave \$180,000 HOME CHDO funds (East Central neighborhood)

**Summary (Background)**

The City receives HOME grants from HUD for rental housing projects affordable to low-income households. The loan agreement requires that 2 units (1 2-brm, 1 3-bdrm) benefit households at or below 30% of the area median income for at least 20 years. Loan is forgivable, if affordable for 30 years. Lot was City surplus (RES 2012-0068).

<b><u>Fiscal Impact</u></b>		<b><u>Budget Account</u></b>	
Expense	\$ 180,000	#	1710-99999-99999-99999-99999 HOME CHDO
Neutral	\$ 0	#	pending approval of EBO
Select	\$	#	
Select	\$	#	
<b><u>Approvals</u></b>		<b><u>Council Notifications</u></b>	
<b><u>Dept Head</u></b>	CROW, ROB	<b><u>Study Session</u></b>	CHE 5/2/16
<b><u>Division Director</u></b>	MALLAHAN, JONATHAN	<b><u>Other</u></b>	
<b><u>Finance</u></b>	KECK, KATHLEEN	<b><u>Distribution List</u></b>	
<b><u>Legal</u></b>	WHALEY, HUNT	kkeck, sscheidegger, mdoval	
<b><u>For the Mayor</u></b>	WHITNEY, TYLER	cbrown, kkeenan, sstopher	
<b><u>Additional Approvals</u></b>		dkinder, msharts	
<b><u>Purchasing</u></b>		ierr811@omnicast.net	

**CITY OF SPOKANE**  
**INLAND EMPIRE RESIDENTIAL RESOURCES**  
**SPECIAL SKILLS DUPLEX**  
**HOME PROGRAM LOAN AGREEMENT**

This HOME Program Loan Agreement (the "Loan Agreement") is made effective this \_\_\_\_ day of \_\_\_\_\_ 2016 ("Effective Date"), by and between the City of Spokane, Washington, a Washington municipal corporation (the "City"), whose address is **City of Spokane**, c/o Community, Housing and Human Services Department (the "Department"), 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, and **Inland Empire Residential Resources**, a Washington nonprofit corporation (the "Borrower"), whose address is P.O. Box 3123, Spokane, WA 99220. Borrower and City are together referenced as the "Parties". This Loan Agreement is part of a transaction further reflected in a Promissory Note (the "Note"), a HOME Program Loan Covenant Agreement ("Covenant Agreement"), and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. The City's disbursements under the Loan Agreement are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said documents shall have the same meaning in this Loan Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

WITNESSETH: The Parties hereby agree to diligently fulfill the following duties and to perform the following services in accordance with all of the conditions, terms, and requirements of this Loan Agreement.

**I. PURPOSE**

- A. The purpose of this Loan Agreement is to expand the supply of decent, safe, sanitary, and affordable housing for extremely low-income households pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq., CFDA #14.239) ("HOME"). The City has designated Borrower as a Community Housing Development Organization ("CHDO"), and the Borrower will be the developer of the Project, pursuant to 24 CFR §92.300.
- B. To accomplish the purpose of this Loan Agreement, the City shall use HOME funds to provide a portion of the financing for the Borrower's construction of the Special Skills Duplex, a duplex with one two-bedroom unit and one three-bedroom unit to be constructed at 2418 East 4<sup>th</sup> Avenue in Spokane, WA (the "Project"). The legal description of the Project is:

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LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT  
THEREOF RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE,  
STATE OF WASHINGTON.

Assessor's Parcel Number: 35211.3704

Property Address: 2418 E 4<sup>th</sup> Ave, Spokane, WA 99202

The Project includes 2 HOME-assisted units, including a two-bedroom unit and a three-bedroom unit. Borrower shall provide the City with the address (e.g., street address and apartment number) of each HOME assisted unit no later than the time of initial occupancy. Both units will be constructed to meet the standards of the Americans with Disabilities Act.

- C. The Project is expected to conform to the estimates noted in the Project Budget, attached hereto as "Attachment 1" and incorporated herein. All additional costs over and above the sum noted as compensation for this Loan Agreement shall be borne by the Borrower.

## II. DURATION OF THE LOAN AGREEMENT

This Loan Agreement shall commence and be effective on the Effective Date and shall terminate on the later of the end of the HOME Affordability Period or full repayment and/or forgiveness of sums due under the Note. The City and Borrower, upon mutual agreement, shall have the power to extend the term of this Loan Agreement. Any extension shall not increase the overall dollar amount loaned by the City pursuant to this Loan Agreement.

## III. AMOUNT OF LOAN

The City shall loan the Borrower a sum not to exceed TWO HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$280,000.00) from HOME funds, to be disbursed as provided herein, subject to the terms and conditions of this Loan Agreement and Related Documents.

## IV. PRICING

This loan is subject to interest on the outstanding principal balance loaned at the rate of three percent (3%) per annum, such interest commencing on the time of disbursement(s) and compounding monthly during the loan term. Payments shall be made pursuant to the Note and Section XV herein below. If rents for any HOME-assisted in the Project are increased above the level of the Affordability Requirements defined in this Loan Agreement or any other provisions, covenants, terms, conditions or restrictions of this Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%) for the remaining term

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of the loan, compounded monthly, and may be subject to accelerated repayment pursuant to XV.B. herein below.

### V. SECURITY/SUPPORT

- A. Borrower shall assure and maintain the City's security position on the underlying real estate as evidenced by the Deed of Trust. There will be no superior financial liens.
- B. The Affordability Requirement outlined in this Loan Agreement shall be recorded as a **covenant running with the Project**, and shall apply without regard to the term of any loan or mortgage or transfer of ownership.
- C. Borrower shall keep in force, continuously, insurance covering the Project and property legally described above, listing the City of Spokane as policy beneficiary, pursuant to Section IX of this Loan Agreement.

### VI. FUNDING DISBURSEMENTS

- A. The timing and disbursement of HOME funds shall be determined by the City in its sole discretion, consistent with the provisions of this Loan Agreement. Without limiting the foregoing, funding disbursements are subject to the following conditions:
  - 1. City HOME funds shall be disbursed only after completion of all requirements imposed by HUD, as determined by the City in its sole discretion, and upon completion of an environmental review by the City.
  - 2. All funds lent under this Agreement must be utilized by June 30, 2017.
  - 3. Borrower may not request disbursement of funds until needed for payment of eligible project costs, as defined by 24 CFR §92.206 and as further defined in the Program Description of the City's Multifamily Housing Program, and the amount of each request must be limited to the amount needed. Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups may be reimbursed if they were incurred not more than 24 months before the date of this Loan Agreement. In case of a dispute between the Parties regarding when the funds shall be disbursed, the determination of the Director of the Department of Community, Housing, and Human Services of the City of Spokane ("Director") shall govern.
- B. Notwithstanding any other provision of this Loan Agreement, except as approved by the City, prior to the drawdown or disbursement of any City HOME funds hereunder, the Borrower shall provide documentation, in a form reasonably acceptable to the City, that the following actions have been taken to the City's satisfaction:

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1. Recording of the Covenant Agreement and Deed of Trust.
  2. The Borrower has in place all applicable construction, land use, environmental, zoning permits and/or other federal, state and local governmental approvals as necessary for undertaking the activity for which the specific draw request is to be used.
  3. For projects including acquisition of land and/or buildings, an appropriate assessment of fair market value must be reviewed and approved by the City.
  4. Notwithstanding any provision in this Loan Agreement, the Borrower and the City hereto agree and acknowledge that Borrower shall not be entitled to any drawdown or disbursement of funds until satisfactory completion of environmental review and receipt by the City of a release of funds from HUD under 24 CFR Part 58. The Borrower and the City further agree that the provision of any funds to the Project shall be conditioned upon the City's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review. The Borrower shall not spend any funds on physical or choice-limiting actions, including property acquisitions, demolition, movement, rehabilitation, conversion, repair, or construction prior to the environmental clearance as described herein. Violation of this provision may result in the denial of any funds under this Loan Agreement. The Borrower shall perform all the required mitigation measures referenced in the environmental review record completed by the City.
  5. As applicable, the Borrower shall demonstrate, to the City's satisfaction, full compliance with the minimum wage requirements set forth in Section XVIII herein below.
- D. Notwithstanding the foregoing, a retainage of ten percent (10%) of the total amount allocated under this Loan Agreement shall be held by the City until all permits have been received, final inspections are complete, a final Certificate of Occupancy is issued, the Borrower accepts the work, federal requirements are fully satisfied, and all other obligations under this Loan Agreement or related agreements are carried out to the satisfaction of the Director.

## VII. INCOME DETERMINATIONS

- A. For purposes of this Loan Agreement, tenant "annual income" is defined pursuant to 24 CFR §92.203, and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.
- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements.

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## VIII. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. "Project Completion" means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), Project Completion occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the "Affordability Period." Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with Affordability Requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Note.
- C. Rent Limits.  
Group Homes.  
During the Affordability Period, the sum of the rents paid by all tenants of each of the two- or three-bedroom units shall not exceed the Spokane area's Section 8 Fair Market Rent ("FMR") for a two- or three-bedroom unit, as defined by HUD, and adjusted for tenant-paid utilities and tenant-supplied appliances. Each tenant's rent shall be a proportionate share of the total unit rent. Rent limits include utilities, but do not include food or the cost of any supportive services. Bedrooms occupied by resident supportive services providers are not counted as eligible bedrooms for rent purposes.

### Non-Group Homes.

During the Affordability Period, rents on the two HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of Spokane area median income ("AMI"), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities, and tenant-supplied appliances. These units shall include one (1) two-bedroom unit and one three-bedroom unit.

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However, any HOME-assisted unit receiving federal or state project-based rental subsidy, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

### Group and Non-Group Homes.

Should the HUD rents or the FMR decline below the initial project rents, the Borrower's rents do not need to be reduced below the initial rents. A table of initial HUD rents for the Project is attached to this Loan Agreement as Attachment 2.

However, any HOME-assisted unit receiving federal or state project-based rental assistance, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to §92.252. New HUD requirements include that the adjustment for tenant-paid utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department ("Department"), or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utilmodel.html>. HUD may clarify the new requirements to allow the use (in some circumstances) of the prior requirement, which used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by HUD and issued by the Spokane Housing Authority or twelve (12) months of documented actual utility costs as acceptable to the Department.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits) in accordance with this Loan Agreement. Owners must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Loan Agreement. The City will review rents for compliance and approve or disapprove them every year.

Rents can be increased above the maximum limits described above after expiration of the HOME Affordability Period, but the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.

- C. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed



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solely by section 42 of the Internal Revenue Code of 1986, as amended from time to time.

- D. Income limits. At initial occupancy, tenants of the HOME-assisted unit shall have incomes not greater than thirty percent (30%) of the Spokane area median income ("AMI"), as defined by HUD. If one of these tenants' incomes increases to a level exceeding 50% of AMI, the next available HOME-assisted unit shall be made available to families at or below 30% AMI. The Property owner may choose to increase rent for the now over-50% household, provided that the new rent does not exceed the HOME rent at the 30% of 50% of AMI level. In addition, if the tenant's income increases and exceeds 80% of AMI, the tenant's rent shall increase to the lesser of 30% of the tenants adjust monthly income or Fair Market Rent.
- E. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- F. Upon completion of the HOME Affordability Period, if the maximum rent and income limits are exceeded, the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.
- G. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- H. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- I. Protection of Affordability Requirements – City Purchase Option. The Affordability Requirements may terminate upon foreclosure or transfer in lieu of foreclosure at the sole election of the Director. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option and a right of first refusal to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its right to purchase the Project in any reasonable manner following the City's receipt of written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure, which notice Borrower hereby agrees to provide to City. The purchase price shall be the assessed value of the Project at the time of the City's exercise of its purchase rights, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. The City further reserves the right to revive any affordability restrictions according to the original terms of this Loan Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has

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or had family or business ties, obtains an ownership interest in the Project or property.

### IX. INSURANCE

The Borrower shall keep the Project and all improvements now existing or hereafter erected thereon continuously insured as required in the Deed of Trust, the Note and the Covenant Agreement and this Loan Agreement, naming the City as mortgagee and/or loss payee. The insurance requirements apply during the Affordability Period, or during any such time as there are outstanding sums due under the Note, whichever is longer.

### X. PROPERTY STANDARDS

- A. All HOME-assisted housing under this Loan Agreement shall meet the requirements of 24 CFR §92.251, which includes all applicable Federal, State and local code requirements and housing quality standards, rehabilitation standards, ordinances and zoning ordinances at the time of Project completion and for the duration of the Affordability Period. Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with applicable State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish. The standards under 24 CFR §92.251 were modified in 2013 and implementation awaits further clarification from HUD, at this time.
- B. Any accessible HOME-assisted housing units under this Loan Agreement shall, for the duration of the Affordability Period, meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). The foregoing shall not be interpreted as limiting Borrower's obligation to comply with accessibility requirements applicable to the Project as whole.
- C. The Borrower shall comply with the provisions of 24 CFR §92.251.

### XI. ADDITIONAL MISCELLANEOUS COVENANTS

Borrower shall:

- A. Comply with the Affordability Requirements described in this Loan Agreement and Related Documents.
- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.

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- C. Maintain Project financial reports, Project financial records, and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under this Loan Agreement or as approved of by the Director in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of this Loan Agreement, or as otherwise requested by the City.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower, or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower, whether private, for-profit or nonprofit, including a community housing development organization ("CHDO") when acting as an owner, developer or sponsor.
- I. Comply with all applicable federal, state, and local regulations and requirements, including, but not limited to Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Loan Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. When applicable, the City's costs to administer Davis-Bacon Federal Labor Standards, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.
- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.
- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of this Loan Agreement.
- L. Upon Project completion, the Project shall obtain a final Certificate of Occupancy, meet all licensing requirements needed to operate the facility as

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proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable federal, state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.

- M. Cause each of the two (2) HOME-assisted units to be occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units are not occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$140,000.00/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$280,000.00 HOME dollars/2 HOME units.

The Borrower shall cause the Covenant Agreement (which shall contain the foregoing covenants) to be recorded as a covenant running with the land.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

## XII. PROJECT TIMETABLE

- A. The Borrower agrees to complete work required in accordance with the timetable set forth in Attachment 3. Timely completion of the work is an integral and essential part of performance. The expenditure of HOME funds is subject to Federal deadlines and failure to meet deadlines could result in the loss of the Federal funds. By the acceptance and execution of this Loan Agreement, the Borrower agrees that the Project will be completed as expeditiously as possible and make every effort to ensure the project will proceed and will not be delayed. Failure to meet these deadlines can result in cancellation of this contract and revocation of HOME funds. Since it is mutually agreed that time is of the essence, the Borrower shall cause appropriate provisions to be included in all contracts or subcontracts relative to the work tasks in Attachment 3. It is intended that such provisions included in any subcontracts be, to the fullest extent permitted by law and equity, binding for the benefit of the City and enforceable by the City against the Borrower and its successors and assigns to the project or any part thereof or any interest therein.
- B. In the event the Borrower is unable to meet the above schedule or complete the above services due to delays resulting from Acts of God, untimely review and approval by the City and other governmental authorities having jurisdiction

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over the Project, or other delays that are not caused by the Borrower, the City shall grant a reasonable extension of time for completion of the work. It shall be the responsibility of the Borrower to notify the City promptly in writing whenever a delay is anticipated or experienced, and to inform the City of all facts and delays related to the delay.

### XIII. DEFAULT

A. The following shall be considered "Events of Default" for purposes of this Loan Agreement:

1. Failure of Borrower to make any principal and interest payment within fifteen (15) days after such payment is due.
2. Failure to perform, observe or comply with the Affordability Requirements, Income Determinations, or any other provisions, related covenants, terms, conditions or restrictions of this Loan Agreement or any agreement relating to the Project (i.e., the occurrence of an event of default under other indebtedness secured by the Project property) or any part thereof, and failure to fully cure the same within the period of time, if any, permitted for cure and, if no period for cure is otherwise provided for, within sixty (60) days of written notice from the City of such failure, requesting the same to be remedied; provided, after a second non-compliance of any provision in a five- (5-) year period, only fourteen (14) days written notice is needed.
3. Failure to perform required maintenance or performance of any act by Borrower which would, in the City's reasonable opinion, adversely affect the value of the Project.
4. Sale, transfer, lease, or other conveyance of the Project or any portion thereof, including assumptions and subordinations, without obtaining the prior written consent of the Director.
5. Filing a voluntary or involuntary petition not dismissed within ninety (90) days after filing under the United States Bankruptcy Code by or against the Borrower.
6. Any representation, warranty, or disclosure made to the City or any other Project lender which proves to be materially false or misleading as of the date made, whether or not such representation, warranty, or disclosure appears in this Loan Agreement.
7. Failure to maintain and keep in force adequate amounts of insurance as is usual in the business carried on by the Borrower, or as required herein.
8. Without limiting any of the foregoing, Borrower's failure to comply with the minimum wage requirements set forth in Section XVIII of this Loan Agreement.

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### XIV. REMEDIES

- A. Upon the occurrence of an event of default not timely cured after notice, the City may, in addition to any other remedies which the City may have hereunder or under this Loan Agreement or by law or equity, at its option and upon written notice to the Borrower, take any or all of the following actions:
1. Immediately terminate any further advance of loan funds.
  2. Declare the debt incurred hereunder and under the Related Documents immediately due and payable and commence collection proceedings against the Borrower.
  3. Seek judicial appointment of a receiver.
  4. Foreclose under the security documents or instruments, judicially or non-judicially.
  5. File suit against the Borrower.
  6. Seek specific performance or injunctive relief to enforce performance of the undertakings, duties, and agreements provided in this Loan Agreement or any related security document or instrument, whether or not a remedy at law exists or is adequate.
- B. All remedies of the City provided for herein are cumulative and shall be in addition to all other rights and remedies provided by law or in equity or by this Loan Agreement. The exercise of any right or remedy by the City shall not in any way constitute a cure or waiver of default under this Loan Agreement or any other related Project agreement, or invalidate any act done pursuant to any notice of default, or prejudice the City in the exercise of any of its rights unless, in the exercise of such rights, the City realizes all amounts owed to it by the Borrower.
- C. A failure to declare or a delay in declaring a default shall not constitute a waiver of any rights or remedies or excuse any failure by the Borrower to strictly comply with its obligations under this Loan Agreement or any other related Project agreement or document.

### XV. REPAYMENT/DEBT FORGIVENESS

- A. Payment of principal and interest shall be deferred during the HOME Affordability Period.
- B. Following the HOME Affordability Period, and during the remaining City Affordability Period, this loan may be eligible for debt forgiveness. In exchange for complying with the Affordability Requirements during that period of the City Affordability that extends beyond the HOME Affordability Period (the

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"Forgiveness Period"), the principal and interest may be forgiven for each year of the Forgiveness Period, until it is fully forgiven or paid at the end of the Affordability Period. If, at the end of each year during Forgiveness Period, the Borrower has complied, for that year, with the Affordability Requirements of this Loan Agreement and the Covenant Agreement and is in compliance with all other provisions of this Loan Agreement and Related Documents, then the loan payments shall be forgiven for that year; provided, no payments shall be forgiven for affordability periods of less than one (1) year. The amount of the annual loan forgiveness shall be the sum of twelve monthly payments; the monthly payments will be in an amount sufficient to amortize the principal and interest over the remaining term of the Affordability Period. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, the Project will not comply with the Affordability Requirements, at which time any and all outstanding balance would become immediately due and payable in full.

- C. If Borrower elects not to comply with the Affordability Requirements beyond the end of the HOME Affordability Period, repayment of principal and interest shall be made monthly in an amount sufficient to amortize the loan over the remaining term of the Affordability Period.
- D. Repayment during the HOME Affordability Period described in Paragraph VIII.A of this Loan Agreement shall not extinguish the Affordability Requirements.
- E. Payment of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as the City may designate to Borrower in writing.

## XVI. NONDISCRIMINATION/RENT SUBSIDY

Neither the Borrower nor any of its agents shall refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982 – Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

## XVII. FAITH-BASED ACTIVITIES AND ORGANIZATIONS

- A. Borrower, in providing services supported in whole or in part with HOME program funds, shall not discriminate against current or prospective program beneficiaries (i.e., tenants) on the basis of religion, a religious belief, or a refusal to attend or participate in a religious practice.

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- B. If Borrower engages in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, Borrower must perform such activities and offer such services outside of and separately in time or location, from the activities or programs financed under this Loan Agreement, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services (i.e., tenants).
- C. Whether or not Borrower is a faith-based organization, it may use the loan proceeds provided under this Loan Agreement as provided under relevant regulations and this Loan Agreement without impairing its independence, autonomy, expression of religious beliefs, or religious character. Borrower will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct HOME funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Borrower may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, Borrower retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- D. The loan proceeds provided to Borrower pursuant to this Loan Agreement may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are or will be used for explicitly religious activities. Subject to other limitations in this Loan Agreement, loan proceeds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under HOME regulations. When a structure is or will be used for both eligible and explicitly religious activities, HOME funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that Borrower uses as its principal place of worship, however, are ineligible for HOME-funded improvements. Disposition of real property after the term of the loan or grant, or any change in use of the property during the term of the loan or grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).
- E. This limitations in this Section XVII shall apply regardless whether the loan proceeds under this Loan Agreement includes local funds that the City has voluntarily contributed to supplement federally funded activities.



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### XVIII. COMPLIANCE WITH LAWS

- A. The Borrower shall comply with all HOME Program requirements as outlined in 24 CFR part 92 et seq., as may be amended from time to time.
- B. The Borrower shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601 et seq.), E.O. 11063 (3 CFR, 1959-1963 Comp., p. 652), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and HUD regulations issued pursuant thereto.
- C. The Borrower shall comply with the nondiscrimination and equal opportunity, disclosure requirements, debarred, suspended or ineligible contractors, and drug-free workplace, per 24 CFR §92.350.
- D. The Borrower shall comply with the affirmative marketing and minority outreach program of 24 CFR §92.351, and shall further comply with the tenant selection requirements set forth in 24 CFR 92.253(d).
- E. The Borrower shall comply with the National Environmental Policy Act of 1969, as outlined in 24 CFR 92.352 and Borrower agrees to implement City-identified conditions on safeguards to protect and enhance environmental quality or minimize adverse environmental impacts.
- F. Minimum Wages.
  - 1. Federal Labor Standards/Davis-Bacon Act ☐ Applicable ☐ Not Applicable. If the "Applicable" box is checked, the following provisions apply:
    - a. The Borrower shall pay prevailing wages, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics employed in the development of the Project; provided, in the event the Project is subject to state minimum wage requirements, and if the state minimum wage rate exceeds the Department of Labor rate, the conflict will be resolved by applying the higher rate
    - b. All contracts relating to the Project shall contain a provision requiring the payment of such wages, as predetermined by the Secretary of Labor under the Davis-Bacon Act, 40 USC 276(a) under wage decision [DECISION #], modification [MODIFICATION #], dated \_\_\_\_\_.
    - c. The Borrower shall pay overtime, as applicable, pursuant to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).
    - d. The Borrower shall comply with all regulations issued under the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act, all Federal laws and regulations pertaining to labor standards, Federal Labor Standards, HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), and 24 CFR §92.354, as applicable.

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- e. The Borrower shall provide contracts with the prime contractor and major subcontractors as soon as these contracts are available and the contracts shall evidence compliance with Federal Labor Standards.
  - f. These prevailing wage requirements do not apply to volunteers or sweat equity pursuant to 24 CFR §92.354(a) and (b).
  - g. Borrower shall reimburse the City for all costs incurred by the City in administering Borrower's compliance with applicable Davis-Bacon, Federal Labor Standards, and Related Acts.
- 2. Labor Standards. If applicable, the Federal Labor Standards Provisions (HUD 4010) are attached as Attachment n.a..
- 3. State Minimum Wage. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply. When Washington State prevailing wages apply, the contractor and all subcontractors will submit a "Statement of Intent to Pay Prevailing Wages" certified by the industrial statistician of the State Department of Labor and Industries, prior to any payments. The "Statement of Intent to Pay Prevailing Wages" shall include: (1) the contractor's registration number; and (2) the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020 and the number of workers in each classification. Each voucher claim submitted by the contractor for payment on a project estimate shall state that the prevailing wages have been paid in accordance with the "Statement(s) of Intent to Pay Prevailing Wages" on file with the City. Prior to the payment of funds held under chapter 60.28 RCW, the contractor and subcontractors must submit an "Affidavit of Wages Paid" certified by the industrial statistician.
- G. Conflict of Interest. The Borrower shall comply with the conflict of interest provisions prescribed in 24 CFR §92.356(f). During the Affordability Period, Borrower shall prohibit occupancy of any HOME-assisted unit by Borrower or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the Borrower, whether private, for-profit or nonprofit (including a CHDO) when acting as an owner, developer, or sponsor). Upon written request of the owner, the City may grant an exception, as provided under 24 CFR §92.356(f)(2).
- H. The Borrower shall comply with the equal employment opportunities for low- and very low-income persons pursuant to 24 CFR part 135.
- I. The Borrower shall comply with the Fair Housing Act as implemented by 24 CFR parts 100-115, as applicable.

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### XIX. TENANT AND PARTICIPANT PROTECTIONS

- A. There must be a written lease between the tenant and the Borrower that complies with 24 CFR 92.253 (Tenant Protections and Selection) and that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified.
- B. Leases between the Borrower and a tenant shall not contain any of the following provisions:
1. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Borrower in a lawsuit brought in connection with the lease.
  2. Agreement by the tenant that Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the Borrower and tenant. This prohibition does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Borrower may dispose of this personal property in accordance with Washington state law.
  3. Agreement by the tenant not to hold the Borrower or the Borrower's agents legally responsible for any action or failure to act, whether intentional or negligent.
  4. Agreement by the tenant that the Borrower may institute a lawsuit against a tenant or affecting a tenant's interests without notice to tenant.
  5. Agreement by the tenant that the Borrower may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the Borrower and tenant.
  6. Agreement by the tenant to waive any right to a trial by jury.
  7. Agreement by the tenant to waive the tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; and,
  8. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Borrower against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
  9. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.
- C. Borrower may not terminate the tenancy or refuse to renew the lease of a tenant occupying a HOME-assisted unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or

## DRAFT

local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, Borrower must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.

- D. Borrower shall adopt and follow written tenant selection policies and criteria that:
1. Limit the HOME-assisted units to very low-income and low-income families;
  2. Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing, not to interfere with the rights and quiet enjoyment of other tenants);
  3. Limit eligibility or give a preference to a particular segment of the population if otherwise permitted in this Loan Agreement (and only if the limitation or preference is described in the City's consolidated plan).
- E. Borrower shall select tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and give prompt written notification to any rejected applicant of the grounds for any rejection, pursuant to 24 CFR §92.253(d)(5) and 24 CFR §92.253(d)(6).
- F. Borrower shall not charge fees that are not customarily charged in rental housing (e.g., laundry room access fees), except that Borrower may charge: (i) reasonable application fees to prospective tenants; (ii) parking fees to tenants only if such fees are customary for rental projects in the neighborhood; and (iii) fees for services such as bus transportation or meals, as long as such services are voluntary and fees are charged for services provided.

## XX. TENANT PARTICIPATION PLAN

If the Borrower is a CHDO, as defined by 24 CFR 92.2, the Borrower shall adhere to a fair lease and grievance procedure approved by the City and shall provide a plan for and follow a program of tenant participation in management decisions pursuant to 24 CFR §92.303.

## XXI. UNIFORM ADMINISTRATIVE REQUIREMENTS/PROJECT REQUIREMENTS

- A. The Borrower shall comply with the applicable uniform administrative requirements of 24 CFR §92.505, if the Borrower is organized as a non-profit organization.
- B. The Borrower shall comply with all applicable Project requirements of Subpart F of 24 CFR part 92 et seq.

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- C. The Borrower shall maintain all tenant and Project records for the most recent five- (5-) year period until five (5) years after the Affordability Period, terminates. The Borrower shall permit the Department, the HUD, and the Comptroller General of the United States, or their authorized representatives, access to all books, records, and papers of the Borrower pertinent to the Project. The Borrower shall keep and retain records sufficient to document invoices of all expenditures, project beneficiary data, and all other records required to be kept pursuant to 24 CFR §92.508.
- D. The Borrower shall permit the Department, HUD, the Comptroller General of the United States, or their authorized representatives, site visits at all times upon reasonable notice throughout the Affordability Period.

### XXII. TRANSFER/ASSIGNMENT

The Borrower shall not assign, transfer, subordinate or sublet any obligation of this Loan Agreement nor shall it sell or otherwise transfer any property subject to this Loan Agreement without prior written consent of the Director, who may withhold consent at his/her discretion. The provisions of this Loan Agreement shall apply to all persons or entities performing obligations set forth by this Loan Agreement, including approved persons or entities to whom or to which the Borrower assigns, transfers, or sublets services as above. Such approved persons or entities shall be subject to the provisions for faith-based activities and organizations as outlined in this Loan Agreement, as applicable.

### XXIII. HAZARDOUS SUBSTANCES/REPRESENTATIONS AND WARRANTIES

- A. The Borrower shall not cause or permit the presence, use, disposal, storage, or release of any "Hazardous Substances" (as defined below) on or in the Property. The Borrower shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state, or local Environmental Law, ordinance, or rule. As used in this provision, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.
- B. The Borrower shall promptly give the City written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which the Borrower has actual knowledge. If the Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, the Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.

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- C. The Borrower hereby represents and warrants that, to the best of the Borrower's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. To the best of Borrower's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Project, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. The Borrower has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Borrower represents and warrants that any asbestos and lead-based paint found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the rehabilitated project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) "oil, petroleum products and their by-products" as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any "hazardous substance" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any "asbestos material" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any "radon gas" in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as provided by any applicable law or regulation now or hereafter in effect; (vii) any "infectious waste" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Borrower is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls ("PCBs") and lead-based paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

## XXIV. DEBARMENT AND SUSPENSION

The Borrower shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals are presently debarred, suspended, proposed for debarment,

## DRAFT

declared ineligible, or voluntarily excluded from participation in this contract by any federal department or agency. Additionally, the Borrower shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible under the provisions of 24 CFR Part 24. Using the System for Award Management (<https://www.sam.gov>), the City has determined, as of the date of this contract that the Borrower is not excluded from federal procurement and non-procurement programs. The Borrower has provided in Attachment 4 its certification that it is in compliance with and shall not contract with individuals or organizations which are debarred, suspended, or otherwise excluded from or ineligible from participation in Federal Assistance Programs under Executive Order 12549 and "Debarment and Suspension", codified at 29 CFR part 98.

### XXV. ANTI-LOBBYING

Borrower certifies that, to the best of Borrower's knowledge and belief:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of this loan;
- B. That if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employees of Congress, or an employee of a Member of Congress in connection with this loan, Borrower shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instruction; and
- C. Borrower shall require that the language of paragraphs A and B of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all such subrecipients shall certify and disclose accordingly.

### XXVI. SEVERABILITY

The invalidity of any clause, part or provision of this Loan Agreement shall not affect the validity of the remaining portions thereof.

### XXVII. NOTICES

All notices given pursuant to this Loan Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the Parties hereto at the addresses set forth below, or to such other place as a Party may from time to time designate in writing:

## DRAFT

City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201-3339

Inland Empire Residential Resources  
P.O. Box 3123  
Spokane, WA 99220

### XXVIII. INDEMNIFICATION

The Borrower shall protect, defend, indemnify, and hold harmless the City, its officers, employees and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of, or in any way resulting from, the negligent acts or omissions of the Borrower, its officers, employees or agents, in its performance and/or non-performance of its obligations under this Loan Agreement. The Borrower agrees that its obligations under this indemnification shall extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. ***This agreement to indemnify is a separate agreement, shall survive any foreclosure action, attempted transfer or the like, is a legal obligation of the Borrower and action may be brought thereon independently of any other remedy at law or provided for herein.***

### XXIX. TERMINATION

In accordance with 24 CFR §85.43, this Loan Agreement may be suspended or terminated if the Borrower materially fails to comply with any term of this Loan Agreement. This Loan Agreement may be terminated for convenience in accordance with 24 CFR §85.44.

### XXX. EXECUTION IN COUNTERPARTS

This Loan Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS LOAN AGREEMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the Effective Date.



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## INLAND EMPIRE RESIDENTIAL RESOURCES

By: \_\_\_\_\_  
Darryl K. Reber, Executive Director

Date: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Darryl K. Reber**, to me known to be the Executive Director of Inland Empire Residential Resources, a Washington nonprofit corporation executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Borrower, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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**CITY OF SPOKANE**

By: \_\_\_\_\_  
David A. Condon, Mayor

Date: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Terri L. Pfister, City Clerk

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Assistant City Attorney

STATE OF WASHINGTON )  
County of Spokane ) ss.

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the Mayor and City Clerk, respectively, of and for the City of Spokane, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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ATTACHMENT 1  
PROPOSED BUDGET

INLAND EMPIRE RESIDENTIAL RESOURCES  
SPECIAL SKILLS DUPLEX

2418 E 4<sup>th</sup> Avenue

Closing/title/recording	1,500	Sponsor	1,500
Construction	249,600		
Permits/fees/hookups	5,976		
Soft cost contingency	780	<b>City HOME funds</b>	<b>280,000</b>
Architect	2,500		
Insurance	400		
Impact fees	744		
Construction contingency/ Developer fee	20,000		
<b>TOTAL</b>	<b>\$281,500</b>	<b>TOTAL</b>	<b>\$281,500</b>

Construction of a duplex with 2 ADA accessible units, including a 2-bedroom, 1 bath unit and a 3-bedroom, 1 bath unit on a lot that is currently owned by the City. Each unit will be about 1,250 sf. The units will be on grade with extra wide hallways, metal door jambs, laundry room in each unit, Energy-Star appliances, and front and rear access doors. There will be a covered patio area, a fenced yard, and parking for staff with easy access for paratransit. The 2-bedroom unit will include a number of features to improve safety and durability. Design features include hardened walls, commercial grade plumbing fixtures, metal door jambs, safety glass windows, easily maintained floor coverings and a large room that could be a future bedroom, but is intended for use as a space where individuals can go, where they can be safe and separated from the other roommate. The 3-bedroom unit will also have protective wainscoting to reduce wheelchair damage. The building will have vinyl siding.

Some architectural, engineering, and other professional series costs incurred within 24 months before commitment might be reimbursed.

# HOME Rent and Income Limits

SOURCE: HUD

MSA: Spokane, WA

EFFECTIVE: June 6, 2016

2016 ESTIMATED MEDIAN INCOME: \$62,600



City of Spokane  
Community, Housing and  
Human Services Department  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201-3339  
(509) 625-6325

## -----2016 INCOME LIMITS-----

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	9 PERSON <sup>▲</sup>
MEDIAN FAMILY INCOME (100% AMI)	43,900	50,100	56,400	62,600	67,700	72,700	77,700	82,700	87,600
LOW-INCOME (80% AMI)	35,100	40,100	45,100	50,100	54,150	58,150	62,150	66,150	70,100
VERY LOW-INCOME (50% AMI)	21,950	25,050	28,200	31,300	33,850	36,350	38,850	41,350	43,800
EXTREMELY LOW-INCOME*(30% AMI)	13,200	15,050	16,950	18,800	20,350	21,850	23,350	24,850	26,300

ATTACHMENT 2

## -----2016 HOME PROGRAM RENTS-----

SRO*	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM	
FAIR MARKET RENT (FMR)	366	488	589	789	1,143	1,263	1,452	1,642
30 OF 50 RENT	♦488	♦589	726	838	936	1,032	1,128	
30 OF 30 RENT		330	423	489	546	602	657	

MFI – Median Family Income

▲ Calculate MFI for >9-person household by adding 8% for each member over 4-person MFI and round to nearest \$50 (i.e., 10-person is 148% of 4-person MFI)

\*Spokane CHHS does not adopt less restrictive 2014 Appropriations Act poverty guidelines which allow higher-income poverty households to access limited 30% AMI units.

<sup>x</sup>HOME rent for an SRO is 75% of the Efficiency Fair Market Rent.

♦HOME regulation requires that HOME rent cannot exceed FMR. Therefore, this rent is capped at FMR.



Revised 6/2016

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**ATTACHMENT 3**

**TIMETABLE**

Category	Milestone/Task	Deadline Month Yr/Status
Site control	Close on property.	July 2016
Financing	Funding documented by all lenders	July 2016
Design/Permits	Approval of zoning, site plan, construction plans.	September 2016
	Building permits issued.	October 2016
Construction	Begin construction.	October 2016
	Complete construction. Certificate of occupancy issued.	June 2017
Occupancy	Units occupied.	60 days from Certificate of Occupancy

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## ATTACHMENT 4

### CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

1. The undersigned (i.e., signatory for the Borrower) certifies, to the best of its knowledge and belief, that it and its principals:
  - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
  - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
  - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
  - d. Have not within a three-year period preceding this contract had one or more public transactions (federal, state, or local) terminated for cause or default.

Where the undersigned is unable to certify to any of the statements in this contract, it shall attach an explanation to this contract.

2. The undersigned agrees by signing this contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the City.
3. The undersigned further agrees by signing this contract that it will include the following clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

#### Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions

1. The lower tier contractor certified, by signing this contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
  2. Where the lower tier contractor is unable to certify to any of the statements in this contract, such contractor shall attach an explanation to this contract.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded, as used in this exhibit, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. The undersigned may contact the City for assistance in obtaining a copy of these regulations.
  5. I understand that a false statement of this certification may be grounds for termination of the contract.

<u>INLAND EMPIRE RESIDENTIAL RESOURCES</u> Name of Borrower	<u>SPECIAL SKILLS DUPLEX</u> Program Title
<u>DARRYL K. REBER</u> Name of Certifying Official	   Signature
<u>EXECUTIVE DIRECTOR</u> Title of Certifying Official	   Date (Type or Print)

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**CITY OF SPOKANE  
INLAND EMPIRE RESIDENTIAL RESOURCES**

**SPECIAL SKILLS DUPLEX**

**PROMISSORY NOTE**

OPR #2016-\_\_\_\_\_

Borrower: Inland Empire Residential Resources  
P.O. Box 3123  
Spokane, WA 99220

Lender: City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

Principal: \$280,000.00

Date: \_\_\_\_\_

1. PROMISE TO REPAY: FOR VALUE RECEIVED, the undersigned **Inland Empire Residential Resources**, hereinafter referred to as "Borrower", promises to repay to the order of the **City of Spokane**, a Washington state municipal corporation, or its successors and assigns (hereinafter called "Lender") the maximum principal sum of **TWO HUNDRED EIGHTY AND NO/100 DOLLARS (\$280,000.00)** or so much of said sum or sums as may now or hereafter be loaned or disbursed to the Borrower by the Lender, for the purpose of providing a portion of the financing for the Borrower's Special Skills Duplex, located at 2418 East 4<sup>th</sup> Avenue in Spokane, WA (the "Project"). This Promissory Note (the "Note") is part of a transaction further reflected in a HOME Program Loan Agreement ("Loan Agreement"), a HOME Program Loan Covenant Agreement ("Covenant Agreement") of even date herewith, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. Lender's disbursements under the Loan Agreement and the Note are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents". The capitalized terms in said Related Documents shall have the same meaning in this Note unless the context clearly suggests otherwise. In the event of conflict or ambiguity in the terms of any of these documents, the terms most favorable to Lender shall apply.

2. INTEREST: In addition to repayment of principal sums loaned, Borrower agrees to pay interest, compounded monthly, commencing on the date the money is first disbursed under the Loan Agreement, at the rate of three percent (3%) per annum. If rents for any HOME-assisted unit of the Project are raised above the level of the

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Affordability Requirement defined in the Loan Agreement, or any other provisions, covenants, terms, conditions or restrictions of the Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%), compounded monthly, for the period of noncompliance, as determined by the Director of Community, Housing and Human Services Department for the City of Spokane (the "Director").

3. REPAYMENT; MATURITY:

A. Deferral Period: Payment of principal and interest shall be deferred during the HOME Affordability Period, as defined in the Loan Agreement and Covenant Agreement, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of the Loan Agreement and Covenant Agreement together with all other provisions of this Note and Related Documents.

B. Payment Period: Principal and interest on this Note shall be payable in approximately equal amortized installments on the first day of each month (or the first business day thereafter if the first day of the month is a weekend or a holiday for the City), commencing immediately after the HOME Affordability Period ends, in the amount required to fully amortize the outstanding principal and accrued interest on this Note (including the interest accrued) during the remaining City Affordability Period, as defined in the Loan Agreement. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, Borrower and/or the Project will not comply with the Affordability Requirements, at which time any remaining balance would become immediately due and payable in full.

D. Prepayment: The Borrower may pay all or any portion of the outstanding principal of the Note at any time, without penalty. Repayment during the HOME Affordability Period, as described in the Loan Agreement, shall not extinguish the Affordability Requirements.

E. Late Charges: A late charge of thirty dollars (\$30.00) will be added to any payment received after the 10<sup>th</sup> day of the month in which it is due in addition to any other remedy.

F. Application of Payments: Payments received will first be applied to late charges, then to interest, and finally to principal.

G. Place of Payment: Payments of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as Lender may designate in writing according to the schedule noted above.

H. Potential Debt Forgiveness: Repayment shall further be subject to provisions and applicable sections of the Loan Agreement, which allows for debt



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forgiveness in exchange compliance with the Affordability Requirements during the Forgiveness Period, as defined in the Loan Agreement, subject to conditions specified in the Loan Agreement.

4. THIS NOTE IS secured by the Deed of Trust of even date herewith, duly filed for record in the County of Spokane, Washington.

5. THIS LOAN IS made for the purpose of financing a portion of the costs of the construction of the Special Skills Duplex on the property described in the Deed of Trust and Loan Agreement. As a condition of receiving this loan, Borrower agrees to abide by all of the terms and conditions of this Note, the Deed of Trust, the Loan Agreement and associated Covenant Agreement, incorporated herein by reference as if fully set forth.

6. IF THE BORROWER SHALL default in the payment of any amount due under this Note, and such default is not cured within ten (10) days after such payment is due, or if any other Event of Default occurs under the Deed of Trust, the Loan Agreement or the Covenant Agreement and such default is not cured within the cure period, if any, applicable thereto, the entire unpaid principal amount of this Note, together with accrued interest, shall immediately become due and payable, at Lender's option, upon notice to the Borrower. Failure of Lender to exercise such option shall not constitute a waiver of default. If Lender exercises its option to declare the entire amount of Borrower's loan immediately due and payable as provided above, Borrower agrees to pay Lender's cost and expenses of collection, including reasonable attorney's fees and court costs. If this Note is reduced to judgment, the judgment shall bear interest at the maximum rate permissible on judgments in the State of Washington.

7. IF THE BORROWER voluntarily sells, transfers, leases or otherwise conveys the Project or any portion thereof, to any person/persons or entity/entities (the "Transferee"), other than by leasing or renting for residential tenant use as contemplated by various provisions of the Loan Agreement, or for any other incidental use (to the extent permissible under all applicable federal and state laws and regulations), an Event of Default shall occur under the terms of this Note and the Related Documents unless the Borrower obtained prior written consent of the Director. The remedies provided for Default may be exercised at the discretion of the Director. An unauthorized transfer also occurs if Borrower grants a junior security interest without obtaining the prior written consent of the Director. Any sale, transfer, leasing or other disposition of the Project in violation of this Section 7 shall not relieve the Borrower of any obligation or obligations under this Note or any Related Document. The Borrower hereby agrees that upon any sale, transfer, lease or other disposition of the Project, the Borrower shall transfer all records, accounts, electronic data or other documents pertaining to the Project, including documents related to Borrower's compliance with this Note and any Related Document, to the Transferee or its designated agent. Failure by the City to exercise any of its rights and remedies under this Note or any Related Documents shall not be construed as a waiver of any kind. The Director's written consent may be conditioned upon the following, at the Director's sole discretion:

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(a) reasonable evidence satisfactory to the Director that the Borrower is not then in default under any document related to this transaction beyond any applicable grace period or cure period;

(b) an opinion of counsel for the Transferee, delivered to the City, to the effect that the Transferee (i) has assumed in writing and in full, all duties and obligations of the Borrower under this Note, the Loan Agreement and the Covenant Agreement, and (ii) that this Note and the Related Documents constitute the legal, valid and binding obligations of the Transferee;

(c) a showing that written assumption of the Transferee and/or the written agreement of the Transferee complies with all provisions of local, state and federal laws, ordinances and regulations applicable to the Borrower under this Note and Related Documents;

(d) a showing that the Borrower or the Transferee is not in arrears on any payments due and owing to the City or is in default under this Note or any of the Related Documents, beyond any applicable grace period or cure period;

(e) a showing that the Borrower or the Transferee do not have a history of instances of non-compliance with any non-monetary provision of this Note or any of the Related Documents, which were not cured after notice thereof and within the applicable cure period or grace period; and/or,

(f) a showing that the Borrower or the Transferee do not have a documented history of instances of failure to make payments due and owing to the City which are not paid within a reasonable period after notice thereof.

8. THIS NOTE IS not assignable or assumable without the express written consent of the Lender.

9. EACH MAKER AND endorser of this Note hereby waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith. Each maker and endorser expressly agrees that this Note or any payment thereunder may be extended from time to time, and consent to the acceptance of further security for this Note, including other types of security, all without in any way affecting the liability of each maker and endorser hereof. The right to plead any statutes of limitation as a defense to any demand on this Note, or any guaranty thereof or to any agreement to pay the same or to any demand secured by the Deed of Trust or other security, securing the Note, or any and all obligations or liabilities arising out of or in connection with said Note or Deed of Trust by any parties hereto is expressly waived by each and every of the makers, endorsers, guarantors or sureties.

10. SEVERABILITY: If any provision, or a part thereof, of this Note is declared by a court of competent jurisdiction to be invalid, the invalid provision or part thereof shall be stricken, with the remainder of the provision and other provisions of this Note surviving with full force and effect.

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11. BORROWER RATIFIES and reaffirms all information previously submitted in Borrower's loan application or financial statement, and by signing this Note, Borrower represents and warrants to Lender that the information provided is true and correct and that there has been no adverse change in Borrower's financial condition as disclosed to Lender in Borrower's most recent application or financial statement.

12. APPLICABLE LAW AND VENUE: This Note has been issued, executed and delivered in the State of Washington and shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent that the laws of the United States of America may prevail. Venue to enforce any provision shall be in the Spokane County Superior Court.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS NOTE ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO ALL TERMS AND CONDITIONS OF THIS NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower executed this Promissory Note on this \_\_\_\_ day of \_\_\_\_\_, 2016.

**INLAND EMPIRE RESIDENTIAL RESOURCES**

By: \_\_\_\_\_  
Darryl K. Reber, Executive Director

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AFTER RECORDING MAIL TO:

City of Spokane  
Department of Community, Housing and Human Services  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

OPR #2016 - \_\_\_\_\_

**CITY OF SPOKANE  
INLAND EMPIRE RESIDENTIAL RESOURCES**

**SPECIAL SKILLS DUPLEX**

**DEED OF TRUST**

Grantor: Inland Empire Residential Resources, a Washington nonprofit corporation

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel No.: 35211.3704

Legal Description: LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT THEREOF RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE,  
STATE OF WASHINGTON.

THIS DEED OF TRUST, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between **Inland Empire Residential Resources**, a Washington nonprofit corporation, referred to herein as GRANTOR, whose address is P.O. Box 3123, Spokane, WA 99220, **First American Title Insurance Company**, TRUSTEE, whose address is 40 East Spokane Falls Blvd., Spokane, WA 99202 and the **City of Spokane**, Washington, a Washington state municipal corporation, BENEFICIARY, whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201.

This Deed of Trust is part of a transaction further reflected in a HOME Program Loan Agreement ("Loan Agreement"), HOME Program Loan Covenant Agreement ("Covenant Agreement"), Promissory Note, secured by this Deed of Trust, and Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. The terms of said agreements are incorporated into this Deed of Trust, and the capitalized terms in said agreements shall have the same meaning in this Deed of Trust unless the context

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clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to Beneficiary shall apply.

WITNESSETH: Grantor hereby irrevocably grants and conveys to Trustee in trust, with power of sale, the following described real property (the "Property") in Spokane County, Washington:

LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT  
THEREOF RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF  
WASHINGTON.

Assessor's Parcel Number: 35211.3704

Property Address: 2418 E 4<sup>th</sup> Ave, Spokane, WA 99202

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, easements, fixtures and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues, and profits thereof.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained and as further contained in the Loan Agreement, Covenant Agreement, and Promissory Note, secured by this Deed of Trust, and for the purpose of securing payment of the sum of **TWO HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$280,000.00)** with interest, in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary, and made by Grantor, and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon. This Deed of Trust also secures to Beneficiary: (a) the payment of other sums, with interest, advanced to protect the security of this Deed of Trust; and (b) the performance of Grantor's covenants and agreements under this Deed of Trust and the Promissory Note, Covenant Agreement, and Loan Agreement of even date herewith.

GRANTOR COVENANTS that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property that the Property is unencumbered, except for encumbrances of record. Grantor warrants and will defend the title to the Property against all claims and demands, subject to any prior encumbrances of record.

COVENANTS: Grantor and Beneficiary covenant and agree as follows:

**1. PAYMENT OF PRINCIPAL AND INTEREST; PREPAYMENT AND LATE CHARGES.** Grantor shall promptly pay when due the principal of and interest on the debt evidenced by the Promissory Note and any late charges due under the Promissory Note.

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**2. APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Beneficiary under Paragraph 1 shall be applied: first, to any late charges due under the Promissory Note; second, to interest; and third, to principal due under the Promissory Note.

**3. CHARGES; LIENS.** Grantor shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property, which may attain priority over this Deed of Trust, including utility charges, whether or not reflected in a recorded lien. Grantor shall pay these obligations on time directly to the person or entity owed payment. Grantor shall promptly furnish to Beneficiary upon request copies of all notices of amounts to be paid under this Paragraph. If Grantor makes these payments directly, Grantor shall promptly furnish to Beneficiary upon request receipts evidencing the payments. Grantor shall promptly discharge any lien which has priority over this Deed of Trust unless: (a) Grantor agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (b) Grantor contests in good faith the lien in legal proceedings, or defends against enforcement of the lien in legal proceedings, which, in the Beneficiary's opinion, operate to prevent the enforcement of the lien; or (c) Grantor secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust, or (d) Beneficiary has executed an agreement subordinating its interest. If Beneficiary determines that any part of the Property is subject to a lien, which may attain priority over this Deed of Trust, Beneficiary may give Grantor a notice identifying the lien. Grantor shall satisfy the lien or take one or more of the actions set forth above within ten business (10) days of the giving of the notice. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, recorded or unrecorded liens, encumbrances, or other charges against the Property, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Promissory Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**4. HAZARD OR PROPERTY INSURANCE.** A. Grantor shall keep the improvements now existing or hereafter erected on the Property continuously insured against loss by fire, hazards included within the term "extended coverage", and any other hazards, including floods or flooding, for which the Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods that Beneficiary requires in order to maintain adequate protection for the Property, but no act or omission by the Beneficiary shall relieve Grantor of the primary duty to procure adequate insurance. In no event shall such insurance be less than the full replacement cost of the Property (*i.e.*, 100% of replacement cost). The insurance carrier providing the insurance shall be chosen by the Grantor subject to Beneficiary's approval. All policies shall be held by the Beneficiary, and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. If Grantor fails to maintain coverage as described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with Paragraph 7.

B. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgage clause. If Beneficiary requires, Grantor shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. In the event of

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loss, Grantor shall give prompt notice to the insurance carrier and to Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor.

C. Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Beneficiary's security is not lessened thereby. If the restoration or repair is not economically feasible or if Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Grantor. If Grantor abandons the Property or does not answer within thirty (30) days notice from the Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may, in its sole discretion, use the proceeds to restore or repair the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30-day period will begin when the notice is given. Such application of proceeds by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. 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. Unless Beneficiary and Grantor otherwise agree in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of the payments. If under Paragraph 20, the Property is acquired by Beneficiary, Grantor's right to any insurance policies or proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

**5. FLOOD INSURANCE.** If the Property is located in a one hundred year FEMA Flood Zone, Grantor shall maintain flood insurance throughout the term of the Loan in an amount not less than the total amount of the Loan or the maximum amount of coverage available through the National Flood Insurance Program, furnishing proof of same upon request by Beneficiary.

**6. OCCUPANCY, PRESERVATION, MAINTENANCE AND PROTECTION OF THE PROPERTY; LOAN APPLICATION; LEASEHOLDS.** Grantor shall cause the Property to be occupied, established, and used as decent, safe, sanitary and affordable housing for low-income families pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq.) throughout the term of the loan as described in the Promissory Note and Covenant Agreement. Grantor covenants and agrees to keep the Property in good condition and repair, to permit no waste thereof, to complete any building, structure, or improvement being built now or hereafter thereon, to restore or replace promptly any building, structure, or improvement thereon which may be damaged or destroyed, and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Property. Grantor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Grantor may cure such a default and reinstate, as provided in Paragraph 17 by causing the action or

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proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of Grantor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Grantor shall also be in default if Grantor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Promissory Note. If this Deed of Trust is on a leasehold, Grantor shall comply with all the provisions of the lease. If Grantor acquires fee title to the property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

**7. PROTECTION OF BENEFICIARY'S RIGHTS IN THE PROPERTY.** A. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, the Loan Agreement and/or the Covenant Agreement, or there is a legal proceeding which, in the Beneficiary's good faith judgment, may affect Beneficiary's rights in the Property (including but not limited to proceedings in bankruptcy, probate, for condemnation or forfeiture, or to enforce laws or regulations), then Beneficiary shall have the right to take whatever action it deems reasonably necessary and appropriate to protect the value of the Property and Beneficiary's rights in the Property. Although Beneficiary may take action under this Paragraph 7, Beneficiary is not obligated to do so.

B. Any amounts caused to be disbursed by Beneficiary under this Paragraph 7 shall become additional debt secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Promissory Note rate and shall be payable with interest upon notice from Beneficiary to Grantor requesting payment.

C. Grantor covenants and agrees 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 the cost of title search and any and all attorney's fees actually incurred, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

D. Grantor further covenants and agrees to pay any and 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 attorney's fees actually incurred, as provided by statute.

**8. INSPECTIONS.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property, subject to all applicable landlord/tenant laws. Beneficiary shall give Grantor notice at least 24 hours prior to an inspection; provided, however, such right to notice does not apply to Beneficiary when acting in its regulatory capacity or when exercising its police powers.

**9. CONDEMNATION.** A. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary. In the event of a total taking of the Property, the proceeds



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shall be applied to the sums secured by this Deed of Trust and other liens as approved by the Beneficiary, whether or not then due, with any excess paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (i) the total amount of the sums secured immediately before the taking, divided by (ii) the fair market value of the Property immediately before the taking. Any balance shall be paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due.

B. If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the condemnor offers to make an award or settle a claim for damages, and Grantor fails to respond to Beneficiary within thirty (30) days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

C. Unless Beneficiary and Grantor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of such payments.

**10. GRANTOR NOT RELEASED; FORBEARANCE BY BENEFICIARY NOT A WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release the liability of the original Grantor or of Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor or Grantor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**11. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Grantor, except as otherwise provided for in this Deed of Trust. Grantor's covenants and agreements shall be joint and several.

**12. LOAN CHARGES.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the

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amount necessary to reduce the charge to the permitted limit, and; (ii) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Beneficiary may choose to make this refund by reducing the principal owed under the Promissory Note or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Promissory Note.

**13. NOTICES.** Grantor shall promptly give Beneficiary written notice of any and all Project defaults (regardless of whether the default is related to the financing provided by Beneficiary and the various agreements governing the terms of such financing, or whether the default is related to any of the various other parties or entities providing financing to the Project under their various agreements), investigations, claims, demands, lawsuits, licensing issues relating to the operation of the building or care facility, or other actions by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law (as defined in Paragraph 19 of this Deed of Trust) of which Grantor has actual or constructive knowledge. Any notice provided for in this Deed of Trust shall be given pursuant to the procedures outlined in the Loan Agreement.

**14. GOVERNING LAW; SEVERABILITY.** This Deed of Trust shall be governed by federal law and the laws of the State of Washington. In the event that any provisions of this Deed of Trust or the Promissory Note conflict with applicable law, such conflict shall not affect other non-conflicting provisions of this Deed of Trust or the Promissory Note, which shall continue in full force and effect.

**15. GRANTOR'S COPY.** Grantor hereby acknowledges receipt of a conformed copy of the Loan Agreement, Covenant Agreement, Promissory Note, and of this Deed of Trust.

**16. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN GRANTOR.**

A. Except as provided in the Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent, or if any other default occurs under this Deed of Trust, the Promissory Note, the Loan Agreement or the Covenant Agreement, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the execution date of this Deed of Trust. By accepting payment of any sum secured by this Deed of Trust after payment is due, Beneficiary does not waive the right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

B. If Beneficiary exercises the above option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a cure period of not less than thirty (30) days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any and all remedies permitted by this Deed of Trust without further notice or demand on Grantor.

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**17. GRANTOR'S RIGHT TO REINSTATE FOLLOWING ACCELERATION.** If Grantor meets the conditions outlined in this paragraph, Grantor shall have the right to have enforcement by acceleration of this Deed of Trust discontinued at any time prior to the earlier of: (i) 10 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (ii) entry of a judgment enforcing this Deed of Trust. The conditions which Grantor must meet are that Grantor shall: pay Beneficiary all sums which then would be due under this Deed of Trust and the Promissory Note as if no acceleration had occurred; cure any default of any other covenants or agreements; pay all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees, and; take such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property, and Grantor's obligation to pay the sums secured by this Deed of Trust continue unchanged. Upon reinstatement by Grantor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration caused by Grantor's selling or transferring all or any part of the Property or any interest in it (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent.

**18. NO FURTHER ENCUMBRANCES.** A. For the purposes of protecting Beneficiary's security and keeping the Property free from junior and subordinate financing liens, Grantor agrees and understands that any sale, conveyance, further encumbrance (including the granting of easements and any and all other matters affecting title except for easements required for delivery of services or utilities to the Property) or other transfer of title to the Property, or any interest therein (whether voluntary or by operation of law), without Beneficiary's prior written consent, shall be an Event of Default under this Deed of Trust.

**B. Notice is hereby given to all third parties that any mortgage or other Deed of Trust that they may receive against the Property without the prior written approval and acknowledgment of the Beneficiary of this Deed of Trust shall be null and void and without force or effect.**

**19. HAZARDOUS SUBSTANCES; REPRESENTATIONS AND WARRANTY.** A. Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as defined in this Paragraph 19) on or in the Property, except for the presence, use, storage and disposal of reasonable quantities of such Hazardous Substances as are generally used in the ordinary course of operating, maintaining or developing properties such as the Property, all of which Indemnitor represents, warrants and covenants shall be used, stored and disposed of in accordance with commercially reasonable practices and all applicable laws. Grantor shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state, or local Environmental Law, ordinance, or rule. As used in this Paragraph 19, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

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B. Grantor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which Grantor has actual knowledge. If Grantor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.

C. The Grantor hereby represents and warrants that, to the best of the Grantor's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the project. To the best of Grantor's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Property, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the project. The Grantor has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Grantor represents and warrants that any asbestos and lead-based paint found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) "oil, petroleum products and their by-products" as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any "hazardous substance" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any "asbestos material" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any "radon gas" in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as provided by any applicable law or regulation now or hereafter in effect; (vii) any "infectious waste" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Grantor is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls ("PCBs") and lead-based

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paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

**20. ACCELERATION: REMEDIES.** A. Beneficiary shall give notice to Grantor, prior to acceleration, following Grantor's breach of any covenant or agreement noted in this Deed of Trust, the Loan Agreement, or the Covenant Agreement. The notice shall specify: (a) the nature of the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property at public auction to the highest bidder, in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 or as hereafter amended). The notice shall further inform Grantor of applicable rights to reinstate after acceleration, rights to bring a court action to assert the nonexistence of a default or any other defense Grantor wishes to assert prior to acceleration and sale, and of any other matters required by applicable law to be included in the notice. If the default is not cured on or before the date specified in the notice, Beneficiary, at its option, may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted under the Loan Agreement, the Covenant Agreement, the Promissory Note, this Deed of Trust or by applicable law. Beneficiary shall be entitled to collect from Grantor all expenses incurred in pursuing the remedies provided in this Paragraph 20, including, but not limited to, attorneys' fees and costs of title evidence.

B. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Trustee of the occurrence of an event of default. Upon instruction from the Beneficiary to do so, Trustee shall cause the trust Property to be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Beneficiary or its designee may purchase the Property at any sale. Trustee and Beneficiary shall take such action regarding notice of sale and shall give such notices to Grantor and to other persons as applicable law may require.

C. Trustee shall deliver to the purchaser a Trustee's Deed conveying the Property without warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

D. 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.

**21. RECONVEYANCE.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property to the person entitled thereto and shall surrender this Deed of Trust and all Promissory Notes evidencing the debt secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property

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without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

**22. SUBSTITUTE TRUSTEE.** In the event of the death, incapacity, disability, or resignation of Trustee, or at Beneficiary's reasonable discretion, 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 an action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

**23. USE OF PROPERTY.** The Property is not used principally for agricultural or farming purposes.

**24. BINDING EFFECT.** This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term "Beneficiary" shall mean the holder and owner of the Promissory Note secured hereby, whether or not named as Beneficiary herein.

**25. ORAL AGREEMENTS OR ORAL COMMITMENTS.** ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS INSTRUMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Deed of Trust and in any riders executed by Grantor and recorded with it.

IN WITNESS WHEREOF, the Parties have executed this Deed of Trust as of the day and year first written above.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.)

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INLAND EMPIRE RESIDENTIAL RESOURCES,  
a Washington nonprofit corporation

By: \_\_\_\_\_  
Darryl K. Reber, Executive Director

Date: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Darryl K. Reber**, to me known to be the Executive Director of Inland Empire Residential Resources, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of Inland Empire Residential Resources, a Washington nonprofit corporation and the Grantor, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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**BENEFICIARY - CITY OF SPOKANE**

By: \_\_\_\_\_  
David A. Condon, Mayor

Date: \_\_\_\_\_

**ATTEST:**

**APPROVED AS TO FORM:**

By: Terri L. Pfister, City Clerk

By: \_\_\_\_\_  
Assistant City Attorney

Date:

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the City of Spokane, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_



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WHEN RECORDED RETURN TO:

CITY OF SPOKANE

COMMUNITY, HOUSING AND HUMAN SERVICES DEPARTMENT

808 W. SPOKANE FALLS BLVD., ROOM 650

SPOKANE, WASHINGTON 99201-3339

OPR #2016-\_\_\_\_\_

**CITY OF SPOKANE  
INLAND EMPIRE RESIDENTIAL RESOURCES**

**SPECIAL SKILLS DUPLEX**

**HOME PROGRAM LOAN COVENANT AGREEMENT**

Grantor: Inland Empire Residential Resources, a Washington nonprofit corporation

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel No.: 35211.3704

Legal Description: LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT THEREOF RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF WASHINGTON.

This HOME Program Loan Covenant Agreement ("Covenant Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the **City of Spokane**, Washington, a Washington municipal corporation (the "City"), whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, Washington 99201-3339 and **Inland Empire Residential Resources**, a Washington nonprofit corporation (the "Borrower" or "Grantor"), whose address is P.O. Box 3123, Spokane, WA 99220.

**I. STIPULATIONS**

1. This Covenant Agreement is a condition of and part of the consideration for the financial assistance provided by the City to the Borrower for the Borrower's acquisition and construction of the Special Skills Duplex, a duplex with one two-bedroom unit and one three-bedroom unit, to be constructed at 2418 East 4<sup>th</sup> Avenue in Spokane, WA (the "Project"). Both of the units will be HOME-assisted.

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2. This Covenant Agreement is part of a transaction further reflected in a Promissory Note ("Promissory Note"), a HOME Program Loan Agreement ("Loan Agreement") of even date herewith, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with this Covenant Agreement. The City's disbursements under the Loan Agreement are further secured by a Deed of Trust ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said agreements shall have the same meaning in this Covenant Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

3. The Project is situated in the City and County of Spokane, State of Washington, and is legally described as:

LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT THEREOF  
RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF  
WASHINGTON.

Assessor's Parcel Number: 35211.3704.

Property Address: 2418 E 4<sup>th</sup> Ave, Spokane, WA 99202

4. This Covenant Agreement shall be filed and recorded in the official public land records of Spokane County, Washington, and shall constitute a restriction upon the use of the property and Project described herein, subject to and in accordance with the terms of this Covenant Agreement during the Affordability Period described in Section IV herein below.

5. The covenants contained herein are to be taken and construed as **covenants running with the land** and shall pass to and be binding upon the Borrower, its successors in interest, assigns, heirs or lessees of the Project, beginning on the date this Covenant Agreement is executed. Each and every contract, deed or other instrument covering or conveying the property or Project, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants regardless of whether such covenants are set forth in such contract, deed or other instrument.

NOW, THEREFORE, it is hereby covenanted, that during the Affordability Period described in Section IV herein below, the Borrower agrees to the following covenants running with the land which shall bind the Borrower, its heirs, assigns, lessees and successors in interest through the Affordability Period.

## II. COVENANTS

Borrower shall:

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- A. Comply with the Affordability Requirements described in this Covenant Agreement and Related Documents.
- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.
- C. Maintain Project financial reports, Project financial records and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under the Loan Agreement or as approved of by the Director of Community, Housing and Human Services of the City of Spokane (the "Director") in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of the Loan Agreement, or as otherwise requested by the City.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower) whether private, for-profit or nonprofit, including a community housing development organization (CHDO) when acting as an owner, developer or sponsor.
- I. Comply with all applicable federal, state, and local regulations and requirements, including, but not limited to, Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Covenant Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. When applicable, the City's costs to administer Davis-Bacon Federal Labor Standards, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.

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- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.
- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of the Loan Agreement.
- L. Upon Project Completion, the Project shall obtain a final Certificate of Occupancy, meet all licensing requirements needed to operate the facility as proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable federal, state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.
- M. Cause each of the two (2) HOME-assisted units to be occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units are not occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$140,000.00/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$280,000.00 HOME dollars/2 HOME units.

The Borrower shall cause this Covenant Agreement to be recorded as a covenant running with the land and the Project.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

### III. INCOME DETERMINATIONS

- A. For purposes of this Covenant Agreement, tenant "annual income" is defined pursuant to 24 CFR §92.203), and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.
- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements below.

#### IV. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. “Project Completion” means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), Project Completion occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the “Affordability Period.” Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with affordability requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Note.
- C. Rent Limits.  
Group Homes.  
During the Affordability Period, the sum of the rents paid by all tenants of each of the two- or three-bedroom units shall not exceed the Spokane area’s Section 8 Fair Market Rent (“FMR”) for a two- or three-bedroom unit, as defined by HUD, and adjusted for tenant-paid utilities and tenant-supplied appliances. Each tenant’s rent shall be a proportionate share of the total unit rent. Rent limits include utilities but do not include food or the cost of any supportive services. Bedrooms occupied by resident supportive services providers are not counted as eligible bedrooms for rent purposes.
- Non-Group Homes.  
During the Affordability Period, rents on both of the HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of Spokane area median income (“AMI”), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied appliances. These units shall include one (1) two-bedroom unit and one three-bedroom unit.

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Group and Non-Group Homes.

Should the HUD rents or the FMR decline below the initial project rents, the Borrower's rents do not need to be reduced below the initial rents. A table of initial HUD rents for the Project is attached to the Loan Agreement as Attachment 2.

However, any HOME-assisted unit receiving federal or state project-based rental assistance, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to 24 CFR §92.252. New HUD requirements include that the adjustment for tenant-paid utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department ("Department"), or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utlmodel.html>. HUD may clarify the new requirements to allow the use (in some circumstances) of the prior requirement, which used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by HUD and issued by the Spokane Housing Authority or twelve (12) months of documented actual utility costs as acceptable to the Department.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits) in accordance with this Loan Agreement. Owners must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Loan Agreement. The City will review rents for compliance and approve or disapprove them every year.

Rents can be increased above the maximum limits described above after expiration of the HOME Affordability Period, but the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.

- D. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed solely by section 42 of the Internal Revenue Code of 1986, as amended from time to time.
- E. Income limits. At initial occupancy, tenants of the HOME-assisted unit shall have incomes not greater than thirty percent (30%) of the Spokane area median income ("AMI"), as defined by HUD. If one of these tenants' incomes increases

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to a level exceeding 50% of AMI, the next available HOME-assisted unit shall be made available to families at or below 30% AMI. The Property owner may choose to increase rent for the now over-50% household, provided that the new rent does not exceed the HOME rent at the 30% of 50% of AMI level. In addition, if the tenant's income increases and exceeds 80% of AMI, the tenant's rent shall increase to the lesser of 30% of the tenants adjust monthly income or Fair Market Rent.

- F. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- G. Upon completion of the HOME Affordability Period, if the maximum rent and income limits are exceeded, the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Note.
- H. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- I. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- J. Protection of Affordability Requirements – City Purchase Option. The Affordability Requirements may terminate upon foreclosure or transfer in lieu of foreclosure at the sole election of the Director. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option and a right of first refusal to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its right to purchase the Project in any reasonable manner following the City's receipt of written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure, which notice Borrower hereby agrees to provide to City. The purchase price shall be the assessed value of the Project at the time of the City's exercise of its purchase rights, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. The City further reserves the right to revive any affordability restrictions according to the original terms of the Loan Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or property.

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V. DEFAULT

If a violation of any of the foregoing covenants occurs, the City may, after thirty (30) days written notice, the default meanwhile not having been cured, institute and prosecute any proceeding at law or in equity or as otherwise provided for in this Covenant Agreement, or Related Documents, to abate, prevent, or enjoin any such violation or to compel specific performance by the Borrower of its obligations hereunder, including, without limitation of other remedies, the exercise of the City's purchase rights described herein. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS AGREEMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the Parties have executed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 2016.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.



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## INLAND EMPIRE RESIDENTIAL RESOURCES

By: \_\_\_\_\_  
Darryl K. Reber, Executive Director

Date: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Darryl K. Reber**, to me known to be the Executive Director of Inland Empire Residential Resources, a Washington nonprofit corporation executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Borrower, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**CITY OF SPOKANE**

Date:

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Assistant City Attorney

Date:

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the **City of Spokane**, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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WHEN RECORDED RETURN TO:

City of Spokane

Community, Housing and Human Services Dept.

808 W. Spokane Falls Blvd.

Spokane, WA 99201

OPR 2016-\_\_\_\_\_

### QUIT CLAIM DEED

THE GRANTOR, CITY OF SPOKANE, a Washington municipal corporation, for and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged, conveys and quit claims to Inland Empire Residential Resources, a Washington nonprofit corporation ("Grantee"), the City's interest in the following described real estate, situated in the County of Spokane, State of Washington:

LOT 4 IN BLOCK 19 OF UNION PARK ADDITION, AS PER PLAT THEREOF  
RECORDED IN VOLUME "A" OF PLATS, PAGE 139;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF  
WASHINGTON.

Assessor's Parcel Number: 35211.3704

Property Address: 2418 E 4<sup>th</sup> Ave, Spokane, WA 99202

Provided; that if Grantee fails to comply with the Affordability Requirements set forth in that certain HOME PROGRAM LOAN COVENANT AGREEMENT, of even date herewith, wherein Inland Empire Residential Resources is Grantor and the City of Spokane is beneficiary, then the City may re-enter and repossess the Property.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
David A. Condon, Mayor

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Attest:

Approved as to form:

\_\_\_\_\_  
Terri L. Pfister, Clerk

\_\_\_\_\_  
Assistant City Attorney

STATE OF WASHINGTON    )  
                                      ) ss.  
County of Spokane        )

I certify that I know or have satisfactory evidence that **David A. Condon** and **Terri L. Pfister** are the persons who appeared before me and said persons acknowledged that they signed this document, and on oath stated that they were authorized to sign and acknowledged it as the **Mayor** and the **City Clerk**, respectively, of the CITY OF SPOKANE, a municipal corporation, to be the free and voluntary act of such party for the uses and purposes therein mentioned.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for Washington State  
Residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**BRIEFING PAPER**  
**City of Spokane**  
**Community, Housing and Human Services Department**  
**Community, Health, and Environment Committee**  
**May 2, 2016**

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**Subject**

Update on Spring 2016 Multifamily Housing Program RFP proposals for federal HOME-funds to develop affordable rental housing with long-term affordability covenants.

**Background**

A recent CHHS RFP offered about \$600,000 of HOME funds to develop affordable rental housing at three CHHS-owned properties. HOME-funded rental units must be affordable to households at or below 50% of Area Median Income and should include units for extremely low-income households, large families, and handicapped tenants. The three CHHS-owned properties (see attachment) had received a Single Family Rehabilitation program home repair loan but were later transferred to CHHS following foreclosure or borrower's death. HUD requires that these properties provide further benefit to low-income Spokane families.

CHHS received 4 proposals for HOME funding (see attachment). In early May, the CHHS Board will select projects to receive HOME funds, which are contingent upon Council approval. In June, CHHS staff plans to request that Council approve HOME funding contracts for the selected projects. This timeline helps CHHS meet a HUD July 31 HOME commitment deadline. Construction is expected to start in September 2016.

**Impact**

Selected proposals will create new rental housing with long-term affordability covenants for low-income families. Each project will deliver infill housing at underutilized lots. One property is located in the East Sprague TIP and all properties are in the East Central neighborhood.

**Action**

Discuss affordable housing proposals in preparation of Council consideration of HOME funding contracts (anticipated June/July 2016).

**Funding**

Approximately \$600,000 of federal HOME funds. Each proposal utilizes some additional funding from owner's funds or bank financing.

## 2016 SPRING FUNDING APPLICATIONS

SPONSOR	PRODUCT	HOME REQUEST	HOME \$/ HOME UNIT	TOTAL COST	COST/ UNIT
<b>EAST CENTRAL COMMUNITY ORGANIZATION</b> 1st & Scott Rental Properties 1808 E 1st - 1 duplex 611 S Scott - 2 duplexes new construction  Other funds: bank loan, FHLB	6 total units 6 HOME units HOME 30% 2 3bd 50% 4 3bd	\$396,426	\$66,071	\$705,407	\$117,568
<b>INLAND EMPIRE RESIDENTIAL RESOURCES</b> Special Skills Duplex 2418 E 4th new construction includes 2 ADA accessible Other funds: Owner	2 total units 2 HOME units HOME 30% 1 2bd, 1.3bd	\$260,000	\$130,000	\$261,500	\$130,750
<b>VASILENKO</b>  1808 E 1st rehab, potential for add'l 3 new construction Other funds: Owner	1 total unit 1 HOME unit HOME 50% 1 3bd	\$75,000	\$75,000	\$110,060	\$110,060
<b>VASILENKO</b>  611 S Scott rehab (1), new construction (5) includes 1 3bd ADA accessible Other funds: Owner	6 total units 6 HOME units HOME 30% 3 3bd 50% 2 2bd, 1 3bd	\$395,000	\$65,833	\$528,358	\$88,060
<b>TOTAL</b>	<b>14 total units</b> <b>14 HOME units</b>	\$1,126,426	\$80,459	\$1,605,325	\$114,666

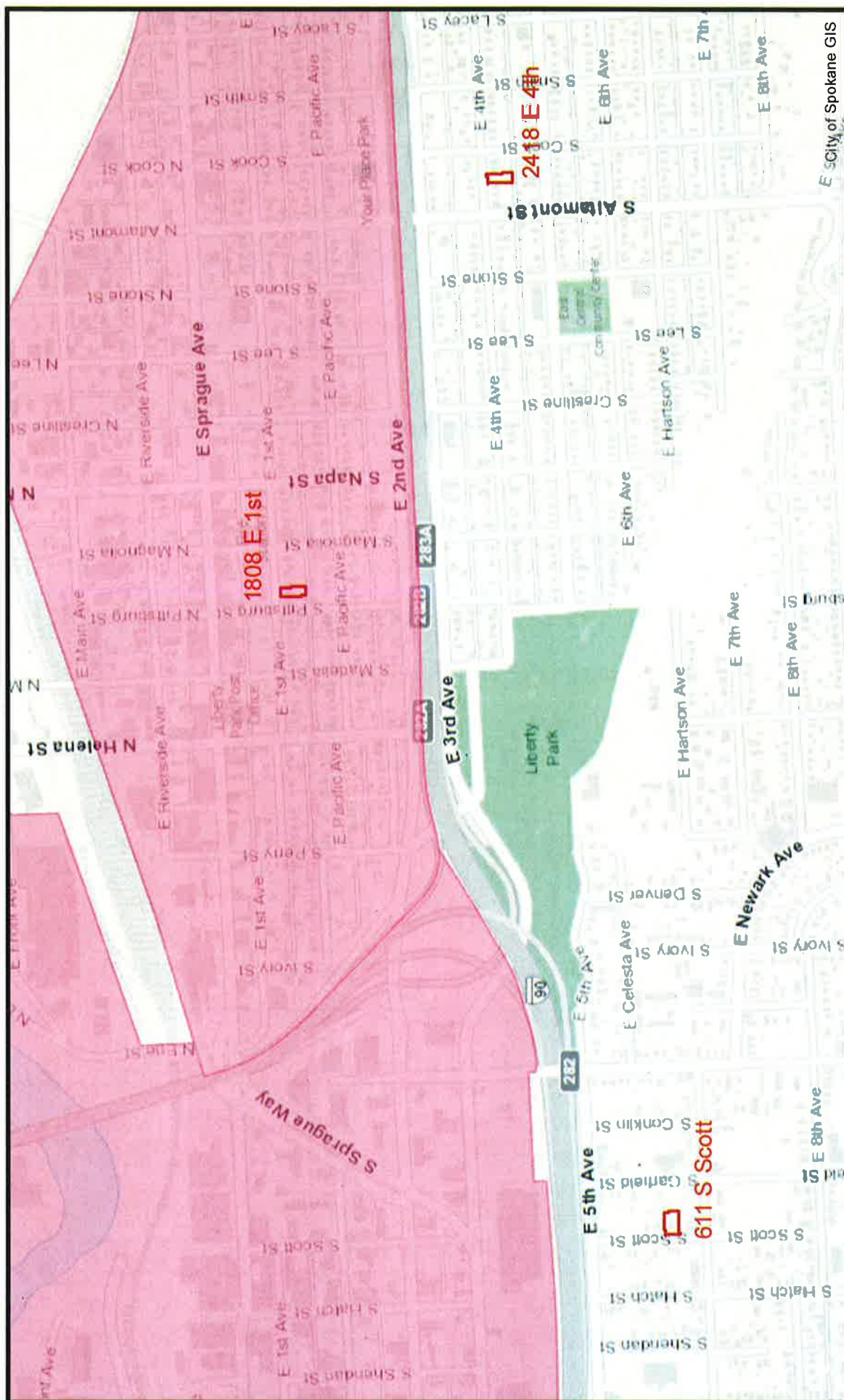
**Total HOME funds available:**

Non-CHDO funds  
CHDO setaside

\$600,000

\$600,000 (Includes HOME MF, reprogrammed HOME, HOME PI)

\$0 (Minimum required allocation. Actual may be greater.)



## Spring 2016 RFP Project Sites

April 26, 2016



City of Spokane GIS

**THIS IS NOT A LEGAL DOCUMENT:**  
The information shown on this map is compiled from various sources and is subject to constant revision. Information shown on this map should not be used to determine the location of facilities in relationship to property lines, section lines, easements, etc.

PROPOSED BUDGET  
INLAND EMPIRE RESIDENTIAL RESOURCES  
SPECIAL SKILLS DUPLEX

2418 E 4<sup>th</sup> Avenue

Closing/title/recording	1,500	Sponsor	1,500
Construction	249,600		
Permits/fees/hookups	5,976		
Soft cost contingency	780	<b>City HOME funds</b>	<b>280,000</b>
Architect	2,500		
Insurance	400		
Impact fees	744		
Construction contingency/ Developer fee	20,000		
<b>TOTAL</b>	<b>\$281,500</b>	<b>TOTAL</b>	<b>\$281,500</b>

Construction of a duplex with 2 ADA accessible units, including a 2-bedroom, 1 bath unit and a 3-bedroom, 1 bath unit on a lot that is currently owned by the City. Each unit will be about 1,250 sf. The units will be on grade with extra wide hallways, metal door jambs, laundry room in each unit, Energy-Star appliances, and front and rear access doors. There will be a covered patio area, a fenced yard, and parking for staff with easy access for paratransit. The 2-bedroom unit will include a number of features to improve safety and durability. Design features include hardened walls, commercial grade plumbing fixtures, metal door jambs, safety glass windows, easily maintained floor coverings and a large room that could be a future bedroom, but is intended for use as a space where individuals can go, where they can be safe and separated from the other roommate. The 3-bedroom unit will also have protective wainscoting to reduce wheelchair damage. The building will have vinyl siding.

Some architectural, engineering, and other professional series costs incurred within 24 months before commitment might be reimbursed.





**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	7/12/2013
<b>Clerk's File #</b>	OPR 2016-0489
<b>Renews #</b>	

<b>Submitting Dept</b>	HOUSING & HUMAN SERVICES	<b>Cross Ref #</b>	2016-0476
<b>Contact Name/Phone</b>	M SHARTS X6325	<b>Project #</b>	
<b>Contact E-Mail</b>	MSHARTS@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Contract Item	<b>Requisition #</b>	
<b>Agenda Item Name</b>	1680 VASILENKO - 611 SOUTH SCOTT		

**Agenda Wording**

Loan Agreement & other documents with Konstantin & Tatyana Vasilenko (Spokane) for rehabilitation of a house and construction of five additional units at 611 South Scott Street - \$395,000 HOME funds (East Central neighborhood)

**Summary (Background)**

The City receives HOME grants from HUD for rental housing projects affordable to low-income households. The loan agreement requires that 3 3-bdrm units benefit households at or below 30% of the area median income (AMI) & 3 units (2-bdrm & 1 3-bdrm) benefit households at or below 50% AMI for at least 20 years. A \$47.5k loan at 3% interest will be repaid over 20 years and a \$347,500 loan is potentially forgivable. Other financing is from bank & owner funds. Lot was City surplus (RES 2012-0068).

<b><u>Fiscal Impact</u></b>		<b><u>Budget Account</u></b>	
Expense	\$ 395,000	#	1710-99999-99999-99999-99999 HOME
Neutral	\$ 0	#	pending approval of EBO
Select	\$	#	
Select	\$	#	
<b><u>Approvals</u></b>		<b><u>Council Notifications</u></b>	
<b><u>Dept Head</u></b>	CROW, ROB	<b><u>Study Session</u></b>	CHE 5/2/16
<b><u>Division Director</u></b>	MALLAHAN, JONATHAN	<b><u>Other</u></b>	
<b><u>Finance</u></b>	KECK, KATHLEEN	<b><u>Distribution List</u></b>	
<b><u>Legal</u></b>	WHALEY, HUNT	kkeck, sscheidegger, mdoval	
<b><u>For the Mayor</u></b>	WHITNEY, TYLER	sstopher, cbrown, kkeenan	
<b><u>Additional Approvals</u></b>		dkinder, msharts	
<b><u>Purchasing</u></b>		2306115@gmail.com	

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OPR #2016-\_\_\_\_\_

**CITY OF SPOKANE  
VASILENKO**

**611 SOUTH SCOTT**

**HOME PROGRAM LOAN AGREEMENT**

This HOME Program Loan Agreement (the "Loan Agreement") is made effective this \_\_\_\_ day of \_\_\_\_\_ 2016 ("Effective Date"), by and between the City of Spokane, Washington, a Washington municipal corporation (the "City"), whose address is **City of Spokane**, c/o Community, Housing and Human Services Department (the "Department"), 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, and **Konstantin Y. Vasilenko and Tatyana A. Vasilenko**, husband and wife (the "Borrower"), whose address is 19914 North Hazard Road, Spokane, WA 99208. Borrower and City are together referenced as the "Parties". This Loan Agreement is part of a transaction further reflected in two Promissory Notes ("Note 1" and "Note 2", or, collectively, the "Notes"), a HOME Program Loan Covenant Agreement ("Covenant Agreement"), and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. The City's disbursements under the Loan Agreement are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said documents shall have the same meaning in this Loan Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

WITNESSETH: The Parties hereby agree to diligently fulfill the following duties and to perform the following services in accordance with all of the conditions, terms, and requirements of this Loan Agreement.

**I. PURPOSE**

- A. The purpose of this Loan Agreement is to expand the supply of decent, safe, sanitary, and affordable housing for very low-income households pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq., CFDA #14.239) ("HOME").
- B. To accomplish the purpose of this Loan Agreement, the City shall provide a portion of the financing for the Borrower's 611 South Scott project, which includes the rehabilitation of a house and construction of 5 units at 611 South Scott Street in Spokane, WA (the "Project"). The legal description of the Project is:

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THE SOUTH 80 FEET OF THE WEST HALF OF LOT 8, BLOCK 3,  
HARTSON'S SUBDIVISION OF BLOCKS 3, 4, 5, 6, 7 AND 8,  
HARTSON AND TOWNSEND'S HIGHLAND PARK ADDITION, AS  
PER PLAT RECORDED IN VOLUME "C" OF PLATS, PAGE 26;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE,  
STATE OF WASHINGTON

APN: 35201.5353

PROPERTY ADDRESS: 611 S SCOTT ST, SPOKANE, WA 99202

The Project includes six (6) HOME-assisted units, including four three-bedroom units and two two-bedroom units. Borrower shall provide the City with the address (e.g., street address and apartment number) of each HOME-assisted unit no later than the time of initial occupancy. If the Project includes floating units, the units originally designated as HOME-assisted may change over time, but the number of HOME-assisted units, for purposes of this Loan Agreement and Related Documents, shall never be less than the number designated in this section, and any replacement units must be comparable in size, features, and number of bedrooms to those units originally identified as HOME-assisted in this section.

Upon completion, at least one (1) unit in the project shall be accessible to individuals with mobility impairments and an additional unit shall be accessible to individuals with sensory impairments pursuant to the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

- C. The Project is expected to conform to the estimates noted in the Project Budget, attached hereto as "Attachment 1" and incorporated herein. All additional costs over and above the sum noted as compensation for this Loan Agreement shall be borne by the Borrower.

## II. DURATION OF THE LOAN AGREEMENT

This Loan Agreement shall commence and be effective on the Effective Date and shall terminate on the later of the end of the HOME Affordability Period or full repayment and/or forgiveness of sums due under the Notes. The City and Borrower, upon mutual agreement, shall have the power to extend the term of this Loan Agreement. Any extension shall not increase the overall dollar amount loaned by the City pursuant to this Loan Agreement.

## III. AMOUNT OF LOAN

The City shall loan the Borrower a sum not to exceed **THREE HUNDRED NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$395,000.00)** from HOME funds, to be disbursed as provided herein, subject to the terms and conditions of this Loan Agreement and Related Documents.

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IV. PRICING

This loan is subject to interest on the outstanding principal balance loaned at the rate of three percent (3%) per annum, such interest commencing on the time of disbursement(s) and compounding monthly or during the loan term. Payments shall be made pursuant to the Notes and Section XV herein below. If rents for any HOME-assisted in the Project are increased above the level of the Affordability Requirements defined in this Loan Agreement or any other provisions, covenants, terms, conditions or restrictions of this Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%) for the remaining term of the loan, compounded monthly, and may be subject to accelerated repayment pursuant to XV.B. herein below.

V. SECURITY/SUPPORT

- A. Borrower shall assure and maintain the City's security position on the underlying real estate as evidenced by the Deed of Trust, which will be subordinate only to a deed of trust from bank financing. The sum of all loans against the Project, including the City's, cannot exceed ninety percent (90%) of the lesser of appraised value, estimated value upon completion, or cost.
- B. The Affordability Requirement outlined in this Loan Agreement shall be recorded as a **covenant running with the Project**, and shall apply without regard to the term of any loan or mortgage or transfer of ownership.
- C. Borrower shall keep in force, continuously, insurance covering the Project and property legally described above, listing the City of Spokane as policy beneficiary, pursuant to Section IX of this Loan Agreement.

VI. FUNDING DISBURSEMENTS

- A. The timing and disbursement of HOME funds shall be determined by the City in its sole discretion, consistent with the provisions of this Loan Agreement. Without limiting the forgoing, funding disbursements are subject to the following conditions:
  - 1. City HOME funds shall be disbursed only after completion of all requirements imposed by the United States Department of Housing and Urban Development ("HUD"), as determined by the City in its sole discretion, and upon completion of an environmental review by the City.
  - 2. All funds lent under this Agreement must be utilized by June 30, 2017.
  - 3. Borrower may not request disbursement of funds until needed for payment of eligible project costs, as defined by 24 CFR §92.206 and as further defined in the Program Description of the City's Multifamily Housing Program, and the amount of each request must be limited to the

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amount needed. Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups may be reimbursed if they were incurred not more than 24 months before the date of this Loan Agreement. In case of a dispute between the Parties regarding when the funds shall be disbursed, the determination of the Director of the Department of Community, Housing, and Human Services of the City of Spokane ("Director") shall govern.

- B. Notwithstanding any other provision of this Loan Agreement, except as approved by the City, prior to the drawdown or disbursement of any City HOME funds hereunder, the Borrower shall provide documentation, in a form reasonably acceptable to the City, that the following actions have been taken to the City's satisfaction:
1. Recording of the Covenant Agreement and Deed of Trust.
  2. The Borrower has in place all applicable construction, land use, environmental, zoning permits and/or other federal, state and local governmental approvals as necessary for undertaking the activity for which the specific draw request is to be used.
  3. For projects including acquisition of land and/or buildings, an appropriate assessment of fair market value must be reviewed and approved by the City.
  4. Notwithstanding any provision in this Loan Agreement, the Borrower and the City hereto agree and acknowledge that Borrower shall not be entitled to any drawdown or disbursement of funds until satisfactory completion of environmental review and receipt by the City of a release of funds from the U.S. Department of Housing and Urban Development ("HUD") under 24 CFR Part 58. The Borrower and the City further agree that the provision of any funds to the Project shall be conditioned upon the City's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review. The Borrower shall not spend any funds on physical or choice-limiting actions, including property acquisitions, demolition, movement, rehabilitation, conversion, repair, or construction prior to the environmental clearance as described herein. Violation of this provision may result in the denial of any funds under this Loan Agreement. The Borrower shall perform all the required mitigation measures referenced in the environmental review record completed by the City.
  5. As applicable, the Borrower shall demonstrate, to the City's satisfaction, full compliance with the minimum wage requirements set forth in Section XVIII herein below.
- C. Notwithstanding the foregoing, a retainage of ten percent (10%) of the total amount allocated under this Loan Agreement shall be held by the City until all permits have been received, final inspections are complete, a final Certificate of Occupancy is issued, the Borrower accepts the work, federal requirements are fully satisfied, and all other obligations under this Loan Agreement or related agreements are carried out to the satisfaction of the Director.

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### VII. INCOME DETERMINATIONS

- A. For purposes of this Loan Agreement, tenant “annual income” is defined pursuant to 24 CFR §92.203, and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.
- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements.

### VIII. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. “Project Completion” means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), Project Completion occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the “Affordability Period.” Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with Affordability Requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Notes.
- C. Rent Limit. During the Affordability Period, rents on three (3) of the six (6) HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of Spokane area median income (“AMI”), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied

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appliances. These units shall include two (2) two-bedroom units and one (1) three-bedroom unit. In addition, rents on three (3) of the HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of AMI, as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied appliances. These units shall include three (3) three-bedroom units.

However, any HOME-assisted unit receiving federal or state project-based rental subsidy, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

Should the HUD rents decline below the initial project rents, the Borrower's rents do not need to be reduced below the initial rents. A table of initial HOME rents for the Project as established by HUD is attached to this Loan Agreement as Attachment 2.

The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to 24 CFR §92.252. New HUD requirements include that the adjustment for tenant-paid utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department, or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utlmodel.html>. HUD may clarify the new requirements to allow the use (in some circumstances) of the prior requirement, which used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by HUD and issued by the Spokane Housing Authority or twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits exclusive of rent paid through project-based subsidies) in accordance with this Loan Agreement and §92.252(f)(2). The Borrower must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Loan Agreement. The City will review rents for compliance and approve or disapprove them every year.

The Borrower must provide tenants of HOME-assisted units written notification of rent increases no less than 30 days prior to the beginning of the month in which the increase is intended to be implemented, subject to the provisions of a tenant's lease agreement, pursuant to §92.252(f)(3).

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- D. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed solely by section 42 of the Internal Revenue Code of 1986, as amended from time to time.
- E. Upon completion of the HOME Affordability Period, if the maximum rent and income limits are exceeded, the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Notes.
- F. Income Limit. At initial occupancy, tenants of three (3) of the six (6) HOME-assisted units shall have incomes not greater than fifty percent (50%) of AMI. In addition, tenants of three (3) of the HOME assisted units shall have incomes not greater than thirty percent (30%) of AMI at initial occupancy. If any of these tenants' incomes increases to a level exceeding fifty percent (50%) of AMI, then the next available HOME-assisted unit shall be made available to families at or below thirty percent (30%) of AMI. If the income of a tenant of a HOME-assisted unit increases and exceeds eighty percent (80%) of AMI, then the tenant's rent shall increase to the lesser of thirty percent (30%) of the tenant's adjusted monthly income or Fair Market Rent, subject to paragraph VIII.D hereof.
- G. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- H. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- I. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- J. Protection of Affordability Requirements - City Purchase Option. The Affordability Requirements may terminate upon foreclosure or transfer in lieu of foreclosure at the sole election of the Director. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option and a right of first refusal to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its right to purchase the Project in any reasonable manner following the City's receipt of written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure, which notice Borrower hereby agrees to provide to City. The purchase price shall be the assessed value of the Project at the time of the City's exercise of its purchase rights, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. The City further reserves the right to revive any affordability restrictions according to the original terms of this Loan



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Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or property.

## IX. INSURANCE

The Borrower shall keep the Project and all improvements now existing or hereafter erected thereon continuously insured as required in the Deed of Trust, the Notes and the Covenant Agreement and this Loan Agreement, naming the City as mortgagee and/or loss payee. The insurance requirements apply during the Affordability Period, or during any such time as there are outstanding sums due under the Notes, whichever is longer.

## X. PROPERTY STANDARDS

- A. All HOME-assisted housing under this Loan Agreement shall meet the requirements of 24 CFR §92.251, which includes all applicable Federal, State and local code requirements and housing quality standards, rehabilitation standards, ordinances and zoning ordinances at the time of Project completion and for the duration of the Affordability Period. Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with applicable State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish. The standards under 24 CFR §92.251 were modified in 2013 and implementation awaits further clarification from HUD, at this time.
- B. Any accessible HOME-assisted housing units under this Loan Agreement shall, for the duration of the Affordability Period, meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). The foregoing shall not be interpreted as limiting Borrower's obligation to comply with accessibility requirements applicable to the Project as whole.
- C. The Borrower shall comply with the provisions of 24 CFR §92.251.

## XI. ADDITIONAL MISCELLANEOUS COVENANTS

Borrower shall:

- A. Comply with the Affordability Requirements described in this Loan Agreement and Related Documents.

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- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.
- C. Maintain Project financial reports, Project financial records, and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under this Loan Agreement or as approved of by the Director in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of this Loan Agreement, or as otherwise requested by the City. If the Project has floating HOME units, the Borrower must provide the City with information regarding the unit substitution and filling vacancies so that the Project remains in compliance with HOME rental occupancy requirements.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower) whether private, for-profit or nonprofit, (including a community housing development organization ("CHDO") when acting as an owner, developer or sponsor).
- I. Comply with all applicable federal, state, and local regulations and requirements, including, but not limited to Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Loan Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. The City's costs to administer Davis-Bacon Federal Labor Standards, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.
- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.

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- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of this Loan Agreement.
- L. Upon Project completion, the Project shall obtain a final Certificate of Occupancy for new units and complete the final inspections and obtain final approvals on all construction permits for the rehabilitated unit, meet all licensing requirements needed to operate the facility as proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.
- M. Cause each of the six (6) HOME-assisted units to be occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units are not occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$65,833.33/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$395,000.00 HOME dollars/6 HOME units.

The Borrower shall cause the Covenant Agreement (which shall contain the foregoing covenants) to be recorded as a covenant running with the land.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

## XII. PROJECT TIMETABLE

- A. The Borrower agrees to complete work required in accordance with the timetable set forth in Attachment 3. Timely completion of the work is an integral and essential part of performance. The expenditure of HOME funds is subject to Federal deadlines and failure to meet deadlines could result in the loss of the Federal funds. By the acceptance and execution of this Loan Agreement, the Borrower agrees that the Project will be completed as expeditiously as possible and make every effort to ensure the project will proceed and will not be delayed. Failure to meet these deadlines can result in cancellation of this contract and revocation of HOME funds. Since it is mutually agreed that time is of the essence, the Borrower shall cause appropriate provisions to be included in all contracts or subcontracts relative to the work tasks in Attachment 3. It is intended that such provisions included in any subcontracts be, to the fullest extent permitted by law and equity, binding

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for the benefit of the City and enforceable by the City against the Borrower and its successors and assigns to the project or any part thereof or any interest therein.

- B. In the event the Borrower is unable to meet the above schedule or complete the above services due to delays resulting from Acts of God, untimely review and approval by the City and other governmental authorities having jurisdiction over the Project, or other delays that are not caused by the Borrower, the City shall grant a reasonable extension of time for completion of the work. It shall be the responsibility of the Borrower to notify the City promptly in writing whenever a delay is anticipated or experienced, and to inform the City of all facts and delays related to the delay.

## XIII. DEFAULT

A. The following shall be considered "Events of Default" for purposes of this Loan Agreement:

1. Failure of Borrower to make any principal and interest payment within fifteen (15) days after such payment is due.
2. Failure to perform, observe or comply with the Affordability Requirements, Income Determinations, or any other provisions, related covenants, terms, conditions or restrictions of this Loan Agreement or any agreement relating to the Project (i.e., the occurrence of an event of default under other indebtedness secured by the Project property) or any part thereof, and failure to fully cure the same within the period of time, if any, permitted for cure and, if no period for cure is otherwise provided for, within sixty (60) days of written notice from the City of such failure, requesting the same to be remedied; provided, after a second non-compliance of any provision in a five- (5-) year period, only fourteen (14) days written notice is needed.
3. Failure to perform required maintenance or performance of any act by Borrower which would, in the City's reasonable opinion, adversely affect the value of the Project.
4. Sale, transfer, lease, or other conveyance of the Project or any portion thereof, including assumptions and subordinations, without obtaining the prior written consent of the Director. Except as otherwise permitted under this Loan Agreement, the sale, transfer, lease, or other conveyance of the Project or any portion thereof, including assumptions and subordinations, without obtaining the prior written consent of the Director.
5. Filing a voluntary or involuntary petition not dismissed within ninety (90) days after filing under the United States Bankruptcy Code by or against the Borrower.

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6. Any representation, warranty, or disclosure made to the City or any other Project lender which proves to be materially false or misleading as of the date made, whether or not such representation, warranty, or disclosure appears in this Loan Agreement.
7. Failure to maintain and keep in force adequate amounts of insurance as is usual in the business carried on by the Borrower, or as required herein.
8. Without limiting any of the foregoing, Borrower's failure to comply with the minimum wage requirements set forth in Section XVIII of this Loan Agreement.

## XIV. REMEDIES

- A. Upon the occurrence of an event of default not timely cured after notice, the City may, in addition to any other remedies which the City may have hereunder or under this Loan Agreement or by law or equity, at its option and upon written notice to the Borrower, take any or all of the following actions:
  1. Immediately terminate any further advance of loan funds.
  2. Declare the debt incurred hereunder and under the Related Documents immediately due and payable and commence collection proceedings against the Borrower.
  3. Seek judicial appointment of a receiver.
  4. Foreclose under the security documents or instruments, judicially or non-judicially.
  5. File suit against the Borrower.
  6. Seek specific performance or injunctive relief to enforce performance of the undertakings, duties, and agreements provided in this Loan Agreement or any related security document or instrument, whether or not a remedy at law exists or is adequate.
- B. All remedies of the City provided for herein are cumulative and shall be in addition to all other rights and remedies provided by law or in equity or by this Loan Agreement. The exercise of any right or remedy by the City shall not in any way constitute a cure or waiver of default under this Loan Agreement or any other related Project agreement, or invalidate any act done pursuant to any notice of default, or prejudice the City in the exercise of any of its rights unless, in the exercise of such rights, the City realizes all amounts owed to it by the Borrower.

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- C. A failure to declare or a delay in declaring a default shall not constitute a waiver of any rights or remedies or excuse any failure by the Borrower to strictly comply with its obligations under this Loan Agreement or any other related Project agreement or document.

XV. REPAYMENT

- A. Payments of principal and interest for Note 1 shall be deferred for 12 months and payment of principal and interest for Note 2 shall be deferred during the HOME Affordability Period, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of the Loan Agreement and Covenant Agreement together with all other provisions of the Notes and Related Documents.
- B. Following the HOME Affordability Period, and during the remaining City Affordability Period, the amounts due under Note 2 may be eligible for debt forgiveness. In exchange for complying with the Affordability Requirements during that period of the City Affordability that extends beyond the HOME Affordability Period (the "Forgiveness Period"), the principal and interest of Note 2 may be forgiven for each year of the Forgiveness Period, until it is fully forgiven or paid at the end of the Affordability Period. If, at the end of each year during Forgiveness Period, the Borrower has complied, for that year, with the Affordability Requirements of this Loan Agreement and the Covenant Agreement and is in compliance with all other provisions of this Loan Agreement and Related Documents, then the loan payments for Note 2 shall be forgiven for that year; provided, no payments shall be forgiven for affordability periods of less than one (1) year. The amount of the annual loan forgiveness shall be the sum of twelve monthly payments; the monthly payments will be in an amount sufficient to amortize the principal and interest over the remaining term of the Affordability Period. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, the Project will not comply with the Affordability Requirements, at which time any and all outstanding balance would become immediately due and payable in full.
- C. If Borrower elects not to comply with the Affordability Requirements beyond the end of the HOME Affordability Period, repayment of principal and interest under Note 2 shall be made monthly in an amount sufficient to amortize the loan over the remaining term of the Affordability Period.
- D. Repayment of Note 1 or Note 2 during the HOME Affordability Period described in Paragraph VIII.A of this Loan Agreement shall not extinguish the Affordability Requirements.
- E. Payment of principal, interest, and fees relating to the Notes shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as the City may designate to Borrower in writing.

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### XVI. NONDISCRIMINATION/RENT SUBSIDY

Neither the Borrower nor any of its agents shall refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982 – Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

### XVII. FAITH-BASED ACTIVITIES AND ORGANIZATIONS

- A. Borrower, in providing services supported in whole or in part with HOME program funds, shall not discriminate against current or prospective program beneficiaries (i.e., tenants) on the basis of religion, a religious belief, or a refusal to attend or participate in a religious practice.
- B. If Borrower engages in explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, Borrower must perform such activities and offer such services outside of and separately in time or location, from the activities or programs financed under this Loan Agreement, and participation in any such explicitly religious activities must be voluntary for the program beneficiaries of the HUD-funded programs or services (i.e., tenants).
- C. Whether or not Borrower is a faith-based organization, it may use the loan proceeds provided under this Loan Agreement as provided under relevant regulations and this Loan Agreement without impairing its independence, autonomy, expression of religious beliefs, or religious character. Borrower will retain its independence from Federal, State, and local government, and may continue to carry out its mission, including the definition, development, practice, and expression of its religious beliefs, provided that it does not use direct HOME funds to support or engage in any explicitly religious activities, including activities that involve overt religious content, such as worship, religious instruction, or proselytization, or any manner prohibited by law. Borrower may use space in their facilities to provide program-funded services, without removing or altering religious art, icons, scriptures, or other religious symbols. In addition, Borrower retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- D. The loan proceeds provided to Borrower pursuant to this Loan Agreement may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are or will be used for explicitly religious activities. Subject to other limitations in this Loan Agreement, loan proceeds may be used for the acquisition, construction, or rehabilitation of structures

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only to the extent that those structures are used for conducting eligible activities under HOME regulations. When a structure is or will be used for both eligible and explicitly religious activities, HOME funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to the HOME program. Sanctuaries, chapels, or other rooms that Borrower uses as its principal place of worship, however, are ineligible for HOME-funded improvements. Disposition of real property after the term of the loan or grant, or any change in use of the property during the term of the loan or grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

- E. This limitations in this Section XVII shall apply regardless whether the loan proceeds under this Loan Agreement includes local funds that the City has voluntarily contributed to supplement federally funded activities.

## XVIII. COMPLIANCE WITH LAWS

- A. The Borrower shall comply with all HOME Program requirements as outlined in 24 CFR part 92 et seq., as may be amended from time to time.
- B. The Borrower shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), the Fair Housing Act (42 U.S.C. 3601 et seq.), E.O. 11063 (3 CFR, 1959-1963 Comp., p. 652), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and HUD regulations issued pursuant thereto.
- C. The Borrower shall comply with the nondiscrimination and equal opportunity, disclosure requirements, debarred, suspended or ineligible contractors, and drug-free workplace, per 24 CFR §92.350.
- D. The Borrower shall comply with the affirmative marketing and minority outreach program of 24 CFR §92.351, and shall further comply with the tenant selection requirements set forth in 24 CFR 92.253(d).
- E. The Borrower shall comply with the National Environmental Policy Act of 1969, as outlined in 24 CFR 92.352 and Borrower agrees to implement City-identified conditions on safeguards to protect and enhance environmental quality or minimize adverse environmental impacts.
- F. Minimum Wages.

- 1. Federal Labor Standards/Davis-Bacon Act ☐ Applicable ☒ Not Applicable. If the "Applicable" box is checked, the following provisions apply:

- a. The Borrower shall pay prevailing wages, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics employed in the development of the Project; provided, in the event the Project is subject to state



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minimum wage requirements, and if the state minimum wage rate exceeds the Department of Labor rate, the conflict will be resolved by applying the higher rate

- b. All contracts relating to the Project shall contain a provision requiring the payment of such wages, as predetermined by the Secretary of Labor under the Davis-Bacon Act, 40 USC 276(a) under wage decision [DECISION #], modification [MODIFICATION #], dated \_\_\_\_\_.
  - c. The Borrower shall pay overtime, as applicable, pursuant to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332).
  - d. The Borrower shall comply with all regulations issued under the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act, all Federal laws and regulations pertaining to labor standards, Federal Labor Standards, HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), and 24 CFR §92.354, as applicable.
  - e. The Borrower shall provide contracts with the prime contractor and major subcontractors as soon as these contracts are available and the contracts shall evidence compliance with Federal Labor Standards.
  - f. These prevailing wage requirements do not apply to volunteers or sweat equity pursuant to 24 CFR §92.354(a) and (b).
  - g. Borrower shall reimburse the City for all costs incurred by the City in administering Borrower's compliance with applicable Davis-Bacon, Federal Labor Standards, and Related Acts.
2. Labor Standards. If applicable, the Federal Labor Standards Provisions (HUD 4010) are attached as Attachment n.a.
3. State Minimum Wage. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply. When Washington State prevailing wages apply, the contractor and all subcontractors will submit a "Statement of Intent to Pay Prevailing Wages" certified by the industrial statistician of the State Department of Labor and Industries, prior to any payments. The "Statement of Intent to Pay Prevailing Wages" shall include: (1) the contractor's registration number; and (2) the prevailing rate of wage for each classification of workers entitled to prevailing wages under RCW 39.12.020 and the number of workers in each classification. Each voucher claim submitted by the contractor for payment on a project estimate shall state that the prevailing wages have been paid in accordance with the "Statement(s) of Intent to Pay Prevailing Wages" on file with the City. Prior to the payment of funds held under chapter 60.28 RCW, the contractor and subcontractors must submit an "Affidavit of Wages Paid" certified by the industrial statistician.

- G. Conflict of Interest. The Borrower shall comply with the conflict of interest provisions prescribed in 24 CFR §92.356(f). During the Affordability Period,

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Borrower shall prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the Borrower), whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer, or sponsor).

- H. The Borrower shall comply with the equal employment opportunities for low- and very low-income persons pursuant to 24 CFR part 135.
- I. The Borrower shall comply with the Fair Housing Act as implemented by 24 CFR parts 100-115, as applicable.

## XIX. TENANT AND PARTICIPANT PROTECTIONS

- A. There must be a written lease between the tenant and the Borrower that complies with 24 CFR 92.253 (Tenant Protections and Selection) and that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified.
- B. Leases between the Borrower and a tenant shall not contain any of the following provisions:
  - 1. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Borrower in a lawsuit brought in connection with the lease.
  - 2. Agreement by the tenant that Borrower may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the Borrower and tenant. This prohibition does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Borrower may dispose of this personal property in accordance with Washington state law.
  - 3. Agreement by the tenant not to hold the Borrower or the Borrower's agents legally responsible for any action or failure to act, whether intentional or negligent.
  - 4. Agreement by the tenant that the Borrower may institute a lawsuit against a tenant or affecting a tenant's interests without notice to tenant.
  - 5. Agreement by the tenant that the Borrower may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the Borrower and tenant.
  - 6. Agreement by the tenant to waive any right to a trial by jury.

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7. Agreement by the tenant to waive the tenant's right to appeal, or otherwise challenge in court, a court decision in connection with the lease; and,
  8. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Borrower against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
  9. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.
- C. Borrower may not terminate the tenancy or refuse to renew the lease of a tenant occupying a HOME-assisted unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, Borrower must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.
- D. Borrower shall adopt and follow written tenant selection policies and criteria that:
1. Limit the HOME-assisted units to very low-income and low-income families;
  2. Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing, not to interfere with the rights and quiet enjoyment of other tenants);
  3. Limit eligibility or give a preference to a particular segment of the population if otherwise permitted in this Loan Agreement (and only if the limitation or preference is described in the City's consolidated plan).
- E. Borrower shall select tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and give prompt written notification to any rejected applicant of the grounds for any rejection.
- F. Borrower shall not charge fees that are not customarily charged in rental housing (e.g., laundry room access fees), except that Borrower may charge: (i) reasonable application fees to prospective tenants; (ii) parking fees to tenants only if such fees are customary for rental projects in the neighborhood; and (iii) fees for services such as bus transportation or meals, as long as such services are voluntary and fees are charged for services provided.

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XX. TENANT PARTICIPATION PLAN

If the Borrower is a Community Housing Development Organization ("CHDO") as defined by 24 CFR 92.2, the Borrower shall adhere to a fair lease and grievance procedure approved by the City and shall provide a plan for and follow a program of tenant participation in management decisions pursuant to 24 CFR §92.303.

XXI. UNIFORM ADMINISTRATIVE REQUIREMENTS/PROJECT REQUIREMENTS

- A. The Borrower shall comply with the applicable uniform administrative requirements of 24 CFR §92.505 if the Borrower is organized as a non-profit organization.
- B. The Borrower shall comply with all applicable Project requirements of Subpart F of 24 CFR part 92 et seq.
- C. The Borrower shall maintain all tenant and Project records for the most recent five- (5-) year period until five (5) years after the Affordability Period, terminates. The Borrower shall permit the Department, the HUD, and the Comptroller General of the United States, or their authorized representatives, access to all books, records, and papers of the Borrower pertinent to the Project. The Borrower shall keep and retain records sufficient to document invoices of all expenditures, project beneficiary data, and all other records required to be kept pursuant to 24 CFR §92.508.
- D. The Borrower shall permit the Department, HUD, the Comptroller General of the United States, or their authorized representatives, site visits at all times upon reasonable notice throughout the Affordability Period.

XXII. TRANSFER/ASSIGNMENT

The Borrower shall not assign, transfer, subordinate or sublet any obligation of this Loan Agreement nor shall it sell or otherwise transfer any property subject to this Loan Agreement without prior written consent of the Director, who may withhold consent at his/her discretion. The provisions of this Loan Agreement shall apply to all persons or entities performing obligations set forth by this Loan Agreement, including approved persons or entities to whom or to which the Borrower assigns, transfers, or sublets services as above. Such approved persons or entities shall be subject to the provisions for faith-based activities and organizations as outlined in this Loan Agreement, as applicable.

XXIII. HAZARDOUS SUBSTANCES/REPRESENTATIONS AND WARRANTIES

- A. The Borrower shall not cause or permit the presence, use, disposal, storage, or release of any "Hazardous Substances" (as defined below) on or in the Property. The Borrower shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state or local Environmental Law, ordinance or rule. As

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used in this provision, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

- B. The Borrower shall promptly give the City written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which the Borrower has actual knowledge. If the Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, the Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.
- C. The Borrower hereby represents and warrants that, to the best of the Borrower's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. To the best of Borrower's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Project, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. The Borrower has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Borrower represents and warrants that any asbestos and lead-based paint found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the rehabilitated project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) "oil, petroleum products and their by-products" as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any "hazardous substance" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any "asbestos material" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any "radon gas" in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as

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provided by any applicable law or regulation now or hereafter in effect; (vii) any "infectious waste" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Borrower is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls ("PCBs") and lead-based paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

## XXIV. DEBARMENT AND SUSPENSION

The Borrower shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any federal department or agency. Additionally, the Borrower shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible under the provisions of 24 CFR Part 24. Using the System for Award Management (<https://www.sam.gov>), the City has determined, as of the date of this contract that the Borrower is not excluded from federal procurement and non-procurement programs. The Borrower has provided in Attachment 4 its certification that it is in compliance with and shall not contract with individuals or organizations which are debarred, suspended, or otherwise excluded from or ineligible from participation in Federal Assistance Programs under Executive Order 12549 and "Debarment and Suspension", codified at 29 CFR part 98.

## XXV. ANTI-LOBBYING

Borrower certifies that, to the best of Borrower's knowledge and belief:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of this loan;
- B. That if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employees of Congress, or an employee of a Member of Congress in connection with this loan, Borrower shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instruction; and
- C. Borrower shall require that the language of paragraphs A and B of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all such subrecipients shall certify and disclose accordingly.

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XXVI. SEVERABILITY

The invalidity of any clause, part or provision of this Loan Agreement shall not affect the validity of the remaining portions thereof.

XXVII. NOTICES

All notices given pursuant to this Loan Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the Parties hereto at the addresses set forth below, or to such other place as a Party may from time to time designate in writing:

City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201-3339

Konstantin & Tatyana Vasilenko  
19914 North Hazard Road  
Spokane, WA 99208

XXVIII. INDEMNIFICATION

The Borrower shall protect, defend, indemnify, and hold harmless the City, its officers, employees and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of, or in any way resulting from, the negligent acts or omissions of the Borrower, its officers, employees or agents, in its performance and/or non-performance of its obligations under this Loan Agreement. The Borrower agrees that its obligations under this indemnification shall extend to any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents. ***This agreement to indemnify is a separate agreement, shall survive any foreclosure action, attempted transfer or the like, is a legal obligation of the Borrower and action may be brought thereon independently of any other remedy at law or provided for herein.***

XXIX. TERMINATION

In accordance with 24 CFR §85.43, this Loan Agreement may be suspended or terminated if the Borrower materially fails to comply with any term of this Loan Agreement. This Loan Agreement may be terminated for convenience in accordance with 24 CFR §85.44.

XXX. EXECUTION IN COUNTERPARTS

This Loan Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed

shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the Effective Date.

Date: \_\_\_\_\_

GIVEN under my hand and official seal the day and year in this certificate above written.

Loan Agreement - 23 of 29



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STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Tatyana A. Vasilenko**, to me known to be the person who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Grantor, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**CITY OF SPOKANE**

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

Date: \_\_\_\_\_

GIVEN under my hand and official seal the day and year in this certificate above written.

Loan Agreement - 25 of 29

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ATTACHMENT 1  
PROPOSED BUDGET

VASILENKO  
611 SOUTH SCOTT

Closing/title/recording	1,800	Owner	133,358
New Building	329,000		
Rehabilitation	93,530		
Contactor OH/Profit	5,000	<b>City HOME funds</b>	<b>395,000</b>
New Construction Conting	33,400		
Rehabilitation Contingency	9,353		
Sales tax	28,275		
Architect/engineering	25,000		
Legal-real estate	3,000		
<b>TOTAL</b>	<b>528,358</b>	<b>TOTAL</b>	<b>528,358</b>

Rehabilitation and updating of vacant single family residence and construction of 5 additional units, including three 3-bedroom and two 2-bedroom units. One new 3-bedroom unit will be ADA accessible. The property is currently owned by the City. Work on the house is expected to include new windows, hardy siding, a metal roof, new front and back porches, new electrical service and wiring, appliances, doors, plumbing, drywall, floors, and cabinets. The new units will have a similar look with hardy siding, porches, decks, and metal roofs. The new units will have infloor heat, electric heating/cooling pumps, Bosch Greenstar boiler, energy-efficient appliances, and a laundry room.

The completed house is expected to have about 1,900 sf and the new 2-bedroom units will have about 820 sf and the 3-bedroom units will have about 1,100 sf.

HOME funds may be used for architectural and engineering and other professional series costs incurred within 24 months before commitment.

Owner may finance a portion of construction with a line of credit and refinance with a permanent loan, as long as owner equity requirement is met.

## HOME Rent and Income Limits

SOURCE: HUD

MSA: Spokane, WA

EFFECTIVE: June 6, 2016

2016 ESTIMATED MEDIAN INCOME: \$62,600



City of Spokane  
Community, Housing and  
Human Services Department  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201-3339  
(509) 625-6325

-----2016 INCOME LIMITS-----									
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	9 PERSON <sup>▲</sup>
MEDIAN FAMILY INCOME (100% AMI)	43,900	50,100	56,400	62,600	67,700	72,700	77,700	82,700	87,600
LOW-INCOME (80% AMI)	35,100	40,100	45,100	50,100	54,150	58,150	62,150	66,150	70,100
VERY LOW-INCOME (50% AMI)	21,950	25,050	28,200	31,300	33,850	36,350	38,850	41,350	43,800
EXTREMELY LOW-INCOME*(30% AMI)	13,200	15,050	16,950	18,800	20,350	21,850	23,350	24,850	26,300

ATTACHMENT 2

-----2016 HOME PROGRAM RENTS-----									
SRO <sup>x</sup>	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM	6 BEDROOM	7 BEDROOM	8 BEDROOM
FAIR MARKET RENT (FMR)	366	488	589	789	1,143	1,263	1,452	1,642	1,831
30 OF 50 RENT	♦488	♦488	♦589	726	838	936	1,032	1,128	1,224
30 OF 30 RENT	330	330	353	423	489	546	602	657	713

MFI -- Median Family Income

▲ Calculate MFI for >9-person household by adding 8% for each member over 4-person MFI and round to nearest \$50 (i.e., 10-person is 148% of 4-person MFI)

\*Spokane CHHS does not adopt less restrictive 2014 Appropriations Act poverty guidelines which allow higher-income poverty households to access limited 30% AMI units.

<sup>x</sup>HOME rent for an SRO is 75% of the Efficiency Fair Market Rent.

♦HOME regulation requires that HOME rent cannot exceed FMR. Therefore, this rent is capped at FMR.



Revised 6/2016

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**ATTACHMENT 3**

**TIMETABLE**

Category	Milestone/Task	Deadline Month Yr/Status
Site control	Close on property.	July 2016
Financing	Funding documented by all lenders	July 2016.
Design/Permits	Approval of zoning, site plan, construction plans.	October 2016.
	Building permits issued.	October 2016.
Construction	Begin construction.	October 2016.
	Complete construction.	July 2017.
	Certificate of occupancy issued.	July 2017.
Occupancy	Units occupied.	60 days from Certificate of Occupancy

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## ATTACHMENT 4

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY AND VOLUNTARY EXCLUSION**

1. The undersigned (i.e., signatory for the Borrower) certifies, to the best of its knowledge and belief, that it and its principals:
- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
  - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
  - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
  - d. Have not within a three-year period preceding this contract had one or more public transactions (federal, state, or local) terminated for cause or default.

Where the undersigned is unable to certify to any of the statements in this contract, it shall attach an explanation to this contract.

2. The undersigned agrees by signing this contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the City.
3. The undersigned further agrees by signing this contract that it will include the following clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions

1. The lower tier contractor certified, by signing this contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
2. Where the lower tier contractor is unable to certify to any of the statements in this contract, such contractor shall attach an explanation to this contract.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded, as used in this exhibit, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. The undersigned may contact the City for assistance in obtaining a copy of these regulations.
5. I understand that a false statement of this certification may be grounds for termination of the contract.

Konstatin & Tatyana Vasilenko Name of Borrower (Type or Print)	611 South Scott Program Title (Type or Print)
  Name of Certifying Official (Type or Print)  	  Signature  
Title of Certifying Official (Type or Print)	Date (Type or Print)

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**CITY OF SPOKANE  
VASILENKO**

**611 SOUTH SCOTT**

**PROMISSORY NOTE 1**

OPR #2016-\_\_\_\_\_

Borrower: Konstantin Y. and Tatyana A. Vasilenko  
19914 North Hazard Road  
Spokane, WA 99208

Lender: City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

Principal: \$47,500.00

Date: \_\_\_\_\_

1. **PROMISE TO REPAY:** FOR VALUE RECEIVED, the undersigned Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife, hereinafter referred to as "Borrower", promises to repay to the order of the City of Spokane, a Washington state municipal corporation, or its successors and assigns (hereinafter called "Lender") the maximum principal sum of **FORTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$47,500.00)** or so much of said sum or sums as may now or hereafter be loaned or disbursed to the Borrower by the Lender, for the purpose of providing a portion of the financing for the Borrower's 611 South Scott project, located at 611 South Scott Street in Spokane, WA (the "Project"). This Promissory Note 1 (the "Note") is part of a transaction further reflected in Promissory Note 2, a HOME Program Loan Agreement ("Loan Agreement"), HOME Program Loan Covenant Agreement ("Covenant Agreement") of even date herewith, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. Promissory Note 1 and Promissory Note 2 are collectively referred to as "Notes." Lender's disbursements under the Loan Agreement and the Notes are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents". The capitalized terms in said Related Documents shall have the same meaning in this Note unless the context clearly suggests otherwise. In the event of conflict or ambiguity in the terms of any of these documents, the terms most favorable to Lender shall apply.

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2. **INTEREST:** In addition to repayment of principal sums loaned, Borrower agrees to pay interest, compounded monthly, commencing on the date the money is first disbursed under the Loan Agreement, at the rate of three percent (3%) per annum. If rents for any HOME-assisted unit of the Project are raised above the level of the Affordability Requirement defined in the Loan Agreement, or any other provisions, covenants, terms, conditions or restrictions of the Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%), compounded monthly, for the period of noncompliance, as determined by the Director of Community, Housing and Human Services for the City of Spokane (the "Director").

3. **REPAYMENT; MATURITY:**

A. **1-Year Deferral Period:** No payments of principal or interest for 12 months from the date of this Note, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of the Loan Agreement and Covenant Agreement together with all other provisions of this Note and Related Documents.

B. **Payment Period:** Following the Deferral Period, principal and interest on this Note shall be payable in approximately equal amortized installments on the first day of each month (or the first business day thereafter if the first day of the month is a weekend or a holiday for the City), in the amount required to fully amortize the outstanding principal of and accrued interest on this Note over the remainder of a period of twenty (20) years commencing at Project Completion (as defined paragraph VIII.A. of the Loan Agreement). This loan term should coincide with the HOME Affordability Period, as defined in the Loan Agreement. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, Borrower and/or the Project will not comply with the Affordability Requirements, at which time any remaining balance would become immediately due and payable in full.

C. **Prepayment:** The Borrower may pay all or any portion of the outstanding principal of the Note at any time, without penalty. Repayment during the HOME Affordability Period, as described in the Loan Agreement, shall not extinguish the Affordability Requirements.

D. **Late Charges:** A late charge of thirty dollars (\$30.00) will be added to any payment received after the 10<sup>th</sup> day of the month in which it is due in addition to any other remedy.

E. **Application of Payments:** Payments received will first be applied to late charges, then to interest, and finally to principal.

F. **Place of Payment:** Payments of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department,



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808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as Lender may designate in writing according to the schedule noted above.

4. THIS NOTE IS secured by the Deed of Trust of even date herewith, duly filed for record in the County of Spokane, Washington.

5. THIS LOAN IS made for the purpose of financing a portion of the costs of the rehabilitation of a house and construction 5 units on the property at 611 South Scott and legally described in the Deed of Trust and Loan Agreement. As a condition of receiving this loan, Borrower agrees to abide by all of the terms and conditions of this Note, Note 2, the Deed of Trust, the Loan Agreement and associated Covenant Agreement, incorporated herein by reference as if fully set forth.

6. IF THE BORROWER SHALL default in the payment of any amount due under this Note, and such default is not cured within ten (10) days after such payment is due, or if any other Event of Default occurs under Note 2, the Deed of Trust, the Loan Agreement or the Covenant Agreement and such default is not cured within the cure period, if any, applicable thereto, the entire unpaid principal amount of this Note, together with accrued interest, shall immediately become due and payable, at Lender's option, upon notice to the Borrower. Failure of Lender to exercise such option shall not constitute a waiver of default. If Lender exercises its option to declare the entire amount of Borrower's loan immediately due and payable as provided above, Borrower agrees to pay Lender's cost and expenses of collection, including reasonable attorney's fees and court costs. If this Note is reduced to judgment, the judgment shall bear interest at the maximum rate permissible on judgments in the State of Washington.

7. IF THE BORROWER voluntarily sells, transfers, leases or otherwise conveys the Project or any portion thereof, to any person/persons or entity/entities (the "Transferee"), other than by leasing or renting for residential tenant use as contemplated by various provisions of the Loan Agreement, or for any other incidental use (to the extent permissible under all applicable federal and state laws and regulations), or a transfer to a limited liability company with Konstantin and Tatyana Vasilenko as its sole members, an Event of Default shall occur under the terms of this Note and the Related Documents unless the Borrower obtained prior written consent of the Director. The remedies provided for Default may be exercised at the discretion of the Director. An unauthorized transfer also occurs if Borrower grants a junior security interest without obtaining the prior written consent of the Director. Any sale, transfer, leasing or other disposition of the Project in violation of this Section 7 shall not relieve the Borrower of any obligation or obligations under this Note or any Related Document. The Borrower hereby agrees that upon any sale, transfer, lease or other disposition of the Project, the Borrower shall transfer all records, accounts, electronic data or other documents pertaining to the Project, including documents related to Borrower's compliance with this Note and any Related Document, to the Transferee or its designated agent. Failure by the City to exercise any of its rights and remedies under this Note or any Related Documents shall not be construed as a waiver of any

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kind. The Director's written consent may be conditioned upon the following, at the Director's sole discretion:

(a) reasonable evidence satisfactory to the Director that the Borrower is not then in default under any document related to this transaction beyond any applicable grace period or cure period;

(b) an opinion of counsel for the Transferee, delivered to the City, to the effect that the Transferee (i) has assumed in writing and in full, all duties and obligations of the Borrower under this Note, the Loan Agreement and the Covenant Agreement, and (ii) that this Note and the Related Documents constitute the legal, valid and binding obligations of the Transferee;

(c) a showing that written assumption of the Transferee and/or the written agreement of the Transferee complies with all provisions of local, state and federal laws, ordinances and regulations applicable to the Borrower under this Note and Related Documents;

(d) a showing that the Borrower or the Transferee is not in arrears on any payments due and owing to the City or is in default under this Note or any of the Related Documents, beyond any applicable grace period or cure period;

(e) a showing that the Borrower or the Transferee do not have a history of instances of non-compliance with any non-monetary provision of this Note or any of the Related Documents, which were not cured after notice thereof and within the applicable cure period or grace period; and/or,

(f) a showing that the Borrower or the Transferee do not have a documented history of instances of failure to make payments due and owing to the City which are not paid within a reasonable period after notice thereof.

8. THIS NOTE IS not assignable or assumable without the express written consent of the Lender, except for a transfer to a limited liability company with Konstantin and Tatyana Vasilenko as its sole members.

9. EACH MAKER AND endorser of this Note hereby waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith. Each maker and endorser expressly agrees that this Note or any payment thereunder may be extended from time to time, and consent to the acceptance of further security for this Note, including other types of security, all without in any way affecting the liability of each maker and endorser hereof. The right to plead any statutes of limitation as a defense to any demand on this Note, or any guaranty thereof or to any agreement to pay the same or to any demand secured by the Deed of Trust or other security, securing the Note, or any and all obligations or liabilities arising out of or in connection with said Note or Deed of Trust by any parties hereto is expressly waived by each and every of the makers, endorsers, guarantors or sureties.

10. SEVERABILITY: If any provision, or a part thereof, of this Note is declared by a court of competent jurisdiction to be invalid, the invalid provision or part thereof shall

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be stricken, with the remainder of the provision and other provisions of this Note surviving with full force and effect.

11. BORROWER RATIFIES and reaffirms all information previously submitted in Borrower's loan application or financial statement, and by signing this Note, Borrower represents and warrants to Lender that the information provided is true and correct and that there has been no adverse change in Borrower's financial condition as disclosed to Lender in Borrower's most recent application or financial statement.

12. APPLICABLE LAW AND VENUE: This Note has been issued, executed and delivered in the State of Washington and shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent that the laws of the United States of America may prevail. Venue to enforce any provision shall be in the Spokane County Superior Court.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS NOTE ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO ALL TERMS AND CONDITIONS OF THIS NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower executed this Promissory Note on this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Konstantin Y. Vasilenko

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tatyana A. Vasilenko

Date: \_\_\_\_\_

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**CITY OF SPOKANE  
VASILENKO**

**611 SOUTH SCOTT**

**PROMISSORY NOTE 2**

OPR #2016-\_\_\_\_\_

Borrower: Konstantin Y. and Tatyana A. Vasilenko  
19914 North Hazard Road  
Spokane, WA 99208

Lender: City of Spokane  
Community, Housing and Human Services Department  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

Principal: \$347,500.00

Date: \_\_\_\_\_

1. **PROMISE TO REPAY:** FOR VALUE RECEIVED, the undersigned Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and, hereinafter referred to as "Borrower", promises to repay to the order of the City of Spokane, a Washington state municipal corporation, or its successors and assigns (hereinafter called "Lender") the maximum principal sum of **THREE HUNDRED FORTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$347,500.00)** or so much of said sum or sums as may now or hereafter be loaned or disbursed to the Borrower by the Lender, for the purpose of providing a portion of the financing for the Borrower's 611 South Scott project, located at 611 South Scott Street in Spokane, WA (the "Project"). This Promissory Note 2 (the "Note") is part of a transaction further reflected in Promissory Note 1, a HOME Program Loan Agreement ("Loan Agreement"), HOME Program Loan Covenant Agreement ("Covenant Agreement") of even date herewith, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. Promissory Note 1 and Promissory Note 2 are collectively referred to as "Notes." Lender's disbursements under the Loan Agreement and the Notes are further secured by a Deed of Trust of even date herewith ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents". The capitalized terms in said Related Documents shall have the same meaning in this Note unless the context clearly suggests otherwise. In the event of conflict or ambiguity in the terms of any of these documents, the terms most favorable to Lender shall apply.

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2. **INTEREST:** In addition to repayment of principal sums loaned, Borrower agrees to pay interest, compounded monthly, commencing on the date the money is first disbursed under the Loan Agreement, at the rate of three percent (3%) per annum. If rents for any HOME-assisted unit of the Project are raised above the level of the Affordability Requirement defined in the Loan Agreement, or any other provisions, covenants, terms, conditions or restrictions of the Loan Agreement are not adhered to, then the rate on the outstanding balance shall be increased to the prevailing prime lending rate as published in The Wall Street Journal, plus three percent (3%), compounded monthly, for the period of noncompliance, as determined by the Director of Community, Housing and Human Services for the City of Spokane (the "Director").

3. **REPAYMENT; MATURITY:**

A. **Deferral Period:** Payment of principal and interest shall be deferred during the HOME Affordability Period, as defined in the Loan Agreement and Covenant Agreement, so long as Borrower and the Project are in compliance with the Affordability Requirements per the terms of the Loan Agreement and Covenant Agreement together with all other provisions of this Note and Related Documents.

B. **Payment Period:** Principal and interest on this Note shall be payable in approximately equal amortized installments on the first day of each month (or the first business day thereafter if the first day of the month is a weekend or a holiday for the City), commencing immediately after the HOME Affordability Period ends, in the amount required to fully amortize the outstanding principal and accrued interest on this Note (including the interest accrued) during the remaining City Affordability Period, as defined in the Loan Agreement. During the Affordability Period, Borrower shall notify the City in writing if, for any reason, Borrower and/or the Project will not comply with the Affordability Requirements, at which time any remaining balance would become immediately due and payable in full.

C. **Prepayment:** The Borrower may pay all or any portion of the outstanding principal of the Note at any time, without penalty. Repayment during the HOME Affordability Period, as described in the Loan Agreement, shall not extinguish the Affordability Requirements.

D. **Late Charges:** A late charge of thirty dollars (\$30.00) will be added to any payment received after the 10<sup>th</sup> day of the month in which it is due in addition to any other remedy.

E. **Application of Payments:** Payments received will first be applied to late charges, then to interest, and finally to principal.

F. **Place of Payment:** Payments of principal, interest, and fees shall be made in lawful money of the United States of America in immediately available funds to the City of Spokane, at the Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201, or at such other place as Lender may designate in writing according to the schedule noted above.

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G. Potential Debt Forgiveness: Repayment shall further be subject to provisions and applicable sections of the Loan Agreement, which allows for debt forgiveness in exchange compliance with the Affordability Requirements during the Forgiveness Period, as defined in the Loan Agreement, subject to conditions specified in the Loan Agreement.

4. THIS NOTE IS secured by the Deed of Trust of even date herewith, duly filed for record in the County of Spokane, Washington.

5. THIS LOAN IS made for the purpose of financing a portion of the costs of the rehabilitation of a house and construction 5 units on the property at 611 South Scott and legally described in the Deed of Trust and Loan Agreement. As a condition of receiving this loan, Borrower agrees to abide by all of the terms and conditions of this Note, Note 1, the Deed of Trust, the Loan Agreement and associated Covenant Agreement, incorporated herein by reference as if fully set forth.

6. IF THE BORROWER SHALL default in the payment of any amount due under this Note, and such default is not cured within ten (10) days after such payment is due, or if any other Event of Default occurs under Note 1, the Deed of Trust, the Loan Agreement or the Covenant Agreement and such default is not cured within the cure period, if any, applicable thereto, the entire unpaid principal amount of this Note, together with accrued interest, shall immediately become due and payable, at Lender's option, upon notice to the Borrower. Failure of Lender to exercise such option shall not constitute a waiver of default. If Lender exercises its option to declare the entire amount of Borrower's loan immediately due and payable as provided above, Borrower agrees to pay Lender's cost and expenses of collection, including reasonable attorney's fees and court costs. If this Note is reduced to judgment, the judgment shall bear interest at the maximum rate permissible on judgments in the State of Washington.

7. IF THE BORROWER voluntarily sells, transfers, leases or otherwise conveys the Project or any portion thereof, to any person/persons or entity/entities (the "Transferee"), other than by leasing or renting for residential tenant use as contemplated by various provisions of the Loan Agreement, or for any other incidental use (to the extent permissible under all applicable federal and state laws and regulations), or a transfer to a limited liability company with Konstantin and Tatyana Vasilenko as its sole members, an Event of Default shall occur under the terms of this Note and the Related Documents unless the Borrower obtained prior written consent of the Director. The remedies provided for Default may be exercised at the discretion of the Director. An unauthorized transfer also occurs if Borrower grants a junior security interest without obtaining the prior written consent of the Director. Any sale, transfer, leasing or other disposition of the Project in violation of this Section 7 shall not relieve the Borrower of any obligation or obligations under this Note or any Related Document. The Borrower hereby agrees that upon any sale, transfer, lease or other disposition of the Project, the Borrower shall transfer all records, accounts, electronic data or other documents pertaining to the Project, including documents related to

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Borrower's compliance with this Note and any Related Document, to the Transferee or its designated agent. Failure by the City to exercise any of its rights and remedies under this Note or any Related Documents shall not be construed as a waiver of any kind. The Director's written consent may be conditioned upon the following, at the Director's sole discretion:

(a) reasonable evidence satisfactory to the Director that the Borrower is not then in default under any document related to this transaction beyond any applicable grace period or cure period;

(b) an opinion of counsel for the Transferee, delivered to the City, to the effect that the Transferee (i) has assumed in writing and in full, all duties and obligations of the Borrower under this Note, the Loan Agreement and the Covenant Agreement, and (ii) that this Note and the Related Documents constitute the legal, valid and binding obligations of the Transferee;

(c) a showing that written assumption of the Transferee and/or the written agreement of the Transferee complies with all provisions of local, state and federal laws, ordinances and regulations applicable to the Borrower under this Note and Related Documents;

(d) a showing that the Borrower or the Transferee is not in arrears on any payments due and owing to the City or is in default under this Note or any of the Related Documents, beyond any applicable grace period or cure period;

(e) a showing that the Borrower or the Transferee do not have a history of instances of non-compliance with any non-monetary provision of this Note or any of the Related Documents, which were not cured after notice thereof and within the applicable cure period or grace period; and/or,

(f) a showing that the Borrower or the Transferee do not have a documented history of instances of failure to make payments due and owing to the City which are not paid within a reasonable period after notice thereof.

8. THIS NOTE IS not assignable or assumable without the express written consent of the Lender, except for a transfer to a limited liability company with Konstantin and Tatyana Vasilenko as its sole members.

9. EACH MAKER AND endorser of this Note hereby waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith. Each maker and endorser expressly agrees that this Note or any payment thereunder may be extended from time to time, and consent to the acceptance of further security for this Note, including other types of security, all without in any way affecting the liability of each maker and endorser hereof. The right to plead any statutes of limitation as a defense to any demand on this Note, or any guaranty thereof or to any agreement to pay the same or to any demand secured by the Deed of Trust or other security, securing the Note, or any and all obligations or liabilities arising out of or in connection with said Note or Deed of Trust by any parties hereto is expressly waived by each and every of the makers, endorsers, guarantors or sureties.

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10. SEVERABILITY: If any provision, or a part thereof, of this Note is declared by a court of competent jurisdiction to be invalid, the invalid provision or part thereof shall be stricken, with the remainder of the provision and other provisions of this Note surviving with full force and effect.

11. BORROWER RATIFIES and reaffirms all information previously submitted in Borrower's loan application or financial statement, and by signing this Note, Borrower represents and warrants to Lender that the information provided is true and correct and that there has been no adverse change in Borrower's financial condition as disclosed to Lender in Borrower's most recent application or financial statement.

12. APPLICABLE LAW AND VENUE: This Note has been issued, executed and delivered in the State of Washington and shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent that the laws of the United States of America may prevail. Venue to enforce any provision shall be in the Spokane County Superior Court.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS NOTE ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

PRIOR TO SIGNING THIS NOTE, BORROWER HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO ALL TERMS AND CONDITIONS OF THIS NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower executed this Promissory Note on this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Konstantin Y. Vasilenko

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tatyana A. Vasilenko

Date: \_\_\_\_\_



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AFTER RECORDING MAIL TO:

City of Spokane  
Department of Community, Housing and Human Services  
808 W. Spokane Falls Blvd., Room 650  
Spokane, WA 99201

OPR #2016-\_\_\_\_\_

**CITY OF SPOKANE  
VASILENKO**

**611 SOUTH SCOTT**

**DEED OF TRUST**

Grantor: Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel No.: 35201.5353

Legal Description (abbreviated): PTN LOT 8, BLOCK 3, HARTSON'S SUBDIV. OF  
BLOCKS 3, 4, 5, 6, 7 AND 8, HARTSON AND TOWNSEND'S  
HIGHLAND PARK ADD., VOL. "C", P. 26, SPOKANE COUNTY

See Page 2 for full legal description.

THIS DEED OF TRUST, made this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife, referred to herein as GRANTOR, whose address is 19914 North Hazard Road, Spokane, WA 99208, **First American Title Insurance Company**, TRUSTEE, whose address is 40 East Spokane Falls Blvd., Spokane, WA 99202 and the **City of Spokane**, Washington, a Washington state municipal corporation, BENEFICIARY, whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, WA 99201.

This Deed of Trust is part of a transaction further reflected in a HOME Program Loan Agreement ("Loan Agreement"), HOME Program Loan Covenant Agreement ("Covenant Agreement"), and Promissory Note 1, and Promissory Note 2, secured by this Deed of Trust, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with the Covenant Agreement. Collectively, Promissory Note 1 and Promissory Note 2 may be referred to as "Promissory Notes." The terms of said agreements are incorporated into

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this Deed of Trust, and the capitalized terms in said agreements shall have the same meaning in this Deed of Trust unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to Beneficiary shall apply.

WITNESSETH: Grantor hereby irrevocably grants and conveys to Trustee in trust, with power of sale, the following described real property (the "Property") in Spokane County, Washington:

THE SOUTH 80 FEET OF THE WEST HALF OF LOT 8, BLOCK 3, HARTSON'S SUBDIVISION OF BLOCKS 3, 4, 5, 6, 7 AND 8, HARTSON AND TOWNSEND'S HIGHLAND PARK ADDITION, AS PER PLAT RECORDED IN VOLUME "C" OF PLATS, PAGE 26;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF WASHINGTON

APN: 35201.5353

PROPERTY ADDRESS: 611 S SCOTT ST, SPOKANE, WA 99202

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, easements, fixtures and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues, and profits thereof.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained and as further contained in the Loan Agreement, Covenant Agreement, and Promissory Notes, secured by this Deed of Trust, and for the purpose of securing payment of the sum of **THREE HUNDRED NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$395,000.00)** with interest, in accordance with the terms of two Promissory Notes of even date herewith, payable to Beneficiary, and made by Grantor, and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon. This Deed of Trust also secures to Beneficiary: (a) the payment of other sums, with interest, advanced to protect the security of this Deed of Trust; and (b) the performance of Grantor's covenants and agreements under this Deed of Trust and the Promissory Notes, Covenant Agreement and Loan Agreement of even date herewith.

GRANTOR COVENANTS that Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property that the Property is unencumbered, except for encumbrances of record. Grantor warrants and will defend the title to the Property against all claims and demands, subject to any prior encumbrances of record.

COVENANTS: Grantor and Beneficiary covenant and agree as follows:

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**1. PAYMENT OF PRINCIPAL AND INTEREST; PREPAYMENT AND LATE CHARGES.** Grantor shall promptly pay when due the principal of and interest on the debt evidenced by the Promissory Notes and any late charges due under the Promissory Notes.

**2. APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Beneficiary under Paragraph 1 shall be applied: first, to any late charges due under the Promissory Notes; second, to interest ; and third, to principal due under the Promissory Notes.

**3. CHARGES; LIENS.** Grantor shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property, which may attain priority over this Deed of Trust, including utility charges, whether or not reflected in a recorded lien. Grantor shall pay these obligations on time directly to the person or entity owed payment. Grantor shall promptly furnish to Beneficiary upon request copies of all notices of amounts to be paid under this Paragraph. If Grantor makes these payments directly, Grantor shall promptly furnish to Beneficiary upon request receipts evidencing the payments. Grantor shall promptly discharge any lien which has priority over this Deed of Trust unless: (a) Grantor agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (b) Grantor contests in good faith the lien in legal proceedings, or defends against enforcement of the lien in legal proceedings, which, in the Beneficiary's opinion, operate to prevent the enforcement of the lien; or (c) Grantor secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust, or (d) Beneficiary has executed an agreement subordinating its interest. If Beneficiary determines that any part of the Property is subject to a lien, which may attain priority over this Deed of Trust, Beneficiary may give Grantor a notice identifying the lien. Grantor shall satisfy the lien or take one or more of the actions set forth above within ten business (10) days of the giving of the notice. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, recorded or unrecorded liens, encumbrances, or other charges against the Property, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Promissory Notes secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**4. HAZARD OR PROPERTY INSURANCE.** A. Grantor shall keep the improvements now existing or hereafter erected on the Property continuously insured against loss by fire, hazards included within the term "extended coverage", and any other hazards, including floods or flooding, for which the Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods that Beneficiary requires in order to maintain adequate protection for the Property, but no act or omission by the Beneficiary shall relieve Grantor of the primary duty to procure adequate insurance. In no event shall such insurance be less than the full replacement cost of the Property (*i.e.*, 100% of replacement cost). The insurance carrier providing the insurance shall be chosen by the Grantor subject to Beneficiary's approval. All policies shall be held by the Beneficiary, and have loss payable first to

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the Beneficiary, as its interest may appear, and then to the Grantor. If Grantor fails to maintain coverage as described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with Paragraph 7.

B. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgage clause. If Beneficiary requires, Grantor shall promptly give to Beneficiary all receipts of paid premiums and renewal notices. In the event of loss, Grantor shall give prompt notice to the insurance carrier and to Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor.

C. Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Beneficiary's security is not lessened thereby. If the restoration or repair is not economically feasible or if Beneficiary's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Grantor. If Grantor abandons the Property or does not answer within thirty (30) days notice from the Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may, in its sole discretion, use the proceeds to restore or repair the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30-day period will begin when the notice is given. Such application of proceeds by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. 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. Unless Beneficiary and Grantor otherwise agree in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of the payments. If under Paragraph 20, the Property is acquired by Beneficiary, Grantor's right to any insurance policies or proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

**5. FLOOD INSURANCE.** If the Property is located in a one hundred year FEMA Flood Zone, Grantor shall maintain flood insurance throughout the term of the Loan in an amount not less than the total amount of the Loan or the maximum amount of coverage available through the National Flood Insurance Program, furnishing proof of same upon request by Beneficiary.

**6. OCCUPANCY, PRESERVATION, MAINTENANCE AND PROTECTION OF THE PROPERTY; LOAN APPLICATION; LEASEHOLDS.** Grantor shall cause the Property to be occupied, established, and used as decent, safe, sanitary and affordable housing for low-income families pursuant to the HOME Investment Partnerships Program (24 CFR part 92 et seq.) throughout the term of the loan as described in the Promissory

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Notes and Covenant Agreement. Grantor covenants and agrees to keep the Property in good condition and repair, to permit no waste thereof, to complete any building, structure, or improvement being built now or hereafter thereon, to restore or replace promptly any building, structure, or improvement thereon which may be damaged or destroyed, and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Property. Grantor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Grantor may cure such a default and reinstate, as provided in Paragraph 17 by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of Grantor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Grantor shall also be in default if Grantor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Promissory Notes. If this Deed of Trust is on a leasehold, Grantor shall comply with all the provisions of the lease. If Grantor acquires fee title to the property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

**7. PROTECTION OF BENEFICIARY'S RIGHTS IN THE PROPERTY.** A. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, the Loan Agreement and/or the Covenant Agreement, or there is a legal proceeding which, in the Beneficiary's good faith judgment, may affect Beneficiary's rights in the Property (including but not limited to proceedings in bankruptcy, probate, for condemnation or forfeiture, or to enforce laws or regulations), then Beneficiary shall have the right to take whatever action it deems reasonably necessary and appropriate to protect the value of the Property and Beneficiary's rights in the Property. Although Beneficiary may take action under this Paragraph 7, Beneficiary is not obligated to do so.

B. Any amounts caused to be disbursed by Beneficiary under this Paragraph 7 shall become additional debt secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Promissory Notes rates and shall be payable with interest upon notice from Beneficiary to Grantor requesting payment.

C. Grantor covenants and agrees 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 the cost of title search and any and all attorney's fees actually incurred, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

D. Grantor further covenants and agrees to pay any and all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee

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incurred in enforcing the obligations secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

**8. INSPECTIONS.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property, subject to all applicable landlord/tenant laws. Beneficiary shall give Grantor notice at least 24 hours prior to an inspection; provided, however, such right to notice does not apply to Beneficiary when acting in its regulatory capacity or when exercising its police powers.

**9. CONDEMNATION.** A. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property or any part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust and other liens as approved by the Beneficiary, whether or not then due, with any excess paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (i) the total amount of the sums secured immediately before the taking, divided by (ii) the fair market value of the Property immediately before the taking. Any balance shall be paid to Grantor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Grantor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due.

B. If the Property is abandoned by Grantor, or if, after notice by Beneficiary to Grantor that the condemnor offers to make an award or settle a claim for damages, and Grantor fails to respond to Beneficiary within thirty (30) days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

C. Unless Beneficiary and Grantor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of such payments.

**10. GRANTOR NOT RELEASED; FORBEARANCE BY BENEFICIARY NOT A WAIVER.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release the liability of the original Grantor or of Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or

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otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor or Grantor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**11. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Grantor, except as otherwise provided for in this Deed of Trust. Grantor's covenants and agreements shall be joint and several.

**12. LOAN CHARGES.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and; (ii) any sums already collected from Grantor which exceeded permitted limits will be refunded to Grantor. Beneficiary may choose to make this refund by reducing the principal owed under the Promissory Notes or by making a direct payment to Grantor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Promissory Notes.

**13. NOTICES.** Grantor shall promptly give Beneficiary written notice of any and all Project defaults (regardless of whether the default is related to the financing provided by Beneficiary and the various agreements governing the terms of such financing, or whether the default is related to any of the various other parties or entities providing financing to the Project under their various agreements), investigations, claims, demands, lawsuits, licensing issues relating to the operation of the building or care facility, or other actions by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law (as defined in Paragraph 19 of this Deed of Trust) of which Grantor has actual or constructive knowledge. Any notice provided for in this Deed of Trust shall be given pursuant to the procedures outlined in the Loan Agreement.

**14. GOVERNING LAW; SEVERABILITY.** This Deed of Trust shall be governed by federal law and the laws of the State of Washington. In the event that any provisions of this Deed of Trust or the Promissory Notes conflict with applicable law, such conflict shall not affect other non-conflicting provisions of this Deed of Trust or the Promissory Notes, which shall continue in full force and effect.

**15. GRANTOR'S COPY.** Grantor hereby acknowledges receipt of a conformed copy of the Loan Agreement, Covenant Agreement, Promissory Notes, and of this Deed of Trust.

**16. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN GRANTOR.**  
A. Except as provided in the Promissory Notes, if all or any part of the Property or any



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interest in it is sold or transferred (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent, or if any other default occurs under this Deed of Trust, the Promissory Notes, the Loan Agreement or the Covenant Agreement, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the execution date of this Deed of Trust. By accepting payment of any sum secured by this Deed of Trust after payment is due, Beneficiary does not waive the right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

B. If Beneficiary exercises the above option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a cure period of not less than thirty (30) days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any and all remedies permitted by this Deed of Trust without further notice or demand on Grantor.

**17. GRANTOR'S RIGHT TO REINSTATE FOLLOWING ACCELERATION.** If Grantor meets the conditions outlined in this paragraph, Grantor shall have the right to have enforcement by acceleration of this Deed of Trust discontinued at any time prior to the earlier of: (i) 10 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (ii) entry of a judgment enforcing this Deed of Trust. The conditions which Grantor must meet are that Grantor shall: pay Beneficiary all sums which then would be due under this Deed of Trust and the Promissory Notes as if no acceleration had occurred; cure any default of any other covenants or agreements; pay all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees, and; take such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property, and Grantor's obligation to pay the sums secured by this Deed of Trust continue unchanged. Upon reinstatement by Grantor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration caused by Grantor's selling or transferring all or any part of the Property or any interest in it (or if a beneficial interest of Grantor is sold or transferred and Grantor is not a natural person) without Beneficiary's prior written consent.

**18. NO FURTHER ENCUMBRANCES.** A. For the purposes of protecting Beneficiary's security and keeping the Property free from junior and subordinate financing liens, Grantor agrees and understands that any sale, conveyance, further encumbrance (including the granting of easements and any and all other matters affecting title or other transfer of title to the Property, or any interest therein (whether voluntary or by operation of law), without Beneficiary's prior written consent, shall be an Event of Default under this Deed of Trust.

**B. Notice is hereby given to all third parties that any mortgage or other Deed of Trust that they may receive against the Property without the prior written approval and acknowledgment of the Beneficiary of this Deed of Trust shall be null and void and without force or effect.**

**19. HAZARDOUS SUBSTANCES; REPRESENTATIONS AND WARRANTY.** A. Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as defined in this Paragraph 19) on or in the Property, except for the presence, use, storage and disposal of reasonable quantities of such Hazardous Substances as are generally used in the ordinary course of operating, maintaining or developing properties such as the Property, all of which Indemnitor represents, warrants and covenants shall be used, stored and disposed of in accordance with commercially reasonable practices and all applicable laws. Grantor shall not perform any act, nor allow, cause or permit the performance of any act, affecting the Property when such act constitutes a violation of any federal, state, or local Environmental Law, ordinance, or rule. As used in this Paragraph 19, "Environmental Law" means federal laws, state laws and local codes, laws, and/or ordinances of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

B. Grantor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property, and any hazardous substance or Environmental Law of which Grantor has actual knowledge. If Grantor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law and shall bear all costs and expenses thereof.

C. The Grantor hereby represents and warrants that, to the best of the Grantor's knowledge and belief, and after reasonable investigation and inquiry, the Project has never been and is not being used to make, store, handle, treat, dispose of, generate, or transport Hazardous Substances in violation of any applicable law, which Hazardous Substances have not been or will not be abated according to all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. To the best of Grantor's knowledge and belief, and after reasonable investigation and inquiry, there has not been a release of Hazardous Substances on, from, or near the Property, which release has not been or will not be abated to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy of the rehabilitated project. The Grantor has never received any notification, citation, complaint, violation, or notice of any kind from any person relating or pertaining to the making, storing, handling, treating, disposing, generating, transporting, or release of Hazardous Substances, for which there has not been or will not be abatement to levels acceptable under all applicable law and regulations related thereto prior to tenant occupancy. Grantor represents and warrants that any asbestos and lead-based paint

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found within the Project will be abated to levels acceptable under applicable law prior to tenant occupancy of the rehabilitated project. "Hazardous Substances" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) "oil, petroleum products and their by-products" as defined under Washington law as amended from time to time, and regulations promulgated thereunder; (iv) any "hazardous substance" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (v) any "asbestos material" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder and/or as defined by 40 C.F.R. Section 61.141, as amended from time to time; (vi) any "radon gas" in excess of levels recommended in U. S. Environmental Protection Agency Guidance Documents, as modified from time to time, or lower levels as provided by any applicable law or regulation now or hereafter in effect; (vii) any "infectious waste" as defined under Washington law, as amended from time to time, and regulations promulgated thereunder; (viii) any substance the presence of which on any property attributable to the operations of the Grantor is prohibited, restricted or regulated by any law or regulation similar to those laws, regulations and/or documents set forth above, including without limitation, polychlorinated biphenyls ("PCBs") and lead-based paints; and (ix) any other substance which by law or regulation requires special handling in its collection, generation, storage, transportation, treatment or disposal.

**20. ACCELERATION: REMEDIES.** A. Beneficiary shall give notice to Grantor prior to acceleration, following Grantor's breach of any covenant or agreement noted in this Deed of Trust, the Loan Agreement, or the Covenant Agreement. The notice shall specify: (a) the nature of the default; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is given to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property at public auction to the highest bidder, in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 or as hereafter amended). The notice shall further inform Grantor of applicable rights to reinstate after acceleration, rights to bring a court action to assert the nonexistence of a default or any other defense Grantor wishes to assert prior to acceleration and sale, and of any other matters required by applicable law to be included in the notice. If the default is not cured on or before the date specified in the notice, Beneficiary, at its option, may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted under the Loan Agreement, the Covenant Agreement, the Promissory Notes, this Deed of Trust or by applicable law. Beneficiary shall be entitled to collect from Grantor all expenses incurred in pursuing the remedies provided in this Paragraph 20, including, but not limited to, attorneys' fees and costs of title evidence.

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B. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Trustee of the occurrence of an event of default. Upon instruction from the Beneficiary to do so, Trustee shall cause the trust Property to be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Beneficiary or its designee may purchase the Property at any sale. Trustee and Beneficiary shall take such action regarding notice of sale and shall give such notices to Grantor and to other persons as applicable law may require.

C. Trustee shall deliver to the purchaser a Trustee's Deed conveying the Property without warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

D. 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.

**21. RECONVEYANCE.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property to the person entitled thereto and shall surrender this Deed of Trust and all Promissory Notes evidencing the debt secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

**22. SUBSTITUTE TRUSTEE.** In the event of the death, incapacity, disability, or resignation of Trustee, or at Beneficiary's reasonable discretion, 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 an action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

**23. USE OF PROPERTY.** The Property is not used principally for agricultural or farming purposes.

**24. BINDING EFFECT.** This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns. The term "Beneficiary" shall mean the holder and owner of the Promissory Notes secured hereby, whether or not named as Beneficiary herein.

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**25. ORAL AGREEMENTS OR ORAL COMMITMENTS.** ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS INSTRUMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Grantor accepts and agrees to the terms and covenants contained in this Deed of Trust and in any riders executed by Grantor and recorded with it.

IN WITNESS WHEREOF, the Parties have executed this Deed of Trust as of the day and year first written above.

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Konstantin Y. Vasilenko

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Tatyana A. Vasilenko

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STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Konstantin Y. Vasilenko**, to me known to be the person who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Grantor, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Tatyana A. Vasilenko**, to me known to be the person who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Grantor, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**BENEFICIARY - CITY OF SPOKANE**

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Assistant City Attorney

Date: \_\_\_\_\_

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the City of Spokane, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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WHEN RECORDED RETURN TO:  
CITY OF SPOKANE  
COMMUNITY, HOUSING AND HUMAN SERVICES DEPARTMENT  
808 W. SPOKANE FALLS BLVD., ROOM 650  
SPOKANE, WASHINGTON 99201-3339

OPR #2016-\_\_\_\_\_

**CITY OF SPOKANE  
VASILENKO**

**611 SOUTH SCOTT**

**HOME PROGRAM LOAN COVENANT AGREEMENT**

Grantor: Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife

Beneficiary: City of Spokane, a Washington state municipal corporation

Assessor's Parcel No.: 35201.5353

Legal Description (abbreviated): PTN LOT 8, BLOCK 3, HARTSON'S SUBDIV.  
OF BLOCKS 3, 4, 5, 6, 7 AND 8, HARTSON AND TOWNSEND'S  
HIGHLAND PARK ADD., VOL. "C", P. 26, SPOKANE COUNTY

See Paragraph I.3 (below) for full legal description.

This HOME Program Loan Covenant Agreement ("Covenant Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the City of Spokane, Washington, a Washington municipal corporation (the "City"), whose address is City of Spokane, c/o Community, Housing and Human Services Department, 808 W. Spokane Falls Blvd., Room 650, Spokane, Washington 99201-3339 and Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife (the "Borrower" or "Grantor"), whose address is 19914 North Hazard Road , Spokane, WA 99208

**I. STIPULATIONS**

1. This Covenant Agreement is a condition of and part of the consideration for the financial assistance provided by the City to the Borrower for the Borrower's 611 South Scott project, which includes the rehabilitation of a house and construction of 5 units at 611 South Scott Street in Spokane, WA (the "Project"). All six (6) units will be HOME-assisted.



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2. This Covenant Agreement is part of a transaction further reflected in two Promissory Notes ("Note 1" and "Note 2", or, collectively, the "Notes") a HOME Program Loan Agreement ("Loan Agreement") of even date herewith, and a Quit Claim Deed dated \_\_\_\_\_, recorded concurrently with this Covenant Agreement. The City's disbursements under the Loan Agreement are further secured by a Deed of Trust ("Deed of Trust"). The terms of said documents are incorporated herein as if fully set forth herein, and together shall be referenced as the "Related Documents." The capitalized terms in said agreements shall have the same meaning in this Covenant Agreement unless the context clearly suggests otherwise. In the event of conflict in the terms of any of these documents, the terms most favorable to the City shall apply.

3. The Project is situated in the City and County of Spokane, State of Washington, and is legally described below:

THE SOUTH 80 FEET OF THE WEST HALF OF LOT 8, BLOCK 3,  
HARTSON'S SUBDIVISION OF BLOCKS 3, 4, 5, 6, 7 AND 8,  
HARTSON AND TOWNSEND'S HIGHLAND PARK ADDITION, AS  
PER PLAT RECORDED IN VOLUME "C" OF PLATS, PAGE 26;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE,  
STATE OF WASHINGTON

APN: 35201.5353

PROPERTY ADDRESS: 611 S SCOTT ST, SPOKANE, WA 99202

4. This Covenant Agreement shall be filed and recorded in the official public land records of Spokane County, Washington, and shall constitute a restriction upon the use of the property and Project described herein, subject to and in accordance with the terms of this Covenant Agreement during the Affordability Period described in Section IV herein below.

5. The covenants contained herein are to be taken and construed as **covenants running with the land** and shall pass to and be binding upon the Borrower, its successors in interest, assigns, heirs or lessees of the Project, beginning on the date this Covenant Agreement is executed. Each and every contract, deed or other instrument covering or conveying the property or Project, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants regardless of whether such covenants are set forth in such contract, deed or other instrument.

NOW, THEREFORE, it is hereby covenanted, that during the Affordability Period described in Section IV herein below, the Borrower agrees to the following covenants running with the land which shall bind the Borrower, its heirs, assigns, lessees and successors in interest through the Affordability Period.

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II. COVENANTS

Borrower shall:

- A. Comply with the Affordability Requirements described in this Covenant Agreement and Related Documents.
- B. Maintain all required insurance, including without limitation the insurance required by the Deed of Trust.
- C. Maintain Project financial reports, Project financial records and provide all other information and documentation that the City may reasonably request.
- D. Make prompt payment of all taxes and financial liabilities.
- E. Not hypothecate or encumber Project assets in any way, except to the extent provided for under the Loan Agreement or as approved of by the Director of Community, Housing and Human Services of the City of Spokane (the "Director") in writing. The Director may withhold such approval at his/her reasonable discretion.
- F. Promptly provide (i) rent and tenant income information at initial tenant occupancy and (ii) rent, occupancy, and tenant income information annually throughout the term of the Loan Agreement or the extended term of the Loan Agreement, in accordance with this Loan Agreement, or as otherwise requested by the City. If the Project has floating HOME units, the Borrower must provide the City with information regarding the unit substitution and filling vacancies so that the Project remains in compliance with HOME rental occupancy requirements.
- G. Promptly provide, upon request by the City, such documentation as is necessary (including financial statements) to enable the City to determine the financial condition and continued financial viability of the Project.
- H. During the Affordability Period, prohibit occupancy of any HOME-assisted unit by Borrower (or officer, employee, agent, elected or appointed official, or consultant of the Borrower, or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of Borrower) whether private, for-profit or nonprofit, including a community housing development organization ("CHDO") when acting as an owner, developer or sponsor.
- I. Comply with all applicable federal, state, and local regulations and requirements, including, but not limited to, Uniform Administrative Requirements, Federal Labor Standards, Davis-Bacon and Related Acts, Uniform Relocation Act requirements applicable as of the date of the execution of this Covenant Agreement, and the provisions of the Lead-Based Paint Poisoning Prevention Act. City's cost to administer Davis Bacon Federal Labor

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Standard, and Related Acts shall be borne by the Borrower. When Washington State prevailing wages apply, the Borrower shall comply with all State requirements under RCW 39.12 to the satisfaction of the State of Washington. When applicable, the higher of Washington State prevailing wages or Davis-Bacon wages shall apply.

- J. Comply with all HOME program project requirements pursuant to 24 CFR part 92 et seq.
- K. Maintain housing in compliance with the property standards of 24 CFR §92.251 and local code requirements throughout the term of the Loan Agreement.
- L. Upon Project completion, the Project shall obtain a final Certificate of Occupancy for new units and complete the final inspections and obtain final approvals on all construction permits for the rehabilitated unit, meet all licensing requirements needed to operate the facility as proposed by Borrower in its various funding applications, and meet the property standards of 24 CFR §92.251, minimum rehabilitation standards, and all applicable federal, state and local codes and ordinances. New construction projects must also meet HUD, state, and local requirements relating to accessibility and disaster mitigation.
- M. Cause each of the six (6) HOME-assisted units to be occupied by income-eligible households within eighteen (18) months after the Project is completed. If any HOME-assisted units are not occupied by eligible tenants within 6 months following the date of Project Completion, Borrower shall submit to the City current marketing information and, if the City requests it, an enhanced marketing plan for leasing the unoccupied units as quickly as possible, which information the City will provide to HUD as required by 24 CFR §92.252. If any HOME-assisted unit has not been rented to eligible tenants within eighteen (18) months after the date of Project Completion, Borrower shall repay the City \$65,833.33/unit for each such unit within thirty (30) days of the City's written request for repayment. This reflects the proportionate per unit share of HOME funds, i.e., \$395,000.00 HOME dollars/6 HOME units.

The Borrower shall cause this Covenant Agreement to be recorded as a covenant running with the land and the Project.

Borrower shall pay at loan closing all costs associated with the negotiation, documentation and closing of the loan, including without limitation title premiums escrow fees, recording fees, appraisal fees and City's attorneys' fees.

### III. INCOME DETERMINATIONS

- A. For purposes of this Covenant Agreement, tenant "annual income" is defined pursuant to 24 CFR §92.203), and includes income from all persons in the household, less income adjustments pursuant to 24 CFR §5.611. An individual

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does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.

- B. Initial tenant annual income determinations shall be made by the Borrower pursuant to 24 CFR §92.203. Subsequent tenant income determinations shall be made by the Borrower pursuant to 24 CFR §92.203 and 24 CFR §92.252(h).
- C. Rent increases and annual income recertifications shall be governed by the terms outlined in the Affordability Requirements below.

IV. AFFORDABILITY REQUIREMENTS

- A. HOME Affordability Period. The HOME Affordability Period, established pursuant to 24 CFR §92.252, is twenty (20) years, beginning after Project Completion, as determined by the Director. "Project Completion" means that all necessary title transfer requirements and construction work have been performed; the Project complies with the requirements of 24 CFR §92, including the property standards under 24 CFR §92.251; the final drawdown of HOME funds has been disbursed for the Project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of §92.502(d), project completion occurs upon completion of construction and before occupancy. Repayment of the loan during the HOME Affordability Period will not extinguish the requirements of the Related Documents.
- B. City Affordability Period. The City Affordability Period is thirty (30) years, beginning after Project Completion, as determined by the Director. The HOME Affordability Period and City Affordability Period shall run concurrently. Collectively, the two periods are hereinafter referred to as the "Affordability Period." Upon expiration of the HOME Affordability Period, the City Affordability Period shall continue, but HUD will no longer monitor compliance with affordability requirements, unless the City Affordability Period is coterminous with the HOME Affordability Period. The requirements of the Affordability Period and other conditions of the Related Documents shall apply, as long as there are funds owing under the Notes.
- C. Rent Limit. During the Affordability Period, rents on three (3) of the six (6) HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals fifty percent (50%) of Spokane area median income ("AMI"), as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities and tenant-supplied appliances. These units shall include two (2) two-bedroom units and one (1) three-bedroom unit. In addition, rents on three (3) of the HOME-assisted units shall not exceed thirty percent (30%) of the adjusted income of a family whose annual income equals thirty percent (30%) of AMI, as defined by HUD and adjusted for family size, unit size by number of bedrooms, tenant-paid utilities

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and tenant-supplied appliances. These units shall include three (3) three-bedroom units.

However, any HOME-assisted unit receiving federal or state project-based rental assistance, where the tenant pays not more than thirty percent (30%) of the household's adjusted income as a contribution toward rent, shall be limited to the maximum rent allowed under the federal or state project-based rental assistance program.

Should the HUD rents decline below the initial project rents, the Borrower's rents do not need to be reduced below the initial rents. A table of initial HUD rents for the Project is attached to the Loan Agreement as Attachment 2.

The adjustment for tenant-paid utilities and tenant-supplied appliances is subject to §92.252. New HUD requirements include that the adjustment for tenant-paid utilities and tenant-supplied appliances be based on the HUD Utility Schedule Model, twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department, or other methods as determined by HUD. Currently, the HUD Utility Schedule Model can be found at: <http://huduser.org/portal/resources/utlmodel.html>. HUD may clarify the new requirements to allow the use (in some circumstances) of the prior requirement, which used the Section 8 existing housing allowance for tenant-furnished utilities and other services as published annually by and issued by the Spokane Housing Authority or twelve (12) months of documented actual utility costs as acceptable to the City's Community, Housing & Human Services Department.

The City will provide Borrower with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits exclusive of rent paid through project-based subsidies) in accordance with this Loan Agreement and §92.252(f)(2). The Borrower must annually provide the City with information on rents and occupancy of HOME-assisted units to demonstrate compliance with the Affordability Requirements of this Loan Agreement. The City will review rents for compliance and approve or disapprove them every year.

The Borrower must provide tenants of HOME-assisted units written notification of rent increases no less than 30 days prior to the beginning of the month in which the increase is intended to be implemented, subject to the provisions of a tenant's lease agreement, pursuant to §92.252(f)(3).

- D. LIHTC Rent Clause. For tenants of low-income tax credit assisted units (if low-income housing tax credits are awarded to the Project or portions of the Project), any increases in rent associated with tenant income shall be governed solely by section 42 of the Internal Revenue Code of 1986, as amended from time to time.

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- E. Upon completion of the HOME Affordability Period, if the maximum rent and income limits are exceeded, the loan will be subject to repayment at the higher interest rate as provided for in Paragraph 2 of the Promissory Notes.
- F. Income Limit. At initial occupancy, tenants of three (3) of the six (6) HOME-assisted units shall have incomes not greater than fifty percent (50%) of AMI. In addition, tenants of three (3) of the HOME assisted units shall have incomes not greater than thirty percent (30%) of AMI at initial occupancy. If any of these tenants' incomes increases to a level exceeding fifty percent (50%) of AMI, then the next available HOME-assisted unit shall be made available to families at or below thirty percent (30%) of AMI. If the income of a tenant of a HOME-assisted unit increases and exceeds eighty percent (80%) of AMI, then the tenant's rent shall increase to the lesser of thirty percent (30%) of the tenant's adjusted monthly income or Fair Market Rent, subject to paragraph IV.D hereof.
- G. Income Certifications. All tenants' incomes shall be recertified annually by the Borrower. Any applicable rent increases will be effective upon the next lease renewal, and are subject to thirty (30) days' written notice.
- H. Additional Affordability Requirements. The Project must comply with the affordable housing requirements of 24 CFR §92.252.
- I. Relocation. Tenants in occupancy prior to the Project are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended ("URA"), 42 USC 4601 et seq. and the regulations promulgated thereunder. All relocation payments and expenses shall be borne by the Borrower.
- J. Protection of Affordability Requirements – City Purchase Option. The Affordability Requirements may terminate upon foreclosure or transfer in lieu of foreclosure at the sole election of the Director. In the event of a pending or threatened foreclosure, once applicable notice and cure periods have expired, the City is hereby granted an option and a right of first refusal to purchase the Project before foreclosure or deed in lieu of foreclosure to preserve affordability. The City may exercise its right to purchase the Project in any reasonable manner following the City's receipt of written notice of pending or threatened foreclosure proceedings and/or a possible deed in lieu of foreclosure, which notice Borrower hereby agrees to provide to City. The purchase price shall be the assessed value of the Project at the time of the City's exercise of its purchase rights, less any financial obligations assumed by the City at the time of the City's acquisition of the Project. The City further reserves the right to revive any affordability restrictions according to the original terms of the Loan Agreement if, during the HOME Affordability Period (as defined herein), the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or property.

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V. DEFAULT

If a violation of any of the foregoing covenants occurs, the City may, after thirty (30) days written notice, the default meanwhile not having been cured, institute and prosecute any proceeding at law or in equity or as otherwise provided for in this Covenant Agreement, or Related Documents, to abate, prevent, or enjoin any such violation or to compel specific performance by the Borrower of its obligations hereunder, including, without limitation of other remedies, the exercise of the City's purchase rights described herein. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, TO MODIFY OR AMEND ANY AGREEMENT TERMS, TO RELEASE ANY GUARANTOR, TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT OR FORBEAR FROM EXERCISING ANY REMEDIES, OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION RELATED TO THIS AGREEMENT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the Parties have executed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Konstantin Y. Vasilenko

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tatyana A. Vasilenko

Date: \_\_\_\_\_

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STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Konstantin Y. Vasilenko**, to me known to be the person who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Grantor, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **Tatyana A. Vasilenko**, to me known to be the person who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said person and the Grantor, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

\_\_\_\_\_  
NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_



**CITY OF SPOKANE**

Date:

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Assistant City Attorney

Date:

STATE OF WASHINGTON )  
 ) ss.  
County of Spokane )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me **David A. Condon and Terri L. Pfister**, to me known to be the **Mayor** and **City Clerk**, respectively, of and for the **City of Spokane**, Washington, the municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

GIVEN under my hand and official seal the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State of  
Washington, residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

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**ATTACHMENT 1**

**LEGAL DESCRIPTION**

THE SOUTH 80 FEET OF THE WEST HALF OF LOT 8, BLOCK 3, HARTSON'S SUBDIVISION OF BLOCKS 3, 4, 5, 6, 7 AND 8, HARTSON AND TOWNSEND'S HIGHLAND PARK ADDITION, AS PER PLAT RECORDED IN VOLUME "C" OF PLATS, PAGE 26;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF WASHINGTON

APN: 35201.5353

PROPERTY ADDRESS: 611 S SCOTT ST, SPOKANE, WA 99202

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WHEN RECORDED RETURN TO:

City of Spokane  
Community, Housing and Human Services Dept.  
808 W. Spokane Falls Blvd.  
Spokane, WA 99201

OPR 2016-\_\_\_\_\_

### QUIT CLAIM DEED

THE GRANTOR, CITY OF SPOKANE, a Washington municipal corporation, for and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged, conveys and quit claims to Konstantin Y. Vasilenko and Tatyana A. Vasilenko, husband and wife ("Grantee"), the City's interest in the following described real estate, situated in the County of Spokane, State of Washington:

THE SOUTH 80 FEET OF THE WEST HALF OF LOT 8, BLOCK 3, HARTSON'S SUBDIVISION OF BLOCKS 3, 4, 5, 6, 7 AND 8, HARTSON AND TOWNSEND'S HIGHLAND PARK ADDITION, AS PER PLAT RECORDED IN VOLUME "C" OF PLATS, PAGE 26;

SITUATE IN THE CITY OF SPOKANE, COUNTY OF SPOKANE, STATE OF WASHINGTON

APN: 35201.5353

PROPERTY ADDRESS: 611 S SCOTT ST, SPOKANE, WA 99202

Provided; that if Grantee fails to comply with the Affordability Requirements set forth in that certain HOME PROGRAM LOAN COVENANT AGREEMENT, of even date herewith, wherein Konstantin Y. Vasilenko and Tatyana A. Vasilenko are Grantors and the City of Spokane is beneficiary, then the City may re-enter and repossess the Property.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
David A. Condon, Mayor

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Attest:

Approved as to form:

\_\_\_\_\_  
Terri L. Pfister, Clerk

\_\_\_\_\_  
Assistant City Attorney

STATE OF WASHINGTON    )  
                                      ) ss.  
County of Spokane        )

I certify that I know or have satisfactory evidence that David A. Condon and Terri L. Pfister are the persons who appeared before me and said persons acknowledged that they signed this document, and on oath stated that they were authorized to sign and acknowledged it as the Mayor and the City Clerk, respectively, of the CITY OF SPOKANE, a municipal corporation, to be the free and voluntary act of such party for the uses and purposes therein mentioned.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for Washington State  
Residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**BRIEFING PAPER**  
**City of Spokane**  
**Community, Housing and Human Services Department**  
**Community, Health, and Environment Committee**  
**May 2, 2016**

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**Subject**

Update on Spring 2016 Multifamily Housing Program RFP proposals for federal HOME-funds to develop affordable rental housing with long-term affordability covenants.

**Background**

A recent CHHS RFP offered about \$600,000 of HOME funds to develop affordable rental housing at three CHHS-owned properties. HOME-funded rental units must be affordable to households at or below 50% of Area Median Income and should include units for extremely low-income households, large families, and handicapped tenants. The three CHHS-owned properties (see attachment) had received a Single Family Rehabilitation program home repair loan but were later transferred to CHHS following foreclosure or borrower's death. HUD requires that these properties provide further benefit to low-income Spokane families.

CHHS received 4 proposals for HOME funding (see attachment). In early May, the CHHS Board will select projects to receive HOME funds, which are contingent upon Council approval. In June, CHHS staff plans to request that Council approve HOME funding contracts for the selected projects. This timeline helps CHHS meet a HUD July 31 HOME commitment deadline. Construction is expected to start in September 2016.

**Impact**

Selected proposals will create new rental housing with long-term affordability covenants for low-income families. Each project will deliver infill housing at underutilized lots. One property is located in the East Sprague TIP and all properties are in the East Central neighborhood.

**Action**

Discuss affordable housing proposals in preparation of Council consideration of HOME funding contracts (anticipated June/July 2016).

**Funding**

Approximately \$600,000 of federal HOME funds. Each proposal utilizes some additional funding from owner's funds or bank financing.

## 2016 SPRING FUNDING APPLICATIONS

SPONSOR	PRODUCT	HOME REQUEST	HOME \$/ HOME UNIT	TOTAL COST	COST/ UNIT
<b>EAST CENTRAL COMMUNITY ORGANIZATION</b> 1st & Scott Rental Properties 1808 E 1st - 1 duplex 611 S Scott - 2 duplexes new construction  Other funds: bank loan, FHLB	6 total units 6 HOME units HOME 30% 2 3bd 50% 4 3bd	\$396,426	\$66,071	\$705,407	\$117,568
<b>INLAND EMPIRE RESIDENTIAL RESOURCES</b> Special Skills Duplex 2418 E 4th new construction includes 2 ADA accessible Other funds: Owner	2 total units 2 HOME units HOME 30% 1 2bd, 1.3bd	\$260,000	\$130,000	\$261,500	\$130,750
<b>VASILENKO</b>  1808 E 1st rehab, potential for add'l 3 new construction Other funds: Owner	1 total unit 1 HOME unit HOME 50% 1 3bd	\$75,000	\$75,000	\$110,060	\$110,060
<b>VASILENKO</b>  611 S Scott rehab (1), new construction (5) includes 1 3bd ADA accessible Other funds: Owner	6 total units 6 HOME units HOME 30% 3 3bd 50% 2 2bd, 1 3bd	\$395,000	\$65,833	\$528,358	\$88,060
<b>TOTAL</b>	<b>14 total units</b> <b>14 HOME units</b>	\$1,126,426	\$80,459	\$1,605,325	\$114,666

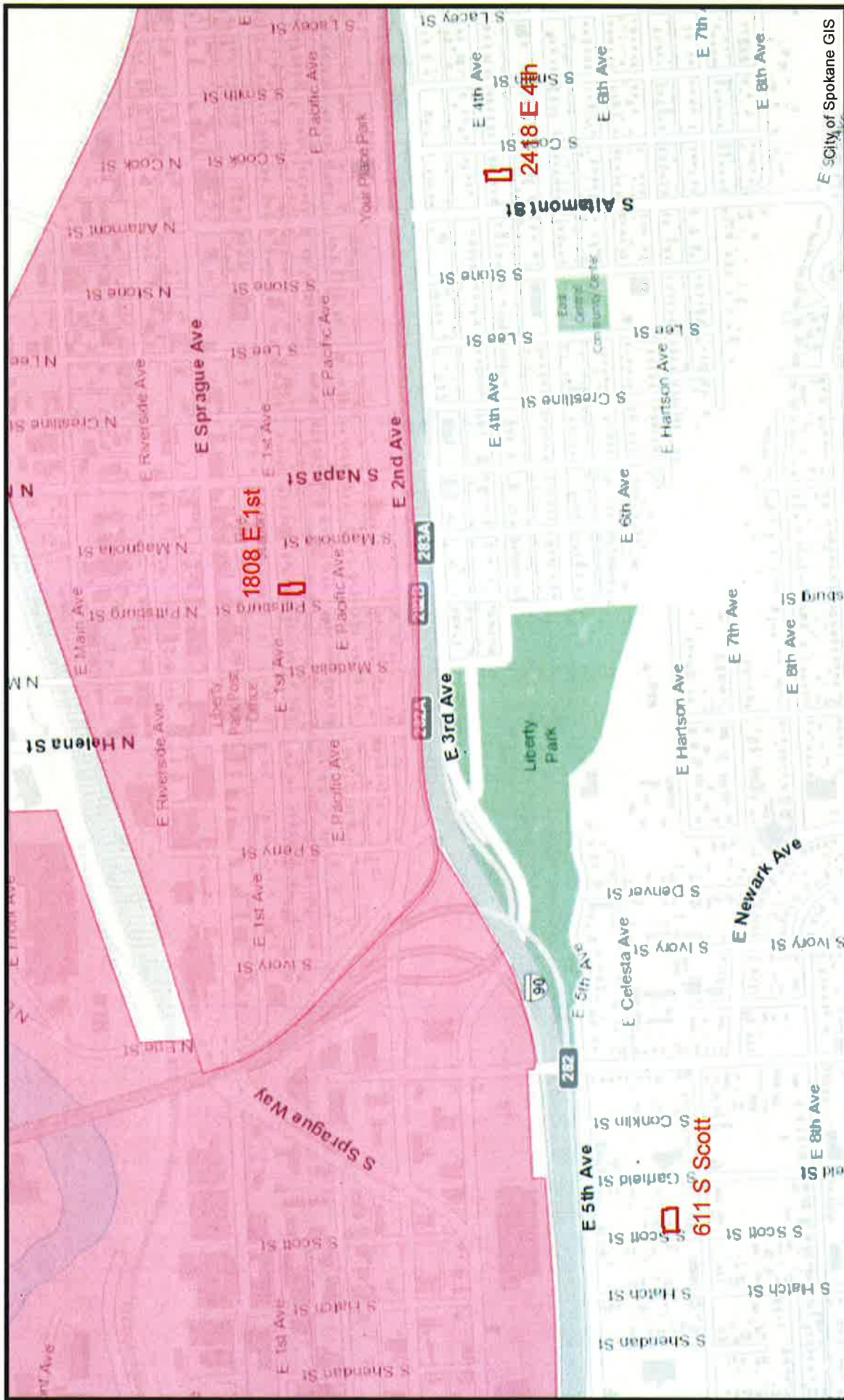
**Total HOME funds available:**

Non-CHDO funds  
CHDO setaside

\$600,000

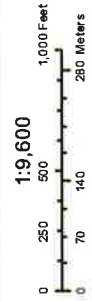
\$600,000 (Includes HOME MF, reprogrammed HOME, HOME PI)

\$0 (Minimum required allocation. Actual may be greater.)



Legend

Target Incentive Areas



## Spring 2016 RFP Project Sites

April 26, 2016

**THIS IS NOT A LEGAL DOCUMENT:**  
The information shown on this map is compiled from various sources and is subject to constant revision. Information shown on this map should not be used to determine the location of facilities in relationship to property lines, section lines, streets, etc.



## PROPOSED BUDGET

VASILENKO  
611 SOUTH SCOTT

Closing/title/recording	1,800	Owner	133,358
New Building	329,000		
Rehabilitation	93,530		
Contactor OH/Profit	5,000	<b>City HOME funds</b>	<b>395,000</b>
New Construction Conting	33,400		
Rehabilitation Contingency	9,353		
Sales tax	28,275		
Architect/engineering	25,000		
Legal-real estate	3,000		
<b>TOTAL</b>	<b>528,358</b>	<b>TOTAL</b>	<b>528,358</b>

Rehabilitation and updating of vacant single family residence and construction of 5 additional units, including three 3-bedroom and two 2-bedroom units. One new 3-bedroom unit will be ADA accessible. The property is currently owned by the City. Work on the house is expected to include new windows, hardy siding, a metal roof, new front and back porches, new electrical service and wiring, appliances, doors, plumbing, drywall, floors, and cabinets. The new units will have a similar look with hardy siding, porches, decks, and metal roofs. The new units will have infloor heat, electric heating/cooling pumps, Bosch Greenstar boiler, energy-efficient appliances, and a laundry room.

The completed house is expected to have about 1,900 sf and the new 2-bedroom units will have about 820 sf and the 3-bedroom units will have about 1,100 sf.

HOME funds may be used for architectural and engineering and other professional series costs incurred within 24 months before commitment.

Owner may finance a portion of construction with a line of credit and refinance with a permanent loan, as long as owner equity requirement is met.



**Agenda Sheet for City Council Meeting of:**

06/20/2016

<b>Date Rec'd</b>	5/10/2016
<b>Clerk's File #</b>	OPR 2015-0266
<b>Renews #</b>	
<b>Cross Ref #</b>	OPR 2014-0855
<b>Project #</b>	
<b>Bid #</b>	RFP 4076-14
<b>Requisition #</b>	

<b>Submitting Dept</b>	HOUSING & HUMAN SERVICES
<b>Contact Name/Phone</b>	ROB CROW 625-6814
<b>Contact E-Mail</b>	RCROW@SPOKANECITY.ORG
<b>Agenda Item Type</b>	Contract Item
<b>Agenda Item Name</b>	1680 AMEND SINGLE FAMILY REHABILITATION PROGRAM CONTRACT

**Agenda Wording**

Authorization to enter into a contract amendment with SNAP to add CDBG funding to accomplish 49 loans to low-income homeowners for life, health and safety home repairs. Total amended contract amount: \$1,752,946 (Citywide)

**Summary (Background)**

Spokane Neighborhood Action Partners (SNAP) is under a City CDBG-funded subrecipient contract to deliver the Single Family Rehabilitation program. This program provides loans to low-income homeowners for repairs that improve life, health, and safety and reduce home operating costs. Adding \$597,946 CDBG funds for construction loans enables SNAP to complete a total of 49 rehabilitation loans.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Expense	\$ 442,047	#	169595806510105420173602
Expense	\$ 1,310,899	#	169595806510105420120228
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	CHILDS, BRANDON	<b>Study Session</b>	CHE 5/2/2016
<b>Division Director</b>	MALLAHAN, JONATHAN	<b>Other</b>	
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	WHALEY, HUNT		
<b>For the Mayor</b>	WHITNEY, TYLER		
<b>Additional Approvals</b>			
<b>Purchasing</b>	PRINCE, THEA		

**BRIEFING PAPER**  
**City of Spokane**  
**Community, Housing and Human Services Department**  
**Community, Health, and Environment Committee**  
**May 2, 2016**

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**Subject**

Update on contract modifications for two CDBG-funded home repair programs.

**Background**

CHHS has contracts with the nonprofit Spokane Neighborhood Action Partners (SNAP) to deliver the Essential Repair and Single Family Rehabilitation programs that benefit Spokane low-income homeowners. Both programs are fully funded by federal CDBG funds. The Essential Repair program provides grants for minor home repairs costing \$50 – \$3,000 that protect homeowners from imminent health/safety hazards or improves handicapped accessibility. The Single Family Rehabilitation program provides loans for home repairs costing \$10,000 - \$30,000 that improve homeowner life, health, and safety and reduce home operating costs.

SNAP and CHHS wish to execute the following contract modifications:

- Essential Repair program – add \$102,000 CDBG funds for replacing Orangeburg sewer pipe for homeowners participating in the Single Family Rehabilitation program. These funds will benefit about 12 homeowners and increase collaboration between CDBG home repair programs.
- Single Family Rehabilitation program – add \$598,000 CDBG funds and extend the contract term from May 31 to December 31, 2016 (matches the Essential Repair program contract term). These modifications will result in uninterrupted program services and additional rehabilitation projects for low-income homeowners.

**Impact**

Additional low-income homeowners will receive CDBG-funds to address failing Orangeburg sewer pipe, in-home health/safety hazards, and excess home operating costs.

**Action**

Review contract modification proposals in preparation for CHHS staff request in May for Council approval.

**Funding**

A total of \$700,000 of federal CDBG funds allocated from the Single Family Rehabilitation revolving loan fund.



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/13/2016
<b>Clerk's File #</b>	OPR 2016-0025
<b>Renews #</b>	
<b>Cross Ref #</b>	
<b>Project #</b>	
<b>Bid #</b>	
<b>Requisition #</b>	
<b>Submitting Dept</b>	CITY COUNCIL
<b>Contact Name/Phone</b>	BEN STUCKART 6258
<b>Contact E-Mail</b>	BSTUCKART@SPOKANECITY.ORG
<b>Agenda Item Type</b>	Contract Item
<b>Agenda Item Name</b>	CONTRACT EXTENSION WITH SEABOLD GROUP - INVESTIGATIVE SERVICES

**Agenda Wording**

Second extension of the contract with the Seabold Group, for independent investigative services concerning the end of former Police Chief Frank Straub's tenure.

**Summary (Background)**

Contract extension will expire on July 15, 2016, and will increase the contract amount by \$50,000. This is the final contract extension.

**Fiscal Impact**

Expense \$ 50,000  
Select \$  
Select \$  
Select \$

**Budget Account**

# various  
#  
#  
#

**Approvals**

**Dept Head** MCCLATCHEY, BRIAN  
**Division Director**  
**Finance** KECK, KATHLEEN  
**Legal** DALTON, PAT  
**For the Mayor** WHITNEY, TYLER

**Council Notifications**

**Study Session**  
**Other**

**Distribution List**

**Additional Approvals**

**Purchasing**

CONSULTANT AGREEMENT AMENDMENT/EXTENSION

THIS CONSULTANT AGREEMENT AMENDMENT/EXTENSION is between the CITY OF SPOKANE, a Washington State municipal corporation, as "City", and SEABOLD INTERNATIONAL SERVICES LLC., dba SEABOLD GROUP INC., whose address is 4039 21<sup>st</sup> Avenue, Suite 100, Seattle, Washington 98199, as "Consultant".

WHEREAS, the parties entered into an Agreement wherein the Consultant agreed to provide INVESTIGATION SERVICES TO THE CITY OF SPOKANE, in accordance with the Consultant's Memorandum of Proposed Scope dated December 30, 2015 (see copy attached); and

WHEREAS, Agreement needs to be amended and extended, investigation services are not completed and the original agreement has expired; -- Now, Therefore,

The parties agree as follows:

1. DOCUMENTS. The Agreement dated January 12, 2016, any previous amendments and/or extensions/renewals thereto are incorporated by reference into this document as though written in full and shall remain in full force and effect except as provided herein.
2. EFFECTIVE DATE. This Agreement Amendment shall become effective June 6, 2016.
3. EXTENSION. The agreement documents are hereby extended and shall run through July 15, 2016.
4. AMENDMENT. Section 2 of the contract documents is amended to read as follows:

The Agreement shall begin upon mutual acceptance and shall run through ~~ninety (90) days from the date of final execution~~ July 15, 2016, unless terminated earlier.


5. COMPENSATION. The City shall pay up to FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) for everything furnished and done under this Contract Amendment.

**Dated:**

By:

**Title:**

Approved as to form:

  
Assistant City Attorney

Dated:

**E-Mail address, if available:**

kcappel@seaboldgroup.com

By:

**Title:**

**Agenda Sheet for City Council Meeting of:**

06/20/2016

**Date Rec'd**

6/6/2016

**Clerk's File #**

ORD C35405

**Renews #****Submitting Dept**

HOUSING &amp; HUMAN SERVICES

**Cross Ref #**

ORD C35322

**Contact Name/Phone**

SUZI SCHEIDEGGER 625-6803

**Project #****Contact E-Mail**

SSCHEIDEGGER@SPOKANECITY.ORG

**Bid #****Agenda Item Type**

Emergency Budget Ordinance

**Requisition #****Agenda Item Name**

1690 EMERGENCY BUDGET ORDINANCE RELATING TO HUD FUNDS

**Agenda Wording**

Amending Ordinance No. C-35322 and appropriating funds HUD funded grant programs. This action budgets grant revenue from HUD and expenses to contract the funding.

**Summary (Background)**

The approved budget for 2016 did not include unencumbered appropriations from program years prior to 2016. The programs included in this action are CDBG, CDBG Revolving Loan, HOME, & HESG. This action adds \$6,599,054 revenues appropriated and the related expenses of \$6,599,046 (the \$8 difference corrects existing budget variances between revenues and expenses).

**Fiscal Impact****Budget Account**

Select \$

#

Select \$

#

Select \$

#

Select \$

#

**Approvals****Council Notifications****Dept Head**

KINDER, DAWN

**Study Session**

CHE 06/06

**Division Director**

MALLAHAN, JONATHAN

**Other****Finance**

KECK, KATHLEEN

**Distribution List****Legal**

WHALEY, HUNT

sscheidegger

**For the Mayor**

WHITNEY, TYLER

rcrow

**Additional Approvals**

dkinder

**Purchasing**

**BRIEFING PAPER**  
**City of Spokane – City Council CHE Committee**  
**Community, Housing and Human Services Department**  
**CHHS EBO for HUD Revenues and Expenditures**  
**June 6, 2016**

**Subject**

The Community, Housing and Human Services (CHHS) department has performed an evaluation of budgeted grant expenditure amounts compared to amounts allocated by the US Department of Housing and Urban Development. During the evaluation, it was determined that insufficient revenues and expenditures were budgeted for 2016. CHHS is requesting the approval of an Emergency Budget Ordinance to increase revenues and expenditures.

**Background**

Because of the timing differences between the creation and adoption of the 2016 budget, and the encumbrance of US Department of Housing and Urban Development (HUD) revenues and expenditures, the amounts budgeted for the Homeless Emergency Solutions Grant (HESG), Community Development Block Grant (CDBG), and the Home Investment Partnership Program (HOME) programs were not sufficient to meet the needs of the approved obligations. The City has HUD entitlement and administrative funds to be received as revenues sufficient to meet these obligations.

Amounts needed were calculated as follows:

<b>HESG</b>	<b>2016 Budget</b>	<b>HUD Allocation</b>	<b>Change</b>	<b>Notes</b>
<b>HESG Program Year 13</b>				
HUD REVENUES	(87.00)	(530.00)	(443.00)	Increase to Revenues
EXPENDITURES	88.00	531.00	443.00	Increase to Expenditures
Total	1.00	(1.00)	0.00	
<b>HESG Program Year 14</b>				
HUD REVENUES	(23,604.00)	(47,962.00)	(24,358.00)	Increase to Revenues
EXPENDITURES	23,605.00	47,963.00	24,358.00	Increase to Expenditures
Total	1.00	(1.00)	0.00	
<b>HESG Program Year 15</b>				
HUD REVENUES		(268,994.00)	(268,994.00)	Increase to Revenues
EXPENDITURES	267,255.00	268,994.00	1,739.00	Increase to Expenditures
Total	267,255.00	0.00	(267,255.00)	
<b>HESG Program Year 16</b>				
HUD REVENUES	(268,994.00)	(269,876.00)	(882.00)	Increase to Revenues
EXPENDITURES	1,739.00	269,876.00	268,137.00	Increase to Expenditures
Total	(267,255.00)	0.00	267,255.00	

Total Revenue Increase           (294,677.00)  
Total Expenditure Increase       294,677.00

<b>CDBG</b>	<b>2016 Budget</b>	<b>HUD Allocation</b>	<b>Change</b>	<b>Notes</b>
<b>CDBG Program Year 14</b>				
HUD REVENUES	(148,127.00)	(1,274,829.00)	(1,126,702.00)	Increase to Revenues
EXPENDITURES	482,085.00	1,274,829.00	792,744.00	Increase to Expenditures
Total	333,958.00	0.00	(333,958.00)	
<b>CDBG Program Year 15</b>				
HUD REVENUES	(666,556.00)	(3,087,227.00)	(2,420,671.00)	Increase to Revenues
PROGRAM INCOME	0.00	(92,650.00)	(92,650.00)	Increase to Revenues
EXPENDITURES	2,402,004.00	3,179,877.00	777,873.00	Increase to Expenditures
Total	1,735,448.00	0.00	(1,735,448.00)	
<b>CDBG Program Year 16</b>				
HUD REVENUES	(2,997,960.00)	(2,987,856.00)	10,104.00	Decrease to Revenues
EXPENDITURES	928,561.00	2,987,856.00	2,059,295.00	Increase to Expenditures
Total	(2,069,399.00)	0.00	2,069,399.00	

Total Revenue Increase (3,629,919.00)

Total Expenditure Increase 3,629,912.00

<b>CDBG Revolving Loan</b>	<b>2016 Budget</b>	<b>HUD Allocation</b>	<b>Change</b>	<b>Notes</b>
<b>CDBG Program Year 14</b>				
PROGRAM INCOME	0.00	0.00	0.00	No change
EXPENDITURES	95,049.00	0.00	(95,049.00)	Increase to Expenditures
Total	95,049.00	0.00	(95,049.00)	
<b>CDBG Program Year 15</b>				
PROGRAM INCOME	(232,182.00)	(1,340,000.00)	(1,107,818.00)	Increase to Revenues
EXPENDITURES	833,854.00	1,340,000.00	506,146.00	Increase to Expenditures
Total	601,672.00	0.00	(601,672.00)	
<b>CDBG Program Year 16</b>				
PROGRAM INCOME	(1,000,000.00)	(600,000.00)	400,000.00	Decrease to Revenues
EXPENDITURES	303,280.00	600,000.00	296,720.00	Increase to Expenditures
Total	(696,720.00)	0.00	696,720.00	

Total Revenue Increase (707,818.00)

Total Expenditure Increase 707,817.00



<b>HOME</b>	<b>2016 Budget</b>	<b>HUD Allocation</b>	<b>Change</b>	<b>Notes</b>
<b>HOME PY13</b>				
HUD REVENUES	(177,494.00)	(304,492.00)	(126,998.00)	Increase to Revenues
PROGRAM INCOME	(56,000.00)	0.00	56,000.00	Decrease to Revenues
EXPENDITURES	162,495.00	162,495.00	0.00	Decrease to Expenditures
Total	(70,999.00)	(141,996.00)	(70,998.00)	
<b>HOME PY14</b>				
HUD REVENUES	(350,502.00)	(1,265,235.00)	(914,733.00)	Increase to Revenues
PROGRAM INCOME	(56,000.00)	0.00	56,000.00	Decrease to Revenues
EXPENDITURES	95,503.00	1,265,235.00	869,732.00	Decrease to Expenditures
Total	(10,999.00)	0.00	10,999.00	
<b>HOME PY 15</b>				
HUD REVENUES	(59,431.00)	(896,428.00)	(836,997.00)	Increase to Revenues
PROGRAM INCOME	0.00	(99,912.00)	(99,912.00)	Increase to Revenues
EXPENDITURES	229,413.00	996,340.00	766,927.00	Increase to Expenditures
Total	169,982.00	0.00	(169,982.00)	
<b>HOME PY16</b>				
HUD REVENUES	(888,961.00)	(888,961.00)	0.00	No change
PROGRAM INCOME	0.00	(100,000.00)	(100,000.00)	Increase to Revenues
EXPENDITURES	658,980.00	988,961.00	329,981.00	Increase to Expenditures
Total	(229,981.00)	0.00	229,981.00	

Total Revenue Increase (1,966,640.00)

Total Expenditure Increase 1,966,640.00

### **Impact**

Approval of this EBO will allow the department to provide obligated services based on allocated revenues.

### **Action**

Approval of EBO.

### **Funding**

All revenues will be received from HUD based on a reimbursement of expenditures.

## ORDINANCE NO C35405

An ordinance amending Ordinance No. C-35322, passed the City Council November 23, 2015, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2016, making appropriations to the various funds, departments, and programs of the City of Spokane government for the fiscal year ending December 31, 2016, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2016 budget Ordinance No. C-35322, as above entitled, and which passed the City Council November 23, 2015, it is necessary to make changes in the appropriations of the Human Services Grants, CD Block Grant, CDBG Revolving Loan, and Home Program Grant Funds, which changes could not have been anticipated or known at the time of making such budget ordinance; and

WHEREAS, this ordinance has been on file in the City Clerk's Office for five days; - Now, Therefore,

The City of Spokane does ordain:

Section 1. That in the budget of the Human Services Grants Fund, and the budget annexed thereto with reference to the Human Services Grants Fund, the following changes be made:

FROM:	1540-xxxxx 99999-33114	Human Services Grants Fund Dept of Housing & Urban Development	<u>\$ 294,677</u>
TO:	1540-xxxxx xxxxx-54201	Human Services Grants Fund Contractual Services	<u>\$ 294,677</u>

Section 2. That in the budget of the CD Block Grant Fund, and the budget annexed thereto with reference to the CD Block Grant Fund, the following changes be made:

FROM:	1690-xxxxx 99999-33114 99999-39510	CD Block Grant Fund Dept of Housing & Urban Development Proceeds of Fixed Assets	3,537,269 92,650 <u>\$ 3,629,919</u>
TO:	1690-xxxxx xxxxx-54201	CD Block Grant Fund Contractual Services	<u>\$ 3,629,919</u>

Section 3. That in the budget of the CDBG Revolving Loan Fund, and the budget annexed thereto with reference to the CDBG Revolving Loan Fund, the following changes be made:

FROM:	1695-xxxxx 99999-38510	CDBG Revolving Loan Fund Collection of Revolving Loans	<u>\$ 707,818</u>
TO:	1695-xxxxx xxxxx-54201	CDBG Revolving Loan Fund Contractual Services	<u>\$ 707,818</u>

Section 4. That in the budget of the HOME Program Grant Fund, and the budget annexed thereto with reference to the HOME Program Grant Fund, the following changes be made:

FROM:	1710-xxxxx 99999-33114 99999-38510	HOME Program Grant Fund Dept of Housing & Urban Development Collection of Revolving Loans	1,878,728 87,912 <u>\$ 1,966,640</u>
TO:	1710-xxxxx xxxxx-54201	HOME Program Grant Fund Contractual Services	<u>\$ 1,966,640</u>

Section 5. It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the need to reconcile the 2016 Budget with the City's current HUD entitlements and administrative funding, and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage..

Passed the City Council \_\_\_\_\_

\_\_\_\_\_  
Council President

Attest: \_\_\_\_\_  
City Clerk

Approved as to form: \_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

**Agenda Sheet for City Council Meeting of:**

06/20/2016

**Date Rec'd**

6/8/2016

**Clerk's File #**

ORD C35410

**Renews #****Submitting Dept**

HOUSING &amp; HUMAN SERVICES

**Contact Name/Phone**

SUZI SCHEIDEGGER X6803

**Contact E-Mail**

SSCHEIDEGGER@GMAIL.COM

**Agenda Item Type**

Emergency Budget Ordinance

**Cross Ref #****Project #****Bid #****Requisition #****Agenda Item Name**

1680 - PERSONNEL EMERGENCY BUDGET ORDINANCE

**Agenda Wording**

This EBO is a request to add two Program Specialist positions to support the Homeless Management Information System (HMIS).

**Summary (Background)**

The CHHS department currently has two project employees assisting in the management of the City's HMIS system. In order to maintain the City's current service level, it is necessary to make these positions permanent. These positions are direct charged to grant programs and paid through the CHHS Administration fund. Sufficient funds will be received from these grant programs to cover the additional expenses of making these employees permanent.

**Fiscal Impact****Budget Account**

Revenue \$ 106900

# 1680-30210-65410-various-99999

Expense \$ 106900

# 1680-30210-65410-various-99999

Select \$

#

Select \$

#

**Approvals****Council Notifications****Dept Head**

KINDER, DAWN

**Study Session****Division Director**

MALLAHAN, JONATHAN

**Other****Finance**

KECK, KATHLEEN

**Distribution List****Legal**

WHALEY, HUNT

**For the Mayor**

WHITNEY, TYLER

**Additional Approvals****Purchasing**

ORDINANCE NO C35410

An ordinance amending Ordinance No. C-35322, passed the City Council November 23, 2015, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2016, making appropriations to the various funds, departments, and programs of the City of Spokane government for the fiscal year ending December 31, 2016, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2016 budget Ordinance No. C-35322, as above entitled, and which passed the City Council November 23, 2015, it is necessary to make changes in the appropriations of the Community, Housing and Human Services (CHHS) Fund, which changes could not have been anticipated or known at the time of making such budget ordinance; and

WHEREAS, this ordinance has been on file in the City Clerk's Office for five days; - Now, Therefore,

The City of Spokane does ordain:

Section 1. That in the budget of the CHHS Fund, and the budget annexed thereto with reference to the CHHS Fund, the following changes be made:

FROM:	1680-30210	CHHS	
	65410-51991	Contra Salaries	74,000
	65410-52991	Contra Benefits	32,900
			<u>\$ 106,900</u>
TO:	1680-30210	CHHS	
	65410-00700	Program Specialist (from 0 to 2 positions)	74,000
	65410-52110	FICA	5,700
	65410-52210	Retirement	6,100
	65410-52310	Medical	18,000
	65410-52320	Dental	1,300
	65410-52330	Life Insurance	500
	65410-52340	LTD	300
	65410-52400	Industrial Insurance	100
	65410-51640	Deferred Comp	2,100
			<u>\$ 106,900</u>

Section 2. It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the need create two Program Specialist positions for the Homeless Management Information Systems program, and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage..

Passed the City Council \_\_\_\_\_

\_\_\_\_\_  
Council President

Attest: \_\_\_\_\_  
City Clerk

Approved as to form: \_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

**Agenda Sheet for City Council Meeting of:**

06/06/2016

**Date Rec'd**

5/25/2016

**Clerk's File #**

RES 2016-0052

**Renews #****Submitting Dept**

ASSET MANAGEMENT

**Contact Name/Phone**

ED LUKAS 625-6286

**Contact E-Mail**

RLUKAS@SPOKANECITY.ORG

**Agenda Item Type**

Resolutions

**Cross Ref #****Project #****Bid #****Requisition #****Agenda Item Name**

5900 - SALE OF SURPLUS PROPERTY - NORMANDIE COMPLEX

**Agenda Wording**

A resolution providing for the sale of surplus City property. (Emerson/Garfield Neighborhood Council)

**Summary (Background)**

The completion of the Spokane Central Services Center in 2015 enabled several City departments to move out of the aging, functionally obsolete Normandie Complex into superior and newer facilities. All City departments have vacated or are in the process of vacating the site. The Normandie Complex is bounded by Mission Avenue, Sinto Avenue, Calispel Street and Atlantic Street. The property is improved with approximately 12 buildings of various construction types dating from 1910 to 1950's.

**Fiscal Impact****Budget Account**

Neutral \$

#

Select \$

#

Select \$

#

Select \$

#

**Approvals****Council Notifications****Dept Head**

LUKAS, ED

**Study Session****Division Director**

DUNIVANT, TIMOTHY

**Other**

Finance Committee

**Finance**

KECK, KATHLEEN

**Distribution List****Legal**

WHALEY, HUNT

eraea@spokanecity.org

**For the Mayor**

WHITNEY, TYLER

rlukas@spokanecity.org

**Additional Approvals**

kkeck@spokanecity.org

**Purchasing**

jahensley@spokanecity.org

jlargent@spokanecity.org

htrautman@spokanecity.org



**Continuation of Wording, Summary, Budget, and Distribution**

**Agenda Wording**

**Summary (Background)**

The site consists of two contiguous city blocks bisected by Normandie Street, is approximately 5.37 acres and zoned OR-150.

**Fiscal Impact**

Select      \$

Select      \$

**Budget Account**

#

#

**Distribution List**




# **BRIEFING PAPER**

## **Finance Committee**

**May 2, 2016**

---

### **Subject:**

Declare the Normandie Complex as surplus property of the City of Spokane.

### **Background:**

The City of Spokane originally acquired the Normandie Complex site, bounded by Mission Avenue, Sinto Avenue, Calispel Street, and Atlantic Street in 1899 from JJ Browne and his wife, Anna, for \$1.00. Normandie Street divides the parcel in the center, hence the name "Normandie Complex."

In August 2015, the completion of the Spokane Central Services Center initiated the move of City departments out of Normandie into superior and newer facilities. Fleet completed their move first, followed by Street Operations and Field Engineering. Today, the property is fully vacated with the exception of two field engineering employees who operate a lab onsite. Field engineering also stores equipment in one of the building basements. A new lab is under construction at the Foothills water location. The two engineering employees are scheduled to vacate the property by August.

To mitigate vandalism and vagrancy at the site, asset management installed a security fence across Normandie Street which completes the perimeter security. In addition, we have actively worked with SPD to conduct K-9 exercises on the property, SWAT exercises, and storage of police assets. The above activities and the open fuel island help to maintain a good police presence at an otherwise empty site. Other interim uses are being explored.

///  
///  
///

## Summary of Property Data

**Address:** Multiple. 1410 N. Normandie Street is the largest building on site.

**Size:** 5.37 acres (size subject verification by survey and status of Normandie Street as ROW or vacation). The dimensions of the property (including Normandie St) is approximately 350' x 667' = 233,450 square feet.

**Tax Parcel:** 35181.0201

**Neighborhood:** Emerson/Garfield. Council District #3

**Zoning:** OR-150. Office / Retail with 150' height restriction.

**Topography of Site:** Using Normandie Street as a divider... Western half is flat; eastern half has a steep grade.

**Tax Assessors' Value (2016):** Total = \$2,826,300. Land = \$1,870,400.  
Government exemption in place.

**Asset Management's Estimated Market Value:** Land comparables directly across Sinto Ave are listed at \$10/sf. If same applies to Normandie, then market value is \$2,334,500.

However, significant factors may impact value...

### Positive:

- Two entire city blocks and a potential street vacation between them is a large consolidation of urban land (assemblage premium)
- Frontage along Mission Avenue, an arterial connecting to Division St just one block east.

### Negative:

- Demolition of functionally obsolete buildings
- Environmental conditions

///

///

///

**Impact:**

Once the Normandie Complex has been declared surplus property, asset management can begin disposition efforts pursuant to RCW 35.22.280 (3) which allows the City to dispose of surplus property.

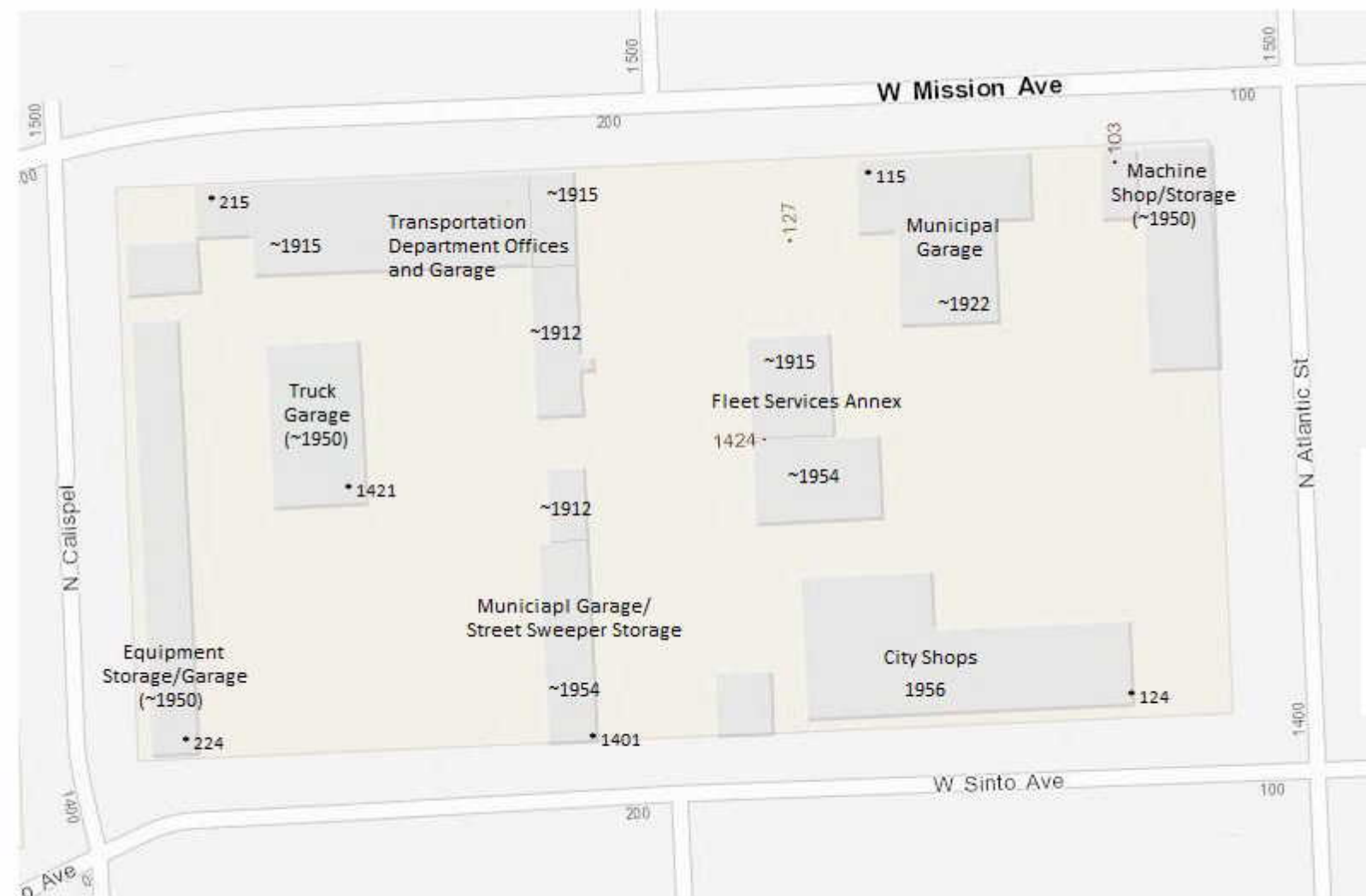
The disposition process anticipates an RFP or commercial broker listing. The process will adhere to guidelines established by City Council and the Administration Staff. Council Member Amber Waldref, Dr. Debra Robole, Dave Steele, and Ed Lukas are completing a disposition process that provides transparency on all disposition actions, large and small. The process will involve a scoring mechanism to objectively evaluate key areas beyond simply the purchase price.

Objectives of disposition include finding a suitable owner who can...

1. Create jobs
2. Build the tax base
3. Offer the highest purchase price
4. Demonstrate experience and credibility
5. Add to neighborhood vibrancy
6. Offer an aggressive timeline for completion of all of the above

**Action:**

Declare Normandie Complex as surplus property by City Council resolution.



Aerial Photo of Normandie Complex



## RESOLUTION 2015-0052

### A RESOLUTION PROVIDING FOR THE SALE OF SURPLUS CITY PROPERTY.

WHEREAS, the City of Spokane is the owner of certain properties located in the City of Spokane, County of Spokane, State of Washington, and more particularly described in Exhibit A hereto ("Property"); and

WHEREAS, the City of Spokane finds that the Property is no longer needed for a public use of the City of Spokane and is hereby declared to be surplus; and

WHEREAS, RCW 35.22.280(3) authorizes the City to dispose of surplus property upon commercially reasonable means; and

WHEREAS, the City of Spokane is required to seek fair market value for the Property.

NOW, THEREFORE - - it is hereby resolved by the Spokane City Council;

1. The Property is hereby declared to be surplus City property no longer needed for the present and foreseeable public uses of the City.

2. The City of Spokane, through its Asset Management Department shall determine the fair market value of the Property using commercially reasonable means.

3. The Asset Management Department is authorized to seek a qualified buyer or buyers for the Property and to negotiate the terms of a purchase and sale agreement with said buyer(s), subject to final approval by City Council and the Mayor.

ADOPTED by the Spokane City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

EXHIBIT "A"

ASSESSORS TAX PARCEL: 35181.0201

LEGALLY DESCRIBED AS: CENTRAL ADD L1 TO 14 B57 L1TO14 B58 INC VAC  
100FT ST BET

SITE ADDRESS: 127 W MISSION AVE



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/3/2016
<b>Clerk's File #</b>	RES 2016-0057
<b>Renews #</b>	

<b>Submitting Dept</b>	DEVELOPER SERVICES CENTER	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	ELDON BROWN 625-6305	<b>Project #</b>	
<b>Contact E-Mail</b>	EBROWN@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Resolutions	<b>Requisition #</b>	
<b>Agenda Item Name</b>	4700 - RESOLUTION FOR SETTING HEARING FOR STREET VACATION		

**Agenda Wording**

Resolution setting hearing before the City Council for July 25, 2016 for the vacation of portions of North Center Street, North Crescent Drive, Ross Court, Hamlin Street, and a portion of a nearby alley, as requested by Avista. (Logan Neighborhood)

**Summary (Background)**

A petition was submitted representing 100% of the abutting property. Staff requests that City Council set a public hearing on the vacation petition.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Neutral	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	BECKER, KRIS	<b>Study Session</b>	
<b>Division Director</b>	MALLAHAN, JONATHAN	<b>Other</b>	
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	DALTON, PAT	eraea@spokanecity.org	
<b>For the Mayor</b>	WHITNEY, TYLER	ebrown@spokanecity.org	
<b>Additional Approvals</b>		edjohnson@spokanecity.org	
<b>Purchasing</b>		sbishop@spokanecity.org	
		kkeck@spokanecity.org	
		mhughes@spokanecity.org	
		htrautman@spokanecity.org	





**Continuation of Wording, Summary, Budget, and Distribution**

**Agenda Wording**

Council)

**Summary (Background)**

**Fiscal Impact**

Select      \$

Select      \$

**Budget Account**

#

#

**Distribution List**


## RESOLUTION 2016-0057

WHEREAS, on September 4, 2015 the Spokane City Council received a petition for the vacation of portions of North Center Street, North Crescent Drive, Ross Court, Hamlin Street and a portion of a nearby alley, in the City of Spokane from owners having an interest in real estate abutting the above right-of-way; and

WHEREAS, it was determined that the petition was signed by the owners of more than two-thirds of the property abutting portions of North Center Street, North Crescent Drive, Ross Court, Hamlin Street, and a portion of a nearby alley, in the City of Spokane; and

WHEREAS, the City Council desires to set a time and date through this resolution to hold a public hearing on the petition to vacate the above property in the City of Spokane;

NOW, THEREFORE,

The City Council does hereby resolve the following:

That hearing on the petition to vacate portions of North Center Street, North Crescent Drive, Ross Court, Hamlin Street and a portion of a nearby alley, in the City of Spokane will be held in front of the City Council at 6:00 P.M. or as soon thereafter as possible on July 25, 2016, and the City Clerk of the City of Spokane is instructed to proceed with all proper notice according to State law.

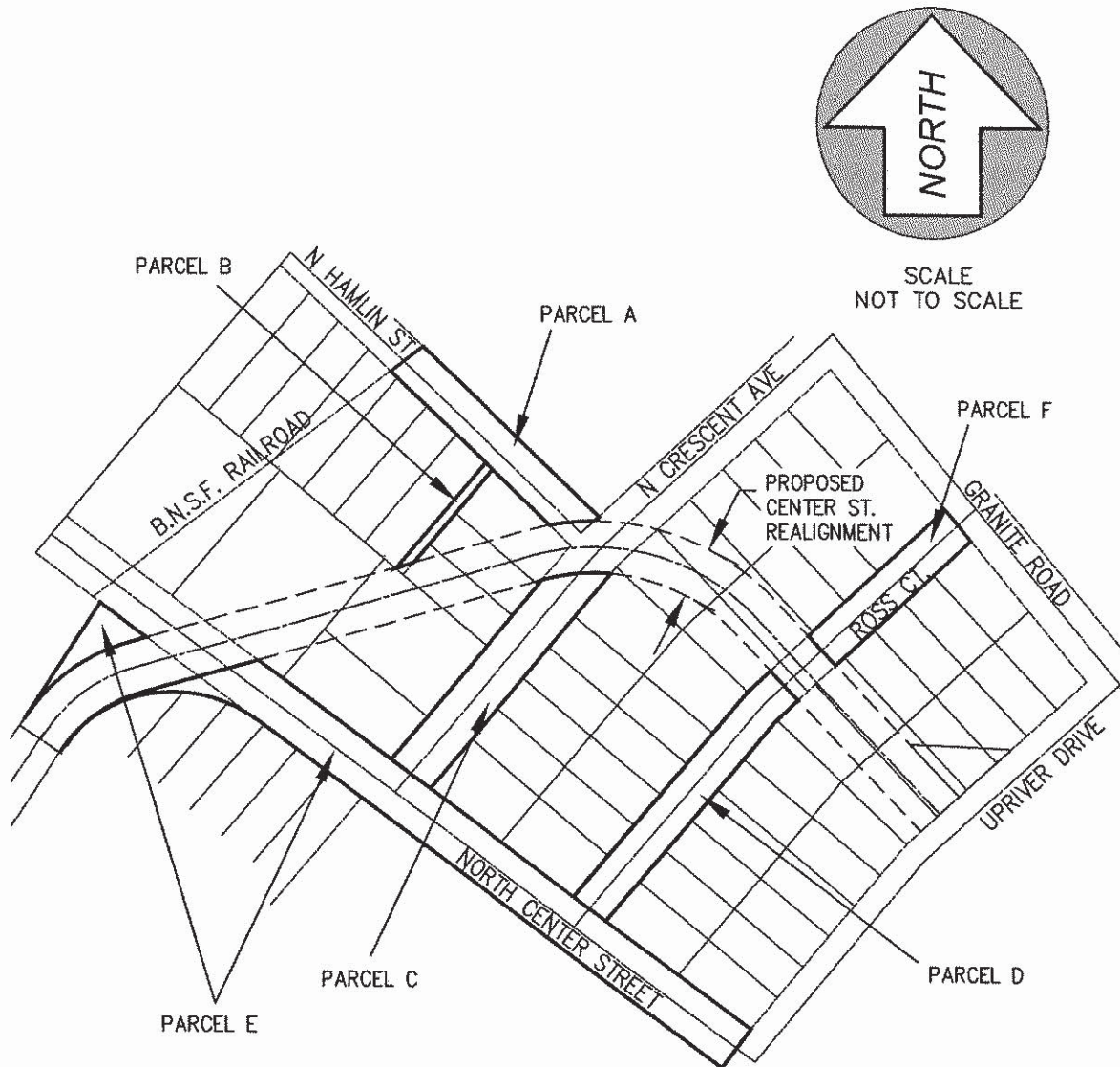
ADOPTED by the Spokane City Council, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

EXHIBIT FOR  
STREET VACATIONS



THIS MAP IS FOR EXHIBIT PURPOSES ONLY AND  
DOES NOT CONSTITUTE A PROPERTY BOUNDARY  
SURVEY

## DISTRIBUTION LIST

VACATION OF North Center Street, North Crescent Drive, Ross Court,  
Hamlin Street and a portion of a nearby alley

### **POLICE DEPARTMENT**

ATTN: SGT CHUCK REISENAUER

### **FIRE DEPARTMENT**

ATTN: MEGAN PHILLIPS  
MIKE MILLER

### **CURRENT PLANNING**

ATTN: TAMI PALMQUIST  
DAVE COMPTON

### **WATER DEPARTMENT**

ATTN: DAN KEGLEY  
JAMES SAKAMOTO  
ROGER BURCHELL  
CHRIS PETERSCHMIDT  
HARRY MCLEAN

### **STREETS**

ATTN: MARK SERBOUSEK  
DAUN DOUGLASS

### **TRANSPORTATION OPERATIONS**

ATTN: BOB TURNER

### **PLANNING & DEVELOPMENT**

ATTN: ERIK JOHNSON  
ELDON BROWN  
JOHN SAYWERS

### **CONSTRUCTION MANAGEMENT**

ATTN: KEN BROWN

### **INTEGRATED CAPITAL MANAGEMENT**

ATTN: KATHERINE MILLER

### **WASTEWATER MANAGEMENT**

ATTN: BILL PEACOCK

### **PARKS & RECREATION DEPARTMENT**

ATTN: LEROY EADIE

### **NEIGHBORHOOD SERVICES**

ATTN: JACKIE CARO  
JONATHAN MALLAHAN  
ROD MINARIK  
HEATHER TRAUTMAN

### **BICYCLE ADVISORY BOARD**

ATTN: LOUIS MEULER

### **SOLID WASTE MANAGEMENT**

ATTN: SCOTT WINDSOR

### **CITY CLERK'S OFFICE**

ATTN: JACQUELINE FAUGHT

### **PUBLIC WORKS**

ATTN: SCOTT SIMMONS  
MARCIA DAVIS

### **AVISTA UTILITIES**

ATTN: DAVE CHAMBERS  
RANDY MYHRE

### **COMCAST DESIGN & CONSTRUCTION**

ATTN: BRYAN RICHARDSON

### **CENTURY LINK**

ATTN: KAREN STODDARD

### **VINCE HENTGES**

1406 E ILLINOIS AVE  
SPOKANE WA 99207

### **MARGARET K WILLIAM A TOMBARI**

1414 E ILLINOIS AVE  
SPOKANE WA 99207

## DISTRIBUTION LIST

VACATION OF North Center Street, North Crescent Drive, Ross Court,  
Hamlin Street and a portion of a nearby alley

W.A. TOMBARI  
1418 E ILLINOIS AVE  
SPOKANE WA 99207

W.A. TOMBARI  
1428 E ILLINOIS AVE  
SPOKANE WA 99207

W.A. TOMBARI  
1504 E ILLINOIS AVE  
SPOKANE WA 99207

CHRIS J SCHWARTZENBERGER  
1514 E ILLINOIS AVE  
SPOKANE WA 99207

TSV LLC  
1520 E ILLINOIS AVE  
SPOKANE WA 99207

TSV LLC  
1524 E ILLINOIS AVE  
SPOKANE WA 99207

TODD S VICK  
1530 E ILLINOIS AVE  
SPOKANE WA 99207

RICHARD TANNEHILL  
1540 E ILLINOIS AVE  
SPOKANE WA 99207

RIVERVIEW VILLAGE  
1703 E NORTH CRESCENT AVE  
SPOKANE WA 99207

RIVERVIEW LUTHERAN HOME OF SPOKANE  
1717 E ROSS CT  
SPOKANE WA 99207

HARLAN L FULMER  
1721 E ROSS CT  
SPOKANE WA 99207



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/8/2016
<b>Clerk's File #</b>	RES 2016-0058
<b>Renews #</b>	

<b>Submitting Dept</b>	WATER & HYDROELECTRIC SERVICES	<b>Cross Ref #</b>	OPR 2016-0490
<b>Contact Name/Phone</b>	DAN KEGLEY 625-7821	<b>Project #</b>	
<b>Contact E-Mail</b>	DKEGLEY@SPOKANECITY.ORG	<b>Bid #</b>	SOLE SOURCE
<b>Agenda Item Type</b>	Resolutions	<b>Requisition #</b>	BT
<b>Agenda Item Name</b>	4100 - SOLE SOURCE RESOLUTION - PURCHASE OF MOTOR CONTROL CENTER		

**Agenda Wording**

A resolution declaring Columbia Electric Supply (Spokane, WA) sole source for the an Allen Bradley Motor Control Center for the Central Well #1 Pump Station and authorizing the purchase of the same without public bidding at a cost of \$114,475 w/o tax

**Summary (Background)**

The Water Department solicited a quote from Columbia Electric Supply for a Motor Control Center (MCC) to conform to the specifications for the Central Well #1 Pump Station Rehabilitation Project. The MCC controls the starting and stopping of pumps by providing remote or automated operation and electrical protection of the equipment. The Allen-Bradley MCC's are the automation equipment that is compatible with existing City of Spokane Water System SCADA and pumping equipment and meets all City Specifications. Using any other brand is problematic, time consuming and unreliable. Columbia Electric Supply is the only authorized dealer of Allen-Bradley equipment in the region.

<b><u>Fiscal Impact</u></b>		<b><u>Budget Account</u></b>	
Expense	\$ 114,475.00	#	various
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b><u>Approvals</u></b>		<b><u>Council Notifications</u></b>	
<b><u>Dept Head</u></b>	KEGLEY, DANIEL	<b><u>Study Session</u></b>	
<b><u>Division Director</u></b>	KEGLEY, DANIEL	<b><u>Other</u></b>	PWC - 5/23/16
<b><u>Finance</u></b>	KECK, KATHLEEN	<b><u>Distribution List</u></b>	
<b><u>Legal</u></b>	WHALEY, HUNT	TPRINCE	
<b><u>For the Mayor</u></b>	WHITNEY, TYLER	ACLIN	
<b><u>Additional Approvals</u></b>		SJOHNSON	
<b><u>Purchasing</u></b>	PRINCE, THEA	TAXES & LICENSES	

SOLE SOURCE RESOLUTION NO. 2016-0058

A Resolution declaring Allen Bradley/Rockwell Automation Motor Control Centers (MCC) and associated software for use in the Central Well Station Motor Control Centers (MCC) upgrade project as sole source and thus authorizing its purchase from Columbia Electric Supply of Spokane Washington, at an estimated cost of \$114,475, excluding taxes.

WHEREAS, the Water Department has standardized on Allen Bradley/Rockwell Automation controls for the City of Spokane Water System and associated Water Pumping Stations; and

WHEREAS, this equipment incorporates a comprehensive information and monitoring system for the City of Spokane Water System Supervisory Control and Data Acquisition (SCADA) system that is used to ensure compliance with Department of Health, which is the basis of the City's Water Purveyor permit; and

WHEREAS, the Department has investigated other manufacturers brand electrical, PLC, and variable speed drive systems over the last five (5) years and Allen Bradley/Rockwell Automation is the sole provider of these patented systems that are compatible with existing equipment, inventory, and process communication systems; and

WHEREAS, the Department can maximize operation and maintenance benefit to cost ratios by dedicating resources to one unique platform, eliminating the need to acquire parallel resources proprietary to other unique platforms; and

WHEREAS, routine maintenance, firmware, and software revision improvements have been made to the existing system components to keep them current with equipment life cycle changes; and

WHEREAS, the choice of Allen Bradley/Rockwell Automation will provide quality standardized equipment that are compatible with the Department's process and information requirements; and

WHEREAS, the Department can minimize spare equipment inventory and reduce inventory costs by utilizing one manufacturer and local distributor inventory; and

WHEREAS, any problems with the equipment and the software have been resolved with exceptional assistance of the vendor's local customer support

group and the local distributors excellent local training opportunities in their training center; and

WHEREAS, the Allen Bradley/Rockwell Automation equipment meets the department's current and projected future needs for the associated Water Pumping Stations; and

WHEREAS, the Allen Bradley/Rockwell Automation systems are a patented good only available from authorized dealers; and

WHEREAS, the Department has numerous ongoing and future pump station project contracts, and staff has determined future projects where Allen Bradley/Rockwell Automation equipment may be required; and

WHEREAS, the 2016 public bid limit for the purchase of goods is \$48,700.00.

-- Now, Therefore,

BE IT RESOLVED by the city council for the City of Spokane that it hereby declares the Allen Bradley/Rockwell Automation equipment consisting of Motor Control Centers (MCC) and associated software sole source and authorizes its purchase from local Columbia Electric Supply/Rockwell Automation or authorized Allen Bradley/Rockwell Automation Company at an estimated cost of \$114,475 excluding taxes.

ADOPTED BY THE CITY COUNCIL ON \_\_\_\_\_

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney



**BRIEFING PAPER**  
**Public Works Committee**  
**Water Department**  
**May 23, 2016**

---

**Subject**

The Purchase of one Allen-Bradley Motor Control Center from Columbia Electric Supply, Spokane, Washington by sole source agreement for the Central Well #1 Pump Station Rehabilitation, Project # 2014044, for \$114,475.00 (excluding tax).

**Background**

The Water Department solicited a quote from Columbia Electric Supply for a Motor Control Center (MCC) to conform to the specifications for the Central Well #1 Pump Station Rehabilitation Project. The MCC controls the starting and stopping of pumps by providing remote or automated operation and electrical protection of the equipment. The Allen-Bradley MCC's are the automation equipment that is compatible with existing City of Spokane Water System SCADA and pumping equipment and meets all City Specifications. Using any other brand is problematic, time consuming and unreliable. Columbia Electric Supply is the only authorized dealer of Allen-Bradley equipment in the region.

**Impact**

This purchase will provide for increased operating efficiency, in the Central Well #1 Pump Station Rehabilitation.

**Action**

Recommend approval

**Funding**

All funding for this purchase will be from the Water Department Capital Funds.



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	5/18/2016
<b>Clerk's File #</b>	ORD C35402
<b>Renews #</b>	

<b>Submitting Dept</b>	CITY COUNCIL	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	BEN STUCKART 6258	<b>Project #</b>	
<b>Contact E-Mail</b>	BSTUCKART@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	Final Reading Ordinance	<b>Requisition #</b>	
<b>Agenda Item Name</b>	AN ORDINANCE CONCERNING POLICE DEPARTMENT ORGANIZATION		

**Agenda Wording**

An ordinance relating to the organization of the Spokane Police Department; amending section 03.01A.370 and 03.01A.375 of the Spokane Municipal Code; repealing sections 03.01A.380, 03.01A.385, and 03.01A.390 of the Spokane Municipal Code.

**Summary (Background)**

This proposed ordinance would reduce the number of departments within the Police Division to three. This is intended to ensure compliance with state law concerning the maximum number of police employees who may be exempt from civil service. At present, the Police Division is structured to allow thirteen possible job positions which are exempt from civil service - five more than allowed by state law. This ordinance would correct that issue.

<b><u>Fiscal Impact</u></b>	<b><u>Budget Account</u></b>
Neutral \$	#
Select \$	#
Select \$	#
Select \$	#

<b><u>Approvals</u></b>	<b><u>Council Notifications</u></b>
<b><u>Dept Head</u></b>	<b><u>Study Session</u></b>
<b><u>Division Director</u></b>	<b><u>Other</u></b>
<b><u>Finance</u></b>	PSC 5/16/2016
<b><u>Legal</u></b>	
<b><u>For the Mayor</u></b>	

<b><u>Additional Approvals</u></b>	
<b><u>Purchasing</u></b>	

## **ORDINANCE NO. C35402**

An ordinance relating to the organization of the Spokane Police Department; amending sections 03.01A.370, 03.01A.375, and 03.01A.400 of the Spokane Municipal Code; repealing sections 03.01A.380, 03.01A.385, and 03.01A.390 of the Spokane Municipal Code.

**WHEREAS**, Washington state law, RCW 41.12.050(2)(b), provides that, in addition to the Police Chief, a city police department having 251-500 personnel may have up to eight employees who are unclassified and exempt from civil service; and

**WHEREAS**, at present, the Spokane Police Department has six departments, each potentially containing two job positions exempt from civil service, for a total of 13 possible exempt positions in the Police Department, in contradiction of state law; and

**WHEREAS**, the City Council wishes to streamline the Spokane Police Department and ensure that the number of exempt police job positions is in accordance with state law.

**NOW THEREFORE**, the City of Spokane does ordain:

Section 1. That section 03.01A.370 of the Spokane Municipal Code is amended to read as follows:

### **Section 03.01A.370 Police**

The police division through various departments is the primary law enforcement agency of the City with investigative, arrest and incidental powers over violations of federal, state and municipal laws, both criminal and traffic. In addition to patrol, surveillance, investigation and crime prevention education, division personnel perform administrative, communications, community relations, planning, records maintenance and training functions. The day-to-day field operations of the police division, including patrol, police service areas (precincts), investigations, and administration, are under the supervision of the assistant chief.

Section 2. That section 03.01A.375 of the Spokane Municipal Code is amended to read as follows:

### **Section 03.01A.375 Police Business Services**

The police business services department is responsible for the administrative budget/finance/accounting, payroll/personnel, and grants/purchasing functions of the police division.

Section 3. That section 03.01A.380 of the Spokane Municipal Code is repealed in its entirety.

Section 4. That section 03.01A.385 of the Spokane Municipal Code is repealed in its entirety.

Section 5. That section 03.01A.390 of the Spokane Municipal Code is repealed in its entirety.

Section 6. That section 03.01A.400 of the Spokane Municipal Code is amended to read as follows:

**Section 03.01A.400 Police Strategic Initiatives**

The police strategic initiatives department is responsible for ~~((developing, implementing and assessing the operations, business practices, training, strategic plan and initiatives))~~ strategic planning, training, oversight, and policy maintenance of the department.

PASSED by the City Council on \_\_\_\_\_.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

**BRIEFING PAPER**  
**Spokane City Council – Public Safety Committee**  
**Police Division Reconciliation**  
**May 16, 2016**

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**Subject**

Under Washington state law, the police departments of first-class cities having populations less than 300,000 may have no more than 8 job positions which are unclassified and exempt from civil service, in addition to the police chief himself/herself. See RCW 41.12.050(2)(b).

Currently, the Spokane Police Department has six departments, each potentially having two exempt positions, for a department-wide total of 13 job positions which are exempt from civil service. See SMC 03.01A.370, 03.01A.375, 03.01A.380, 03.01A.385, 03.01A.390, 03.01A.395, and 03.01A.400.

**Action**

This ordinance would streamline the Spokane Police Department, by repealing some sections of the Spokane Municipal Code to reduce the number of subsidiary departments to three: Police Business Services, Police Public Information, and Police Strategic Initiatives.

**Agenda Sheet for City Council Meeting of:**

06/13/2016

**Date Rec'd**

5/31/2016

**Clerk's File #**

ORD C35404

**Renews #****Submitting Dept**

ENGINEERING SERVICES

**Contact Name/Phone**

DAN BULLER 625-6391

**Contact E-Mail**

DBULLER@SPOKANECITY.ORG

**Agenda Item Type**

First Reading Ordinance

**Agenda Item Name**

0370 - EMINENT DOMAIN ORDINANCE

**Cross Ref #****Project #**

2005264

**Bid #****Requisition #****Agenda Wording**

An Ordinance providing for the acquisition by Eminent Domain of certain lands necessary to be acquired for public purposes in connection with the Martin Luther King Jr. Way (Riverside Extension) Project, located in the City and County of Spokane,

**Summary (Background)**

This ordinance pertains to acquisition by eminent domain of the last piece of property required to complete the Riverside/Martin Luther King Jr. project.

**Fiscal Impact**

Neutral \$

Select \$

Select \$

Select \$

**Budget Account**

#

#

#

#

**Approvals****Dept Head**

TWOHIG, KYLE

**Division Director**

GIMPEL, KEN

**Finance**

KECK, KATHLEEN

**Legal**

RICHMAN, JAMES

**For the Mayor**

WHITNEY, TYLER

**Council Notifications****Study Session****Other**

Executive Session

**Distribution List**

Engineering Admin

kkeck@spokanecity.org

mhughes@spokanecity.org

htrautman@spokanecity.org

dbuller@spokanecity.org

**Additional Approvals****Purchasing**



**Continuation of Wording, Summary, Budget, and Distribution**

**Agenda Wording**

State of Washington.

**Summary (Background)**

**Fiscal Impact**

Select \$

Select \$

**Budget Account**

#

#

**Distribution List**


## **ORDINANCE NO. C35404**

AN ORDINANCE PROVIDING FOR THE ACQUISITION BY EMINENT DOMAIN OF CERTAIN LANDS NECESSARY TO BE ACQUIRED FOR PUBLIC PURPOSES IN CONNECTION WITH THE MARTIN LUTHER KING JR. WAY (RIVERSIDE EXTENSION) PROJECT, LOCATED IN THE CITY AND COUNTY OF SPOKANE, STATE OF WASHINGTON.

### **RECITALS**

1. The City of Spokane, Washington (the "City") is a first class charter city duly organized and existing under and by virtue of the constitution and laws of the State of Washington, and Charter of the City.

2. The laws of the State of Washington, RCW 35.22.280(7) provide that the City may establish, open, alter, widen, extend, and otherwise improve streets, alley, avenues, sidewalks, and other public property in order to promote the best interest of the City.

3. The Constitution of the State of Washington, Article I Section 16 and the laws of the State of Washington RCW 35.22.280(6) allow the City to purchase or appropriate private property for public use upon making just compensation to the owners pursuant to RCW Chapter 8.12.

4. The City Department of Department of Engineering Services has determined that it is in the City's best interest to construct the Martin Luther King Jr. Way (Riverside Extension) Project, as set forth in Public Works file number 2005264 & 2015078 (the "Project").

5. The Project appears in the City of Spokane 2016-2021 Six Year Comprehensive Street Program (first listed in 2005-2010 program), and this phase is summarized as the design and construction of an extension of future Riverside Drive, including 5-foot bike lanes and separated sidewalks, beginning at Sherman Street and running easterly to Trent Avenue at Perry Street.

6. The Project is consistent with the University District Master Plan, which calls for a more pedestrian friendly environment, by providing for a new alignment of Riverside Drive which will divert most vehicular traffic around the campus instead of through it. This roadway alignment was shown in the City's Comprehensive Plan in 2000 which indicated the City's intent to construct this new arterial roadway.

7. The Project is being constructed in phases, with approximately one third of the Project having been completed in 2012, and another third scheduled for construction starting in the summer of 2016. The final phase is scheduled for construction in 2017 and will be the last phase of the project. Once completed in 2017 the total estimated cost for



the entire project is approximately \$15.5 million of which \$13.6 million will be spent by the end of 2016.

8. The property interests identified in Exhibits A and B are necessary to complete the final phase of the Project.

9. Failure to timely acquire the property interests identified in Exhibits A and B will jeopardize funding for the final phase of the Project.

10. City staff and/or representatives have negotiated in good faith for the acquisition of the property interests identified in Exhibits A and B, but the parties have been unable to agree upon the purchase price, and the owner of the property interests has expressed a desire for the City to acquire the property interests via the City's eminent domain authority.

11. Pursuant to RCW 8.25.290, the City has caused notice to be mailed to each and every property owner of record, as indicated on the tax rolls of Spokane County and according to such addresses shown on such rolls, at least fifteen (15) days prior to the City Council taking final action on this ordinance, and has also arranged for publication of notice of this ordinance in the Spokesman Review for two (2) consecutive weeks prior to final action by the City Council.

NOW, THEREFORE, The City of Spokane does ordain:

Section 1. Determination of Public Use and Necessity. Public use and necessity requires the City of Spokane to acquire the land and property, and interests therein, as described in Exhibits "A" and "B", together with such other temporary construction easements as may be deemed necessary by City staff, for public purposes in order to complete the Martin Luther King Jr. Way (Riverside Extension) Project, including utilities and related improvements, all as set forth in Public Works file number 2005264 & 2015078. If the properties are not acquired and the Riverside Extension Project is not completed, traffic flow from central Spokane through the University District will be seriously impaired and the City will not be in compliance with its adopted transportation plans.

Section 2. Authorization to Commence Condemnation Action. The City Attorney is hereby authorized and directed to commence an action or actions in the Superior Court of Spokane County, State of Washington, in the name of the City of Spokane, to acquire and take by eminent domain the lands and property interests necessary to be acquired for the purposes set forth herein, upon payment of just compensation having been made to the owner or paid into court for the benefit of the owner in the manner prescribed by law. The lands and property interests to be acquired are located in the City of Spokane, County of Spokane, all in the State of Washington, and more specifically described in Exhibits "A" and "B", attached hereto and by this reference made a part hereof. The City Attorney and/or her designees are further authorized to determine and make or pay just compensation and to take such other steps deemed necessary to complete acquisition of the properties and to adjust the extent of the properties taken or acquired to facilitate implementation of this ordinance as are deemed necessary by City staff to complete the

project, including such additional temporary construction easements as are deemed necessary, provided such amendments shall be consistent with the Riverside Extension Project.

Section 3. Authorization for Payment of Just Compensation and Expenses. Pursuant to RCW 8.12.040, just compensation for the land and property interests described in Exhibits "A" and "B", and litigation costs related thereto, is hereby authorized and shall be payable from the City of Spokane fund account number 3200-94997-95200-56102, and funds which are allocated toward the Martin Luther King Jr. Way (Riverside Extension) Project by the Department of Engineering Services, pursuant to file number 2005264 & 2015078.

Section 4. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions or sections of this ordinance or its application to persons or circumstances.

Section 5. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force thirty (30) days after the date of enactment.

PASSED BY THE CITY COUNCIL ON \_\_\_\_\_, 2016.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

Attachments: Exhibits "A" and "B"

Exhibit A

LEGAL DESCRIPTION OF TAKE AREA

**LEGAL DESCRIPTION OF THE RIGHT-OF-WAY TAKE AREA**  
**FROM ASSESSOR'S PARCEL #35174.0599**

(Prepared by Adams & Clark, Inc.)

THOSE PORTIONS OF TRACT "C" AND VACATED BRADLEY AVENUE, DENNIS & BRADLEY'S ADDITION, AS PER PLAT RECORDED IN VOLUME "A" OF PLATS, PAGES 160 AND 161, CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWEST CORNER OF LOT 6, BLOCK 24, OF SAID PLAT; THENCE ALONG THE SOUTH LINE OF SAID LOT 6, NORTH 87°47'33" EAST 50.71 FEET TO A POINT ON A 515.50 FOOT RADIUS NONTANGENT CURVE, THE CENTER OF CIRCLE OF WHICH BEARS NORTH 74°07'44" WEST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 13°28'33", 121.24 FEET TO A POINT ON THE WEST LINE OF SAID TRACT "C"; THENCE ALONG SAID WEST LINE, NORTH 02°10'35" WEST 109.79 FEET TO THE POINT OF BEGINNING;

CONTAINING 3,071 SQUARE FEET, MORE OR LESS.

Exhibit B

LEGAL DESCRIPTION OF TEMPORARY CONSTRUCTION EASEMENT

**LEGAL DESCRIPTION OF THE PERMIT AREA  
OF ASSESSOR'S PARCEL #35174.0599**

(Prepared by Adams & Clark, Inc.)

A STRIP OF LAND, TEN FEET (10') WIDE ACROSS THOSE PORTIONS OF TRACT "C" AND VACATED BRADLEY AVENUE, DENNIS & BRADLEY'S ADDITION, AS PER PLAT RECORDED IN VOLUME "A" OF PLATS, PAGES 160 AND 161, CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWEST CORNER OF LOT 6, BLOCK 24, OF SAID PLAT; THENCE ALONG THE SOUTH LINE OF SAID LOT 6, NORTH 87°47'33" EAST 50.71 FEET TO THE **TRUE POINT OF BEGINNING**, A POINT ON A 515.50 FOOT RADIUS CURVE, THE CENTER OF CIRCLE OF WHICH BEARS NORTH 74°07'44" WEST; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 13°28'33", 121.24 FEET TO A POINT ON THE WEST LINE OF SAID TRACT "C"; THENCE ALONG SAID WEST LINE, SOUTH 02°10'35"EAST 18.67 FEET TO A POINT ON A 525.50 FOOT RADIUS NONTANGENT CURVE, THE CENTER OF CIRCLE BEARS NORTH 58°55'05"WEST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 15°33'59", 142.77 FEET TO A POINT ON SAID SOUTH LINE OF LOT 6; THENCE ALONG SAID SOUTH LINE, SOUTH 87°47'33" WEST 10.51 FEET TO THE **TRUE POINT OF BEGINNING**;

CONTAINING 1,321 SQUARE FEET, MORE OR LESS.



# **Agenda Sheet for City Council Meeting of:** 06/20/2016

<b>Date Rec'd</b>	6/1/2016
<b>Clerk's File #</b>	ORD C35387
<b>Renews #</b>	
<b>Cross Ref #</b>	
<b>Project #</b>	
<b>Bid #</b>	
<b>Requisition #</b>	

<b>Submitting Dept</b>	RETIREMENT
<b>Contact Name/Phone</b>	PHILLIP TENCICK 6336
<b>Contact E-Mail</b>	PTENCICK@SPOKANECITY.ORG
<b>Agenda Item Type</b>	First Reading Ordinance
<b>Agenda Item Name</b>	6100 SMC 03.05 AMENDMENTS

## **Agenda Wording**

An ordinance relating to the City of Spokane Retirement and Pension Board; amending SMC sections 03.05.020, 03.05.050, 03.05.035, 03.05.040, 03.05.120

## **Summary (Background)**

Updating SERS participant interest on contributions to a market based rate and clarifying interest definitions

<b><u>Fiscal Impact</u></b>		<b><u>Budget Account</u></b>	
Select	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b><u>Approvals</u></b>		<b><u>Council Notifications</u></b>	
<b><u>Dept Head</u></b>	TENCICK, PHILLIP	<b><u>Study Session</u></b>	6/9/2016
<b><u>Division Director</u></b>		<b><u>Other</u></b>	
<b><u>Finance</u></b>	KECK, KATHLEEN	<b><u>Distribution List</u></b>	
<b><u>Legal</u></b>	DALTON, PAT	ptencick@spokanecity.org	
<b><u>For the Mayor</u></b>	WHITNEY, TYLER	cshisler@spokanecity.org	
<b><u>Additional Approvals</u></b>		tszambelan@spokanecity.org	
<b><u>Purchasing</u></b>		lorne.dauenhauer@ogletreedeakins.com	

## ORDINANCE NO. C35387

An ordinance relating to the Spokane Employees Retirement System amending Spokane Municipal Code sections 03.05.020, 03.05.030, 03.05.035, 03.05.040, 03.05.120 to read as follows :

-- Now, Therefore,

The City of Spokane does ordain:

Section 1. That SMC 03.05.020 is amended.

### Section 03.05.020 Definitions

- A. "Accumulated contributions" means the sum of all normal contributions deducted from the compensation of a member, and in-lieu payments of employees' contributions by the City, standing to the credit of the member's individual account, together with contribution interest ~~at the actuarial assumption rate~~ as established pursuant to SMC 4.14.070(D)(1) compounded quarterly.
- B. "Annuity" means payments derived from contributions made by a member as provided in SMC 3.05.190.
- C. "Beneficiary" means any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit provided in this chapter and chapter 4.14 SMC.
- D. "Board" means "board of administration" as provided in chapter 4.14 SMC.
- E. "City" means the City of Spokane.
- F. "City service" means service by an employee rendered to the City for compensation and, for the purpose of this chapter and chapter 4.14 SMC, a member shall be considered as being in City service only while the member is receiving compensation for such service.
- G. "Compensation" means the compensation including base pay, shift differential, overtime, holiday pay, hazardous duty pay and out-of-classification pay, payable in cash, plus the monetary value, as determined by the board, of any allowance in lieu thereof. It shall not be reduced by salary reduction contributions to the City's cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code

section 401(a)(17) shall not be included in determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.

- H. “Contribution interest,” unless changed by the board as provided in SMC 4.14.070, means the interest rate on member contributions, which shall be set equal to the average daily interest rate for the 5-year US Treasury Note from July 1 of the previous year to June 30 of the current year, rounded to the nearest 0.25%. The new interest rate will be effective as of July 1 of the current year, beginning in 2016.
- I. (H) “Creditable service” means such City service as is evidenced by the record of normal contributions received from the employee plus prior City service if credit for same is still intact or not lost through withdrawal of accumulated contributions as provided in [SMC 3.05.120](#). The maximum creditable service from all sources including military service is thirty (30) years under the formula in [SMC 3.05.160](#) and thirty-five (35) years under the formulas in [SMC 3.05.165](#) and [SMC 3.05.166](#).
- J. (I) “Employee” means any regularly appointed employee or elected official of the City or of the Spokane public library.
- K. (J) “Final compensation” means the annual average of the member’s compensation during the highest consecutive two-year period of service for which service credit is allowed for purposes of determining retirement benefits for members described in [SMC 3.05.025\(A\) or \(B\)](#). For members described in [SMC 3.05.025\(C\)](#) “final compensation” means the annual average of the member’s compensation during the highest consecutive three-year period of service for which service credit is allowed. Final compensation shall not be reduced to reflect salary reduction contributions to the City’s cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code section 401(a)(17) shall not be included as final compensation when determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.
- L. (K) “Fiscal year” means any year commencing with January 1st and ending with December 31st next following.
- M. (L) “Member” means any person included in the membership of the retirement system as provided in [SMC 3.05.030](#).
- N. (M) “Normal contributions” means the contributions at the rate provided for in [SMC 3.05.040\(A\) and \(B\)](#).
- O. (N) “Pension” means payments derived from contributions made by the City as provided for in [SMC 3.05.190](#).

P(Θ) “Regular interest,” unless changed by the board as provided in [SMC 4.14.070](#), means ~~the actuarial assumption rate~~ ~~such-rate~~ of interest which compounded annually shall place the retirement fund on a sound actuarial basis.

Q(P) “Retirement allowance” means any payments made to a member or successor upon retirement for service or disability.

R(Q) “Retirement fund” means “employees’ retirement fund” as created and established in [SMC 3.05.070](#) and [SMC 7.08.601](#).

T(S) “Retirement system” means “Spokane Employees’ Retirement System” (SERS), provided for in this chapter.

Section 2. That SMC 03.05.030 is amended.

### [Section 03.05.030](#) Membership

- A. Any new employee must become a member of the retirement system and make contributions required by [SMC 3.05.040](#) on the date of hire, except:
1. temporary, seasonal, or new hire provisionals, as defined by the [City Charter](#) and the City civil service commission;
  2. members of the police and fire departments who are entitled to benefits under state-enacted retirement programs;
  3. participating employees hired under the Comprehensive Employment and Training Act (CETA) and United States Department of Labor (DOL). This proscription does not apply to permanent nonparticipant staff members of the City and Spokane City-County employment and training consortium or its successor. Furthermore, CETA participants whose membership was previously terminated and who received a refund of contributions may at such time as they become regular City employees redeposit refunded contributions in accordance with [SMC 3.05.120](#);
  4. other non-City-funded employees in temporary employment programs as determined by the board.
- B. Any other employee who is an elected official may, at any time prior to the completion of five (5) years of continuous service, elect to deposit with the retirement system an amount equal to what would be or would have been the elected official’s normal contributions if a member of the retirement system during this period of service, with ~~appropriate~~ ~~regular~~ interest as determined by the board. The City matches said funds and deposits the same in the retirement fund in a manner similar to that provided for the matching of the normal contributions under the provisions of this chapter, provided that no such elected official shall obtain any benefits of the provisions of the retirement system except ~~contribution~~ interest accruing at the rate provided for interest on employees’ normal contributions. The return of any such funds so deposited shall be governed by the provisions as to the return of normal



contributions. If and when any such elected official becomes a member the sums so deposited by this member shall be transferred to the credit of such member. Any elected official entering the retirement system under this provision shall become a member as of the date of such election and shall not be considered a member until the date of such election.

Section 3. That SMC 03.05.035 is amended.

#### Section 03.05.035 One-time Buy-back/Re-entry Provision

- A. Any current member of the system who had previously terminated City employment, withdrew their retirement accumulations and was subsequently rehired but did not opt to buy back previous service time when they were first rehired, will have a one-time window from October 1, 2009, through March 31, 2010, to repurchase all or part of that time. Such redeposit will use the current ~~actuarial- assumed~~ regular interest rate as determined by the board.
- B. Any current permanent employee who was once a member of the system, withdrew their retirement accumulations, but never rejoined the system, will have a one-time window from October 1, 2009, through March 31, 2010, to make an irrevocable election to re-enter SERS. They will also be allowed to repurchase all or part of their previous service time in SERS during this window. This group will have their pension calculated according to [SMC 3.05.160](#). Such redeposit will use the current ~~actuarial- assumed~~ regular interest rate as determined by the board.
- C. Any current permanent employee, who meets the SERS eligibility requirements, who was never a member of the system will have a one-time window from October 1, 2009, through March 31, 2010, to make an irrevocable election to join SERS. This group will have their pension calculated according to [SMC 3.05.160](#).

Section 4. That SMC 03.05.040 is amended.

#### Section 03.05.040 Contributions

- A. The normal rates of contributions of members are those adopted by the board, subject to the approval of the city council. The rates so adopted remain in full force and effect until revised or changed by the board in the manner provided in [chapter 4.14 SMC](#).
  - 1. Contributions by Members.  
Prior to January 1, 2009, each member shall contribute six and seventy-two one-hundredths percent (6.72%) of the member's compensation. Effective January 1, 2009, the rate of contribution was prospectively increased to seven and seventy-five hundredths percent (7.75%). Effective September 1, 2014, the rate of contribution is

prospectively increased to eight and twenty-five hundredths percent (8.25%). It is contemplated that said contribution by members will, when added to the City's contribution, be enough to properly fund the retirement benefits. Although designated as employee contributions that reduce the member's salary, the City government, as the employer, shall pay such contributions to the retirement fund pursuant to Internal Revenue Code section 414(h). The member will not have an option of choosing to receive the contributed amounts directly instead of having them paid by the City government to the retirement fund. The picked-up contributions will be included as Social Security wages up to the Social Security wage base, and will also be included in calculating the member's final compensation .

2. Contribution by the City Government.

The City government will match the in-lieu payment of the employees' contribution.

- B. Subject to the provisions of this chapter and [chapter 4.14 SMC](#), the board certifies to the head of each office or department the normal rate of contribution for each member provided for in subsection (A) of this section. The head of the department applies such rate of contribution to the compensation of each and every payroll; and each of said in-lieu amounts are paid by the director of accounting into the retirement fund, hereinafter provided for, and are credited by the board, together with ~~regular~~ [contribution](#) interest, to an individual account of the member for whom the contribution was made. ~~Regular~~ [contribution](#) interest is credited to each individual account at such periods as the board may determine. The City government's in-lieu payment vests for the benefit of the employee immediately upon payment into the retirement fund.
- C. The director of accounting transfers to the retirement fund an amount equal to the aggregate normal contributions as soon as administratively practicable following each payroll period.

Section 5. That SMC 03.05.120 is amended.

[Section 03.05.120](#) Refund of Contributions

A. Accumulated Contributions in Excess of One Thousand Dollars.

Should the service of a member be discontinued, except by death or retirement, and the member has accumulated contributions in excess of one thousand dollars (\$1,000), the member may elect to withdraw the member's accumulated contributions. Such payment shall be made as soon as administratively practical after the board approves the member's election, which election shall be made not later than six (6) months after the day of discontinuance. The City shall receive credit for the full amount deposited by the City in the retirement fund for such member's benefit plus [contribution](#)

interest. If a member's service is discontinued and the member leaves accumulated contributions in the retirement system, the board may, in its discretion, charge each such member reasonable administrative expenses for maintenance of the accumulated contributions.

**B. Accumulated Contributions of One Thousand Dollars or Less.**

Should the service of a member be discontinued, except by reason of death, and the member has accumulated contributions of one thousand dollars (\$1,000) or less, the member shall be paid, not later than six (6) months after the day of discontinuance, the member's entire accumulated contributions.

**C. Redeposit.**

Any member may redeposit in the retirement fund, within one (1) year of being rehired, an amount equal to that which the member previously withdrew therefrom, or a portion thereof, at the last termination of membership, such redeposit using the current ~~actuarial-~~ ~~assumed~~ regular interest rate as determined by the board to be paid into the retirement fund in accordance with rules established by the board. In the event such redeposit is made by a member, an amount equal to the accumulated contributions so redeposited shall again be held for the benefit of said member, and shall no longer be included in the amounts available to meet the obligations of the City on account of benefits that have been granted or liabilities that have been assumed on account of prior service of members, and the retirement system shall reinstate the prior service credit, or the portion thereof, for such member, who will rejoin the retirement system pursuant to [SMC 3.05.025\(B\)](#). Effective January 1, 2009, redeposit may also be made by a direct trustee-to-trustee transfer to the retirement fund from a plan qualified under Internal Revenue Code sections 457(b) or 403(b) or by a direct rollover to the retirement fund from an individual retirement account or annuity qualified under Internal Revenue Code section 408. The board may establish rules and procedures for acceptance of such deposits, transfers, or rollovers, including procedures to account for pre-tax transfers and rollovers and after-tax payments.

**Section [03.05.170](#) Payment Upon Death of Member**

**A. Eligible to Retire.**

If a member who had not retired but had named the member's spouse as the sole primary beneficiary and who was eligible to retire pursuant to [SMC 3.05.160](#), [SMC 3.05.165](#) or [SMC 3.05.166](#) whichever applies, or who had at least thirty (30) years of creditable service dies, then the member's surviving spouse may elect to receive:

1. death benefits provided for in this section, or
2. a retirement allowance payable only for the remainder of the surviving spouse's life and equal to that which would have been received had the

deceased member retired on the date of death under the provisions of Option E as provided in [SMC 3.05.210](#), or

3. in lieu of either of the above, a lump sum cash payment not to exceed one-half of the deceased member's accumulated contributions and a retirement allowance in accordance with Option E as provided in [SMC 3.05.210](#), but reduced proportionately by the amount of cash withdrawn from this selection.

#### B. Not Eligible to Retire.

##### 1. Repayment of Contributions.

Upon the death of any member not eligible to retire, there shall be paid to the member's estate, or to such persons as the member shall have nominated by written designation duly executed and filed with the retirement system, the member's accumulated contribution with [contribution](#) interest, less payments made therefrom to the member, if any. Effective January 1, 2009, a non-spouse designated beneficiary shall be permitted to elect a direct trustee to trustee transfer of such distribution to an individual retirement account established for the purposes of receiving the distribution on behalf of an individual who is a designated beneficiary and who is not the surviving spouse of the participant, which shall be treated as an inherited individual retirement account within the meaning of Internal Revenue Code section 408(d)(3)(C).

##### 2. Death of Active Married Member.

Alternatively, upon the death of any active member who is eligible to vest in the retirement system, who is married at the time of death, and whose surviving spouse has been properly nominated as sole primary beneficiary, the surviving spouse may elect to leave the accumulated contributions in the retirement system and, on such date as the member would have been eligible, apply for and receive such retirement allowance as is allowed under retirement Option E as provided in [SMC 3.05.210](#) as established in this chapter. Such retirement will be calculated as if the member had been eligible to retire at the time of death, and will be based upon the age of the surviving spouse at the time when the member would have been eligible to retire. Any retirement allowance calculated under this section will be based on the accumulations and earnings of the member as of the date of retirement.

- A. The board is authorized to contract with the board of administration of the Tacoma employees' retirement system and/or board of administration of the Seattle employees' retirement system (each called a "participating system") for the portability of retirement benefits of employees who are also members of the retirement systems of the cities of Tacoma and Seattle, respectively. The following terms and conditions shall apply in addition to such other requirements as may be established by rule of the board or the agreement with participating systems:
1. The member must be in the active service of a participating system on or after the effective date of the board's agreement for portability; a member retired from any of the three systems on the effective date of the ordinance codified in this chapter is not eligible.
  2. Creditable service may accrue in only one participating system at a time. A member who leaves City employment to enter military service may only receive creditable service for his military service in one of the participating systems according to its rules.
  3. A member may combine service credit in two or more participating systems for the sole purpose of determining the member's eligibility to receive a service retirement allowance, but the member may not aggregate service credit in two or more retirement systems for the purpose of determining the percentage factor to be used in calculating a service retirement allowance.
  4. A member of two or more participating systems who is eligible to retire under any system may elect to retire from all the member's systems and to receive a service retirement allowance. Each participating system shall calculate the allowance using its own criteria except that the member shall be allowed to use the member's base salary from any participating system as the compensation used in calculating the allowance. "Base salary" means the salary or wages used by the participating system during a payroll period for making contributions to the system by its members generally. It includes salary or wages paid for personal services and wages and salary deferred under the provisions of the Internal Revenue Code. It excludes overtime payments (except as to service for the City of Spokane), non-money maintenance compensation and lump-sum payments for deferred annual leave, unused accumulated vacation, unused accumulated annual leave, any form of severance pay, any bonus for voluntary retirement, any other form of leave, or any similar lump-sum payment.
  5. The retirement allowances shall be paid separately by each participating system. Post-retirement adjustments, if any, shall be based upon the payments made by each participating system to the member.
  6. The total retirement allowances provided through portability of benefits shall not be less than the benefits payable by each participating system were there no portability.

7. A participating system may pay a member of two or more systems a lump sum in lieu of a monthly benefit if the initial monthly benefit would be less than fifty dollars.
8. If a member of two or more participating systems dies in service in any system, the surviving spouse shall receive the same benefit from each system that would have been received if the member were active in the system at the time of his death based upon service actually established in that system.
9. The terms and conditions of the board's agreement with the board of a participating system both establishes and limits the portability of benefits provided. The board's agreements may be amended from time to time or supplemented by an agreement with the State of Washington for portability with state retirement systems. If the board amends its agreement with the board of a participating system or makes modifications to provide portability with state systems, the rights, terms and conditions for portability are subject to amendment or abolition at any time before a member retires.
  - a. A member who:
    - i. earned retirement credit for service in a participating system,
    - ii. withdrew his contributions from that system,
    - iii. lost service credit by making the withdrawal, and
    - iv. is now an active member of another participating system may restore his or her prior service credit in the participating system of his or her former municipal employer by redepositing an amount determined by the system board within one year after January 1, 1991. Any individual hired after January 1, 1992, shall be provided with a one-year period under portability to repay contributions. This does not extend the time period for those individuals in the system who have not taken advantage of the one-year "windowed" period from January 1, 1991, to December 31, 1991. The amount shall be measured by the accumulated contributions withdrawn, plus compound regular interest which would have accumulated on the withdrawn contributions from the date of withdrawal until the date of his redeposit.

Passed by the City Council on \_\_\_\_\_ 2016.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date



**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	5/31/2016
<b>Clerk's File #</b>	ORD C35407
<b>Renews #</b>	
<b>Cross Ref #</b>	OPR 2016-0458
<b>Project #</b>	
<b>Bid #</b>	
<b>Requisition #</b>	

<b>Submitting Dept</b>	PARKS & RECREATION
<b>Contact Name/Phone</b>	LEROY EADIE 509-625-6204
<b>Contact E-Mail</b>	LEADIE@SPOKANECITY.ORG
<b>Agenda Item Type</b>	First Reading Ordinance
<b>Agenda Item Name</b>	1400-UTILITY EASEMENT AVISTA CORPORATION

**Agenda Wording**

In exchange of \$1.00, the City of Spokane grants, conveys and warrants to Avista Corporation a perpetual non-exclusive easement on property identified as Assessor's Parcel #'s 35185.0041,35185.007,35184.0069 and 35185.0076 in Spokane County.

**Summary (Background)**

The non-exclusive utility easement between the City of Spokane and Avista allows for relocation and construction of the utility corporation's new facilities at Riverfront Park. Grantee shall have the right to construct, reconstruct, operate, maintain, upgrade, repair, remove, relocate and replace electric transmission, electric distribution, natural gas and communication lines together with all related appurtenances across the easement area.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Revenue	\$ 1.00	#	1400-30210-76100-36999-99999
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	CONLEY, JASON K.	<b>Study Session</b>	
<b>Division Director</b>	EADIE, LEROY	<b>Other</b>	Park Brd approved-
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	DALTON, PAT		
<b>For the Mayor</b>	WHITNEY, TYLER		
<b>Additional Approvals</b>			
<b>Purchasing</b>			



Return Address:

Avista Corporation  
Real Estate Department MSC-25  
P.O. Box 3727  
Spokane, Washington 99220-3727

**UTILITY EASEMENT**

In exchange for One Dollar (\$1.00), the receipt of which is hereby acknowledged, **City of Spokane**, a Washington municipal corporation, ("Grantor") hereby grants, conveys and warrants to **AVISTA CORPORATION**, a Washington corporation ("Grantee"), a perpetual non-exclusive easement on, over, under, along and across real property identified as Assessor's Parcel #'s 35185.0041, 35185.0077, 35184.0069, and 35185.0076 located in the Northeast Quarter (NE1/4), Northwest Quarter (NW1/4), Southwest Quarter (SW1/4), and Southeast Quarter (SE1/4) of Section 18, Township 25 North, Range 43 East Willamette Meridian., in Spokane County, State of Washington, legally described in **EXHIBIT "A"** (the "Property"), and by this reference is incorporated into this easement, subject to the terms and conditions set forth below.

1. **PURPOSE.** Subject to the terms and conditions set forth herein, Grantee shall have the right to construct, reconstruct, operate, maintain, upgrade, repair, remove, relocate and replace electric transmission, electric distribution, natural gas and communication lines together with all related appurtenances ("Facilities") on, over, under, along and across the property, **which is shown on the attached map marked EXHIBIT "B" (the "Easement Area"), and by this reference is incorporated into this easement;** provided, the rights and easement granted hereunder shall not interfere with Grantor's use of the property. The easement may not be used for any other purpose without Grantor's express written consent which Grantor may withhold for any reason.

2. **ACCESS AND DAMAGE.** Grantee shall have the right of access over and across the Property/Easement Area and the adjoining property of the Grantor, provided the Grantee repairs any damage, makes reasonable attempt to restore the affected area to its original or natural state, as close as reasonably possible, to Grantor's reasonable satisfaction, or compensates the Grantor for any damage to said properties as a result of such access. Grantee shall not commence any construction, reconstruction, installation, upgrade, relocation, replacement, repair, or maintenance of Facilities under this Easement without first obtaining approval of the Director of the Spokane Parks and Recreation Department (the "Director") except in the event of emergency which necessitates Grantee's immediate occupancy of the Easement Area to affect repairs or maintenance, in which event Grantee will make a reasonable effort to notify the Director of any repair and maintenance as soon as feasibly possible. Grantee, its assigns and successors in interest shall at all times exercise its rights herein in accordance with all applicable standards, laws, statutes, ordinances, orders, rules, regulations, and requirements of governmental agencies, offices, and boards having jurisdiction. If the enactment or enforcement of any law, ordinance, regulation or code requires any change to the Facilities, Grantee shall promptly make all such changes at no cost to Grantor.

3. **CLEARING AND MAINTENANCE.** Subject to the conditions set forth herein, and further subject to compliance with the requirements of the City of Spokane's Urban Forestry Program (SMC 12.02.900 through .958),

Grantee may cut, trim and remove brush, branches, landscaping and trees, including danger trees, within the Easement Area, the Property and on Grantor's adjoining property that in the reasonable opinion of the Grantee, could interfere with the safe and reliable operation of Grantee's Facilities or that could unreasonably interfere with the exercise of Grantee's rights as granted herein. Provided, Grantee shall reimburse the City for the value of any trees that are removed pursuant to this easement. The value of said trees shall be determined in accordance with the latest revision of the Guide for Plant Appraisals as published by the International Society of Arboriculture. Grantee shall make a reasonable effort to notify the Director prior to cutting, trimming and/or removing any brush, branches and/or trees from the Easement Area or Grantor's adjoining property. Grantee may not cut, trim, and/or remove any trees without the Director's advance written approval, except in the event of an emergency which necessitates Grantee's immediate cutting, trimming, and/or removal of a tree, in which event Grantee will make reasonable efforts to notify the Director as soon as feasibly possible.

4. **GRANTOR'S USE OF THE PROPERTY.** Grantor reserves the right to use and enjoy the Property, to the extent that such use does not unreasonably conflict or interfere with the Grantee's rights herein. Grantor agrees that it will not construct, place or maintain any building, structure, fence or landscaping within the Easement Area that would interfere with the safe operation of the Facilities or that are not in compliance with all safety and building codes, regulations and laws; provided, if Grantor reasonably determines that any of Grantee's Facilities conflict or interfere with Grantor's plans for the Property/Easement Area, and said plans are shown to be for the direct benefit of the public, Grantee shall relocate such Facilities at no cost or expense to Grantor. Grantee shall not be required to relocate the same facilities more than once in any five (5) year period.

5. **AS-BUILTS OF EXISTING FACILITIES.** Within sixty (60) days of receipt of a written request from the City, Avista shall provide the City with GIS mapping or similar rendering showing the approximate location of Avista's existing facilities within the Easement Area which mapping or rendering shall be marked **EXHIBIT "C"** and attached to this Utility Easement, and by this reference incorporated thereto (the **"Existing Facilities"**). Grantor may re-record this Utility Easement with Exhibit "C" added thereto, and upon recording, the Easement Area shall be deemed to be confined to the actual location of the Existing Facilities.

6. **INDEMNITY.** Grantee agrees to indemnify and hold harmless Grantor, its employees, agents, guests and invitees from damage to property and personal injury to the extent caused by Grantee's negligence or willful misconduct in the exercise of its rights herein, provided that Grantee shall not be liable for property damage or personal injury that is caused by the acts or omissions of Grantor, its employees, agents, guests and invitees or any other person.

7. **INSURANCE.** Grantor requires Grantee to secure a \$1,500,000.00 General Liability Coverage Policy of insurance naming Grantor as an additional insured. Grantor understands and is aware that Grantee is self-insured in an amount equal to \$1,500,000.00 general liability coverage, which is acceptable to Grantor as meeting the insurance requirement for this easement. Grantee shall provide the city with a certificate naming the City of Spokane as an additional insured under said self-insurance with respect to the matters set forth in this easement.

8. **HAZARDOUS MATERIALS.** Grantee, its successors and assigns, will not discharge, disperse, release, store, treat, generate, dispose of any pollutant or other toxic or hazardous substance, including any solid, liquid, gas, or thermal irritant or contaminant, acid, chemicals, or wastes onto the Easement Area or Grantor's adjacent property. For the purpose of this paragraph, hazardous substance shall include but are not limited to, substances defined as "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and RCW Title 70 and the regulations promulgated pursuant to the above cited laws.

9. **SUCCESSORS AND ASSIGNS.** The rights granted in this easement run with the Property and shall be binding upon and benefit the parties and their respective successors, heirs and assigns.



**GRANTEE**  
**Avista Corporation**

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**EXHIBIT A**  
**Legal Description**  
**Of the Property**

**Parcel # 35185.0041**

All that certain property owned by the City of Spokane as of the date this easement is signed, known as Riverfront park in a portion of the Southwest Quarter of Section 18, Township 25 North, Range 43 East Willamette Meridian, situate in the City of Spokane, County of Spokane, State of Washington; Said property being bounded to the South by Spokane Falls Boulevard; also being bounded to the North by the Spokane River; also being bounded to the West by the East line of Block 14 of Resurvey and Addition to Spokane Falls, as extended Northerly to the South Bank of the Spokane River.

AND; all that certain property owned by the City of Spokane as of the date this easement is signed, known as Riverfront park in a portion of the Southeast Quarter of Section 18, Township 25 North, Range 43 East Willamette Meridian situate in the City of Spokane, County of Spokane, State of Washington; Said property being bounded to the South by Spokane Falls Boulevard; also being bounded to the North by the Spokane River; also being bounded to the East by Division Street;

ALSO being bounded to the South by the following described parcel:

A PORTION OF HAVERMALE'S SECOND ADDITION, ACCORDING TO PLAT RECORDED IN VOLUME "A" OF PLATS, PAGE 148, AND A PORTION OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 25 NORTH, RANGE 43 EAST, W.M., CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON, DESCRIBED, AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EAST RIGHT OF WAY LINE OF WASHINGTON STREET AND THE NORTH RIGHT OF WAY LINE OF SPOKANE FALLS BOULEVARD;  
THENCE NORTH 87°05'15" EAST, ALONG THE NORTH LINE OF SAID SPOKANE FALLS BOULEVARD, 712.00 FEET TO THE SOUTHWEST CORNER OF SPOKANE FALLS COURT;  
THENCE NORTH 02°50'49" WEST, ALONG THE WEST LINE OF SAID SPOKANE FALLS COURT AND PARALLEL WITH THE EAST RIGHT OF WAY LINE OF WASHINGTON STREET, 157.95 FEET (REC. 158.00 FEET);  
THENCE NORTH 87°05'15" EAST, ALONG THE NORTH LINE OF SPOKANE FALLS COURT AND PARALLEL TO THE NORTH LINE OF SPOKANE FALLS BOULEVARD, 32.51 FEET (REC. 32.50 FEET);  
THENCE NORTH 10°19'39" WEST, 10.14 FEET (REC. 10.08 FEET);  
THENCE NORTH 12°34'07" WEST, 10.14 FEET;  
THENCE NORTH 14°30'20" WEST, 10.21 FEET;  
THENCE NORTH 15°36'04" WEST, 10.25 FEET;  
THENCE NORTH 16°24'59" WEST, 10.23 FEET;  
THENCE NORTH 18°01'49" WEST, 10.36 FEET;  
THENCE NORTH 20°55'29" WEST, 10.51 FEET;  
THENCE NORTH 25°56'46" WEST, 10.87 FEET;  
THENCE NORTH 24°58'06" WEST, 3.82 FEET;  
THENCE NORTH 02°50'49" WEST, PARALLEL WITH THE EAST RIGHT OF WAY LINE OF WASHINGTON STREET, 48.01 FEET (REC. 47.95 FEET);  
THENCE NORTH 35°58'22" EAST, 10.24 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, THE RADIUS OF WHICH BEARS SOUTH 33°45'06" EAST, A DISTANCE OF 25.00 FEET;  
THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 30°08'53", AN ARC DISTANCE OF 13.15 FEET TO A POINT 742.00 FEET EAST OF THE EAST RIGHT OF WAY LINE OF WASHINGTON STREET AND 301.00 FEET NORTH OF THE NORTH RIGHT OF WAY LINE OF SPOKANE FALLS BOULEVARD;  
THENCE NORTH 02°50'49" WEST, 12.00 FEET;  
THENCE NORTH 35°58'22" EAST, 67.76 FEET;  
THENCE NORTH 42°07'28" EAST, 40.45 FEET;  
THENCE NORTH 56°26'07" EAST, 68.56 FEET;  
THENCE SOUTH 31°58'44" EAST, 47.24 FEET (REC. 47.23) FEET TO A POINT 895.01 FEET EAST OF THE EAST RIGHT OF WAY LINE OF WASHINGTON STREET AND 388.00 FEET NORTH OF THE NORTH RIGHT OF WAY LINE OF SPOKANE FALLS BOULEVARD;  
THENCE NORTH 87°05'15" EAST, 730.36 FEET (REC. 730.38 FEET) TO THE WEST RIGHT OF WAY LINE OF DIVISION STREET;

THENCE NORTH 03°05'15" WEST, ALONG SAID WEST RIGHT OF WAY LINE 77.03 FEET TO THE BEGINNING OF A CURVE TO THE LEFT THE RADIUS OF WHICH BEARS SOUTH 03°05'15" EAST, A DISTANCE OF 195.00 FEET;

THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 31°23'12", AN ARC DISTANCE OF 106.82 FEET TO THE BEGINNING OF A REVERSE CURVE THE RADIUS OF WHICH BEARS NORTH 34°28'27" WEST, A DISTANCE OF 150.00 FEET;

THENCE ALONG SAID REVERSE CURVE, THROUGH A CENTRAL ANGLE OF 18°18'01", AN ARC DISTANCE OF 47.91 FEET TO A POINT 145.71 FEET WEST OF THE WEST RIGHT OF WAY LINE OF DIVISION STREET AND 418.00 FEET NORTH OF THE NORTH RIGHT OF WAY LINE OF SPOKANE FALLS BOULEVARD;

THENCE SOUTH 87°05'15" WEST, PARALLEL WITH SAID NORTH RIGHT OF WAY LINE, 251.29 FEET TO A POINT 397.00 FEET WEST OF THE WEST RIGHT OF WAY LINE OF DIVISION STREET;

THENCE NORTH 03°05'15" WEST, PARALLEL WITH SAID WEST RIGHT OF WAY LINE, 130.46 FEET;

THENCE NORTH 80°44'15" EAST, 84.09 FEET;

THENCE NORTH 84°21'00" EAST, 176.33 FEET;

THENCE NORTH 80°36'00" EAST, 86.86 FEET;

THENCE NORTH 82°33'30" EAST, 51.06 FEET (REC. 51.05 FEET) TO THE WEST RIGHT OF WAY LINE OF DIVISION STREET;

THENCE NORTH 03°05'15" WEST, ALONG SAID WEST RIGHT OF WAY LINE, 26.40 FEET;

THENCE SOUTH 73°18'46" WEST, 19.39 FEET;

THENCE SOUTH 63°12'14" WEST, 32.63 FEET;

THENCE SOUTH 72°13'24" WEST, 20.32 FEET;

THENCE SOUTH 82°06'10" WEST, 21.05 FEET;

THENCE SOUTH 85°05'30" WEST, 53.94 FEET;

THENCE SOUTH 85°36'01" WEST, 37.38 FEET;

THENCE SOUTH 81°27'48" WEST, 91.18 FEET;

THENCE SOUTH 81°28'18" WEST, 27.40 FEET;

THENCE SOUTH 81°39'06" WEST, 28.26 FEET;

THENCE SOUTH 81°22'21" WEST, 31.57 FEET;

THENCE SOUTH 82°48'52" WEST, 24.37 FEET;

THENCE SOUTH 79°50'33" WEST, 22.96 FEET;

THENCE SOUTH 81°13'51" WEST, 9.30 FEET;

THENCE SOUTH 83°01'55" WEST, 74.81 FEET;

THENCE SOUTH 82°41'31" WEST, 46.90 FEET;

THENCE SOUTH 82°54'44" WEST, 68.90 FEET;

THENCE SOUTH 86°30'10" WEST, 50.81 FEET;

THENCE SOUTH 88°24'39" WEST, 51.00 FEET;

THENCE NORTH 89°55'42" WEST, 31.12 FEET;

THENCE SOUTH 89°19'43" WEST, 29.16 FEET;

THENCE SOUTH 87°35'15" WEST, 28.09 FEET;

THENCE SOUTH 82°33'35" WEST, 29.40 FEET;

THENCE SOUTH 72°57'28" WEST, 5.64 FEET;

THENCE SOUTH 63°30'04" WEST, 4.49 FEET;

THENCE SOUTH 62°26'42" WEST, 23.20 FEET;

THENCE SOUTH 62°23'20" WEST, 27.23 FEET;

THENCE SOUTH 76°42'03" WEST, 41.02 FEET;

THENCE SOUTH 71°49'34" WEST, 46.60 FEET;

THENCE SOUTH 41°58'06" WEST, 41.14 FEET;

THENCE SOUTH 42°05'55" WEST, 101.61 FEET;  
THENCE SOUTH 42°02'23" WEST, 50.88 FEET;  
THENCE SOUTH 42°06'30" WEST, 62.27 FEET;  
THENCE SOUTH 60°16'28" WEST, 2.58 FEET;  
THENCE SOUTH 42°00'29" WEST, 42.09 FEET;  
THENCE SOUTH 41°59'51" WEST, 83.72 FEET;  
THENCE SOUTH 87°05'09" WEST, 50.65 FEET;  
THENCE SOUTH 86°58'38" WEST, 109.39 FEET;  
THENCE SOUTH 87°06'04" WEST, 138.61 FEET;  
THENCE NORTH 69°30'57" WEST, 15.06 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO  
THE LEFT THE RADIUS OF WHICH BEARS SOUTH 79°07'08" WEST, A DISTANCE OF 14.93 FEET;  
THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 232°50'37", AN ARC  
DISTANCE OF 60.68 FEET;  
THENCE SOUTH 03°07'55" EAST, 19.91 FEET;  
THENCE SOUTH 00°46'51" WEST, 3.96 FEET;  
THENCE SOUTH 42°06'21" WEST, 75.74 FEET TO THE EAST RIGHT OF WAY LINE OF WASHINGTON  
STREET;  
THENCE SOUTH 02°50'49" EAST, ALONG SAID EAST RIGHT OF WAY LINE, 141.20 FEET TO THE  
POINT OF BEGINNING.

EXCEPT ANY PORTION OF DEEDED TO STATE OF WASHINGTON ON MARCH 13, 1990, RECORDED  
APRIL 9, 1990 UNDER AUDITOR'S FILE NO. 9004090075, IN SPOKANE COUNTY, WASHINGTON, FOR  
STATE ROUTE #2, SPOKANE RIVER BRIDGE VICINITY AND DIVISION STREET.

AND EXCEPT ALL THAT PORTION CONDEMNED BY CAUSE NO. 91201392-1, SUPERIOR COURT OF  
THE STATE OF WASHINGTON, IN AND FOR SPOKANE COUNTY, WASHINGTON FOR STATE ROUTE  
#2, SPOKANE RIVER BRIDGE VICINITY AND DIVISION STREET.

Known as parcel number 35184.0001;

EXCEPT, any Avista owned property as of the date this easement is signed.

**Parcel # 35185.0077**

All that certain property owned by the City of Spokane as of the date this easement is signed, being a portion of the  
Northeast Quarter and a portion of the Southeast Quarter of Section 18, Township 25 North, Range 43 East  
Willamette Meridian, situate in the City of Spokane, County of Spokane, State of Washington; Said property being  
bounded to the South by the Spokane River; also being bounded to the East by Washington Street; also being  
bounded to the North by Mallon Street and Parcel's A and C under Statutory Warranty Deed recorded under  
Auditor File Number 4483487 in the records of the Spokane County Auditor, State of Washington; also being  
bounded to the West by a certain parcel of land owned by Spokane Federal Credit Union as of the date this  
easement is signed, also known as parcel number 35181.0003.

EXCEPT, any Avista owned property.



Parcel # 35185.0076

That parcel or tract of unplatted land situated in the Northwest Quarter of the Southeast Quarter and the Northeast Quarter of the Southwest Quarter of Section 18, Township 25 North, Range 43 East, W.M., in the City of Spokane, Spokane County, Washington, on the island between the North and middle channels of the Spokane River, described as follows:

Commencing at the City Engineer's Monument, a cross on a steel pin, which is the center of said Section 18; thence South  $89^{\circ}39'$  East a distance of 299.85 feet on the north line of the Northwest Quarter of the Southeast Quarter to the intersection of the center line of Howard Street; thence South  $10^{\circ}24'30''$  West a distance of 211.32 feet on the center line of Howard Street; thence at right angles North  $79^{\circ}35'30''$  West 30 feet to a point marked by cross in concrete on the West line of Howard Street, which point is the true point of beginning; thence South  $54^{\circ}52'$  West 108.85 feet to a point which bears North  $33^{\circ}35'$  West 152.86 feet from the City Engineer's Monument located in center of Howard Street about 18 feet north of the north end of the bridge over the middle channel of the Spokane River; thence South  $53^{\circ}49'$  West 73.03 feet to a point marked by iron pin; thence South  $66^{\circ}34'$  West 76.71 feet; thence North  $77^{\circ}38'$  West 85.82 feet to a point marked by cross in rock; thence South  $71^{\circ}38'$  West 160.82 feet to a point marked by iron pin; thence South  $27^{\circ}20'$  West 86.06 feet to a point marked by hole in rock; thence South  $1^{\circ}09'$  East 54.47 feet to a point marked by iron pin; thence South  $73^{\circ}40'$  East 45.51 feet to a point marked by iron pin; thence North  $84^{\circ}10'$  East 121.13 feet to a point marked by iron pin; thence North  $78^{\circ}44'$  East 138.81 feet to a point marked by iron pin; thence North  $75^{\circ}59'$  East 165.50 feet to a point on the West line of Howard Street marked by iron pin; thence following the West line of Howard Street North  $1^{\circ}55'$  West 45.45 feet to the angle point in Howard Street marked by cross in concrete; thence North  $10^{\circ}24'30''$  East 190.86 feet to the place of beginning.

Also known as parcel number: 35185.0076

EXCEPT any Avista owned property.

Parcel Number 35184.0069

**THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 18, TOWNSHIP 25 NORTH, RANGE 43 EAST, W.M., IN SPOKANE COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:**

**BEGINNING AT A POINT ON THE NORTH AND SOUTH CENTER LINE OF SAID SECTION, 476.59 FEET NORTH OF THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER;  
THENCE SOUTH 87°37' EAST 24.67 FEET TO THE TRUE POINT OF BEGINNING;  
THENCE NORTH 2°38' EAST 163.74 FEET;  
THENCE NORTH 76°21'30" EAST 98.34 FEET;  
THENCE SOUTH 50°18' EAST 21.74 FEET;  
THENCE NORTH 67°51'30" EAST, 75.71 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF HOWARD STREET;  
THENCE SOUTH 1°55' EAST ALONG THE WEST LINE OF HOWARD STREET 226.78 FEET;  
THENCE NORTH 42°41' WEST 8.55 FEET;  
THENCE NORTH 78°06' WEST 66.72 FEET;  
THENCE NORTH 87°37' WEST, 126.52 FEET TO THE TRUE POINT OF BEGINNING;**

ORDINANCE NO. C35407

An ordinance approving an easement between the Park Board and Avista Corporation.

WHEREAS, the Park Board has approved a utility easement agreement with Avista for easements on and across Riverfront Park as needed to further re-development of the Park;

Now, Therefore

The City of Spokane does ordain: That the Easement attached hereto is hereby approved and the Mayor is authorized to execute the same together with any incidental documentation necessary and appropriate for consummating the easement.

Adopted by the City Council on this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

## Appendix

### **Project Agreement and Easement**

# AGENDA SHEET FOR PARKBOARD MEETING OF: May 12, 2016



Submitting Division  
Parks & Recreation

Contact Person  
Berry Ellison

Phone No.  
625-6276

## DEPARTMENT

- ☐ Finance
- ☐ Operations
- ☐ Recreation/Golf
- ☐ Riverfront Park
- ☒ Parks & Recreation

## COMMITTEE

- ☐ Riverfront
- ☐ Golf
- ☐ Recreation
- ☐ Land
- ☐ Urban Forestry
- ☐ Finance

CLERK'S FILE \_\_\_\_\_  
RENEWS \_\_\_\_\_  
CROSS REF \_\_\_\_\_  
ENG \_\_\_\_\_  
BID \_\_\_\_\_  
REQUISITION \_\_\_\_\_

## AGENDA WORDING:

Motion to approve the non-exclusive utility easement between the City of Spokane and Avista which allows for relocation and construction of the utility corporation's new facilities at Riverfront Park.

## BACKGROUND:

(Attach additional sheet if necessary)

The non-exclusive utility easement between the City of Spokane and Avista allows for relocation and construction of the utility corporation's new facilities at Riverfront Park. Avista agrees to pay the full cost of the relocation which is needed due to the Riverfront Park Redevelopment project.

## RECOMMENDATION:

Approve Riverfront Park Utility Easement for Avista.

## Fiscal Impact:

Expenditure: none

Revenue: \$1.00

## Budget Account:

1400-30210-76100-36999-99999

## ATTACHMENTS: Include in Packets:

On file for Review in Office of City Clerk

## SIGNATURES:

Requestor - Berry Ellison

Dept. Mgr. -

Director of Parks and Recreation

Parks Accounting - Nicole Edwards

Legal Dept. -

## DISTRIBUTION:

Parks: Accounting  
Parks: Pamela Clarke  
Budget Manager: Tim Dunivant  
Requester: \_\_\_\_\_

Parks: Jo-Lynn Brown  
Parks: Berry Ellison

## PARK BOARD ACTION:

APPROVED BY  
SPOKANE PARK BOARD:

May 12, 2016

Return Address:

Avista Corporation  
Real Estate Department MSC-25  
P.O. Box 3727  
Spokane, Washington 99220-3727

### **UTILITY EASEMENT**

In exchange for One Dollar (\$1.00), the receipt of which is hereby acknowledged, City of Spokane, a Washington municipal corporation, ("Grantor") hereby grants, conveys and warrants to AVISTA CORPORATION, a Washington corporation ("Grantee"), a perpetual non-exclusive easement on, over, under, along and across real property identified as Assessor's Parcel #'s 35185.0041, 35185.0077, 35184.0069, and 35185.0076 located in the Northeast Quarter (NE1/4), Northwest Quarter (NW1/4), Southwest Quarter (SW1/4), and Southeast Quarter (SE1/4) of Section 18, Township 25 North, Range 43 East Willamette Meridian., in Spokane County, State of Washington, legally described in EXHIBIT "A" (the "Property"), and by this reference is incorporated into this easement, subject to the terms and conditions set forth below.

1. **PURPOSE.** Subject to the terms and conditions set forth herein, Grantee shall have the right to construct, reconstruct, operate, maintain, upgrade, repair, remove, relocate and replace electric transmission, electric distribution, natural gas and communication lines together with all related appurtenances ("Facilities") on, over, under, along and across the property, which is shown on the attached map marked EXHIBIT "B" (the "Easement Area"), and by this reference is incorporated into this easement; provided, the rights and easement granted hereunder shall not interfere with Grantor's use of the property. The easement may not be used for any other purpose without Grantor's express written consent which Grantor may withhold for any reason.

2. **ACCESS AND DAMAGE.** Grantee shall have the right of access over and across the Property/Easement Area and the adjoining property of the Grantor, provided the Grantee repairs any damage, makes reasonable attempt to restore the affected area to its original or natural state, as close as reasonably possible, to Grantor's reasonable satisfaction, or compensates the Grantor for any damage to said properties as a result of such access. Grantee shall not commence any construction, reconstruction, installation, upgrade, relocation, replacement, repair, or maintenance of Facilities under this Easement without first obtaining approval of the Director of the Spokane Parks and Recreation Department (the "Director") except in the event of emergency which necessitates Grantee's immediate occupancy of the Easement Area to affect repairs or maintenance, in which event Grantee will make a reasonable effort to notify the Director of any repair and maintenance as soon as feasibly possible. Grantee, its assigns and successors in interest shall at all times exercise its rights herein in accordance with all applicable standards, laws, statutes, ordinances, orders, rules, regulations, and requirements of governmental agencies, offices, and boards having jurisdiction. If the enactment or enforcement of any law, ordinance, regulation or code requires any change to the Facilities, Grantee shall promptly make all such changes at no cost to Grantor.

3. **CLEARING AND MAINTENANCE.** Subject to the conditions set forth herein, and further subject to compliance with the requirements of the City of Spokane's Urban Forestry Program (SMC 12.02.900 through .958),

Grantee may cut, trim and remove brush, branches, landscaping and trees, including danger trees, within the Easement Area, the Property and on Grantor's adjoining property that in the reasonable opinion of the Grantee, could interfere with the safe and reliable operation of Grantee's Facilities or that could unreasonably interfere with the exercise of Grantee's rights as granted herein. Provided, Grantee shall reimburse the City for the value of any trees that are removed pursuant to this easement. The value of said trees shall be determined in accordance with the latest revision of the Guide for Plant Appraisals as published by the International Society of Arboriculture. Grantee shall make a reasonable effort to notify the Director prior to cutting, trimming and/or removing any brush, branches and/or trees from the Easement Area or Grantor's adjoining property. Grantee may not cut, trim, and/or remove any trees without the Director's advance written approval, except in the event of an emergency which necessitates Grantee's immediate cutting, trimming, and/or removal of a tree, in which event Grantee will make reasonable efforts to notify the Director as soon as feasibly possible.

4. **GRANTOR'S USE OF THE PROPERTY.** Grantor reserves the right to use and enjoy the Property, to the extent that such use does not unreasonably conflict or interfere with the Grantee's rights herein. Grantor agrees that it will not construct, place or maintain any building, structure, fence or landscaping within the Easement Area that would interfere with the safe operation of the Facilities or that are not in compliance with all safety and building codes, regulations and laws; provided, if Grantor reasonably determines that any of Grantee's Facilities conflict or interfere with Grantor's plans for the Property/Easement Area, and said plans are shown to be for the direct benefit of the public, Grantee shall relocate such Facilities at no cost or expense to Grantor. Grantee shall not be required to relocate the same facilities more than once in any five (5) year period.

5. **AS-BUILTS OF EXISTING FACILITIES.** Within sixty (60) days of receipt of a written request from the City, Avista shall provide the City with GIS mapping or similar rendering showing the approximate location of Avista's existing facilities within the Easement Area which mapping or rendering shall be marked **EXHIBIT "C"** and attached to this Utility Easement, and by this reference incorporated thereto (the "**Existing Facilities**"). Grantor may re-record this Utility Easement with Exhibit "C" added thereto, and upon recording, the Easement Area shall be deemed to be confined to the actual location of the Existing Facilities.

6. **INDEMNITY.** Grantee agrees to indemnify and hold harmless Grantor, its employees, agents, guests and invitees from damage to property and personal injury to the extent caused by Grantee's negligence or willful misconduct in the exercise of its rights herein, provided that Grantee shall not be liable for property damage or personal injury that is caused by the acts or omissions of Grantor, its employees, agents, guests and invitees or any other person.

7. **INSURANCE.** Grantor requires Grantee to secure a \$1,500,000.00 General Liability Coverage Policy of insurance naming Grantor as an additional insured. Grantor understands and is aware that Grantee is self-insured in an amount equal to \$1,500,000.00 general liability coverage, which is acceptable to Grantor as meeting the insurance requirement for this easement. Grantee shall provide the city with a certificate naming the City of Spokane as an additional insured under said self-insurance with respect to the matters set forth in this easement.

8. **HAZARDOUS MATERIALS.** Grantee, its successors and assigns, will not discharge, disperse, release, store, treat, generate, dispose of any pollutant or other toxic or hazardous substance, including any solid, liquid, gas, or thermal irritant or contaminant, acid, chemicals, or wastes onto the Easement Area or Grantor's adjacent property. For the purpose of this paragraph, hazardous substance shall include but are not limited to, substances defined as "hazardous substances," "hazardous materials," "hazardous waste," "toxic substances," in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and RCW Title 70 and the regulations promulgated pursuant to the above cited laws.

9. **SUCCESSORS AND ASSIGNS.** The rights granted in this easement run with the Property and shall be binding upon and benefit the parties and their respective successors, heirs and assigns.

DATED this 1 day of June, 2016.

**GRANTOR: City of Spokane**

**Signature of:**

**Attest:**

Approved as to form:

## Clerk

Assistant City Attorney

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SPOKANE )

I certify that I know or have satisfactory evidence that \_\_\_\_\_, is the individual who appeared before me, and said individual acknowledged that he/she signed this instrument on oath or stated that he/she was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of City of Spokane, a Washington municipal corporation, to be the free and voluntary act and deed of such party, for the uses and purposes therein mentioned.

Signature

Print Name


Notary Public for the State of \_\_\_\_\_

Residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_

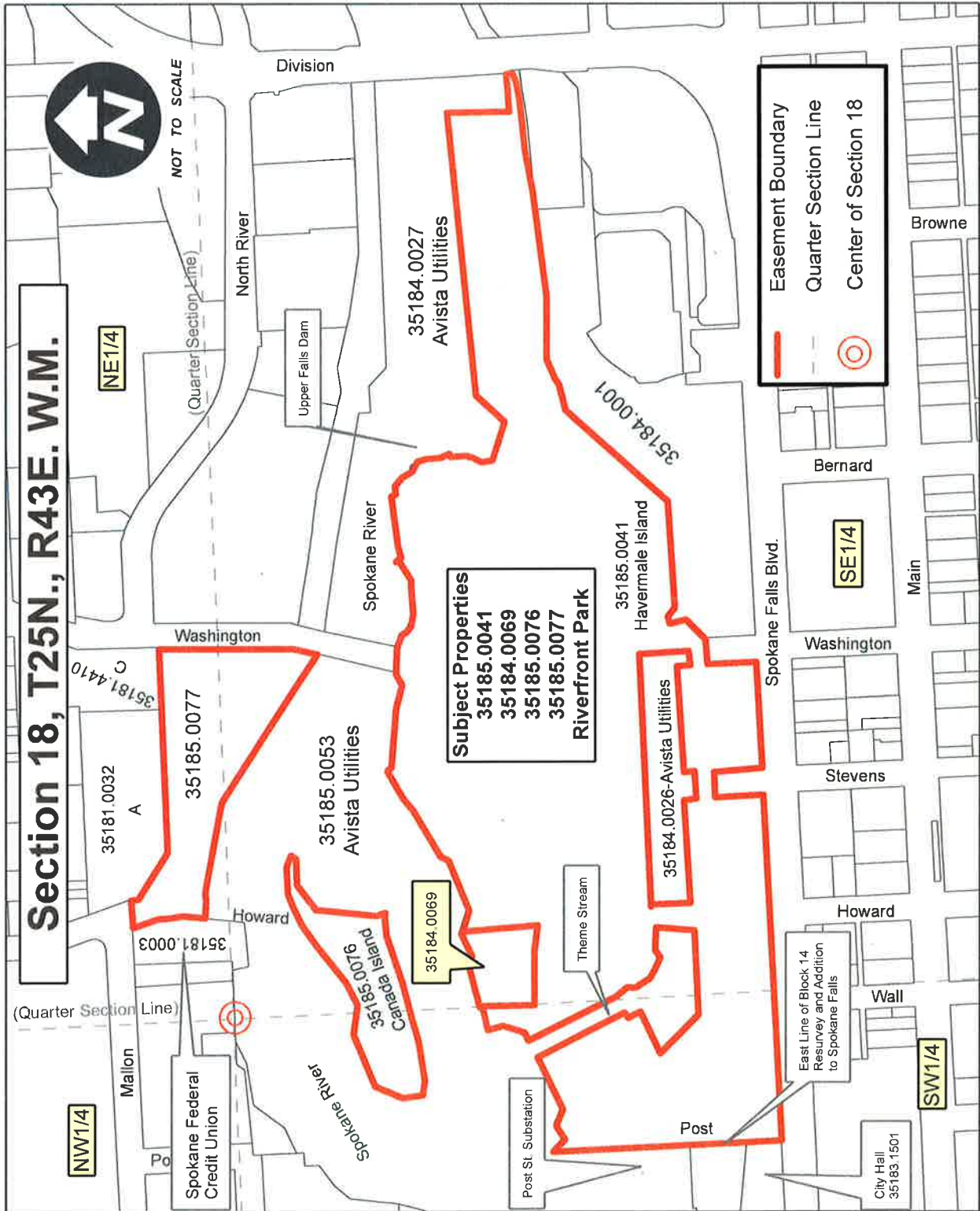


GRANTEE  
Avista Corporation

By:  \_\_\_\_\_

Its: \_\_\_\_\_ Rod Price  
Manager, Avista Real Estate

# Exhibit "B"





**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/8/2016
<b>Clerk's File #</b>	ORD C35408
<b>Renews #</b>	

<b>Submitting Dept</b>	CITY COUNCIL	<b>Cross Ref #</b>	
<b>Contact Name/Phone</b>	KAREN 6291	<b>Project #</b>	
<b>Contact E-Mail</b>	KSTRATTON@SPOKANECITY.ORG	<b>Bid #</b>	
<b>Agenda Item Type</b>	First Reading Ordinance	<b>Requisition #</b>	
<b>Agenda Item Name</b>	AN ORDINANCE RELATING TO ESTABLISHING NEW EXEMPT POSITIONS		

**Agenda Wording**

An ordinance relating to the establishment of new exempt positions; amending section 03.07.330 of the Spokane Municipal Code.

**Summary (Background)**

This ordinance clarifies that before the City Council will take legislative action to create new exempt positions, the Human Resources Department must provide to the Council and to Civil Service an organizational chart, a written description of the reporting structure for the department in which the new exempt position resides, and a written justification for exempting that position from civil service.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Neutral	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	STUCKART, BEN	<b>Study Session</b>	
<b>Division Director</b>		<b>Other</b>	Finance Comm.: 6-6-2016
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	PICCOLO, MIKE		
<b>For the Mayor</b>	WHITNEY, TYLER		
<b>Additional Approvals</b>			
<b>Purchasing</b>			

## ORDINANCE NO. C35408

An ordinance relating to the establishment of new exempt positions; amending section 03.07.330 of the Spokane Municipal Code.

**WHEREAS**, pursuant to section 26 of the City Charter, “city officers, assistants, and employees shall receive such salary or compensation as the city council shall fix by ordinance”; and

**WHEREAS**, the City Council intends, by this ordinance, to help accomplish the purposes of the Spokane City Charter in the area of the establishment of new positions which are exempt from civil service rules.

**NOW, THEREFORE**, The City of Spokane does ordain:

Section 1. That section 03.07.330 of the Spokane Municipal Code is amended to read as follows:

### **Section 03.07.330 Establishment of New Exempt Positions**

Prior to the City Council taking legislative action to create or fund new exempt positions, the City’s Human Resources department shall provide both the Civil Service Commission and the City Council with: (i) an organizational chart for the respective department identifying where the new exempt position fits in the department organization, (ii) a written description of the reporting structure for each position within the respective department, and (iii) the reasoning for exempting the position from Civil Service classification. The Human Resources department shall also provide the City Council with the justification or survey demonstrating the requested salary range and the job description questionnaire.

PASSED by the City Council on \_\_\_\_\_.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

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Mayor

---

Date

---

Effective Date

**Agenda Sheet for City Council Meeting of:**

06/20/2016

**Date Rec'd**

6/8/2016

**Clerk's File #**

ORD C35409

**Renews #****Submitting Dept**

CITY COUNCIL

**Cross Ref #****Contact Name/Phone**

KAREN STRATTON 625-6291

**Project #****Contact E-Mail**

KSTRATTON@SPOKANECITY.ORG

**Bid #****Agenda Item Type**

First Reading Ordinance

**Requisition #****Agenda Item Name**

AN ORDINANCE RELATING TO EXECUTIVE AND ADMINISTRATION

**Agenda Wording**

An ordinance relating to Executive and Administration Organization; amending section 03.01A.205 of the Spokane Municipal Code; adopting a new section 03.01A.195 of the Spokane Municipal Code.

**Summary (Background)**

This ordinance clarifies that a department is a unit of the City having no fewer than three employees, no more than two of which may be exempt from civil service, and clarifies that exempt department heads and assistant department heads may not perform job duties or receive compensation until appointed by the City Council.

**Fiscal Impact****Budget Account**

Neutral \$

#

Select \$

#

Select \$

#

Select \$

#

**Approvals****Council Notifications****Dept Head**

MCCLATCHEY, BRIAN

**Study Session****Division Director****Other****Finance**

KECK, KATHLEEN

**Distribution List****Legal**

DALTON, PAT

**For the Mayor**

WHITNEY, TYLER

**Additional Approvals****Purchasing**

## **ORDINANCE NO. C35409**

An ordinance relating to Executive and Administration Organization; amending section 03.01A.205 of the Spokane Municipal Code; adopting a new section 03.01A.195 of the Spokane Municipal Code.

**WHEREAS**, under section 24 of the Spokane City Charter, the City Council approves the Mayor's appointment of the administrative heads of each department, the City Clerk, and the City Attorney; and

**WHEREAS**, in order to ensure that the City's use of its resources is most efficient, it is necessary to codify a requirement that "single-employee" departments are not to be permitted, and that a department consists of three employees, at a minimum, so that the City can arrest the proliferation of departments created solely to increase the number of employees who are exempt from civil service requirements; and

**WHEREAS**, recently, administrative heads of departments have been hired, have relocated to Spokane, and have been added to the City payroll before the City Council has approved appointment as is mandated by section 24 of the City Charter; and

**WHEREAS**, failing to obtain mandatory prior City Council approval for these appointments not only violates section 24 of the City Charter, but is also an unwise use of the City's financial resources and may subject the City to liability in the event that the City Council does not approve of the appointment.

**NOW, THEREFORE**, the City of Spokane does ordain:

Section 1. That section 03.01A.205 of the Spokane Municipal Code is amended to read as follows:

### **Section 03.01A.205 Departments – Rights, Powers and Duties**

Except as otherwise provided, the departments and offices listed in this chapter shall have all the rights and powers granted and duties imposed by authority of the laws of the state and the charter and ordinances of the City now existing or subsequently adopted, subject to the general supervision and control of the mayor. For purposes of this chapter, "department" means an organizational unit having a minimum of three (3) employees, no more than two of whom may be exempt from civil service.

Section 2. That there is adopted a new section 03.01A.195 of the Spokane Municipal Code to read as follows:

### Section 03.01A.195 Department Head Approval Process

- A. The City Attorney, the City Clerk, and the administrative head of each department shall not perform the duties of the position or be compensated directly or indirectly by the City of Spokane until approved by the City Council.
- B. The appointment of the head of the Parks and Recreation department shall not perform the duties of the position or be compensated directly or indirectly by the City of Spokane until the appointment has been concurred with by the Park Board and approved by the City Council.
- C. The appointment of the head of the Retirement Department shall not perform the duties of the position or be compensated directly or indirectly by the City of Spokane until the appointment has been concurred with by the Retirement Board and approved by the City Council.
- D. Pursuant to section 24 of the Charter, each department may have no more than two employees who are exempt from civil service: the department director and an assistant department director.

PASSED by the City Council on \_\_\_\_\_.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date





**Agenda Sheet for City Council Meeting of:**  
06/20/2016

<b>Date Rec'd</b>	6/3/2016
<b>Clerk's File #</b>	RES 2016-0053
<b>Renews #</b>	
<b>Cross Ref #</b>	PRO 2016-0025
<b>Project #</b>	2016015
<b>Bid #</b>	
<b>Requisition #</b>	

<b>Submitting Dept</b>	INTEGRATED CAPITAL
<b>Contact Name/Phone</b>	BRANDON 625-6419
<b>Contact E-Mail</b>	BBLANKENAGEL@SPOKANECITY.ORG
<b>Agenda Item Type</b>	Hearings
<b>Agenda Item Name</b>	4250 - RESOLUTION FOR SIX-YEAR COMPREHENSIVE STREET PROGRAM

**Agenda Wording**

Hearing on resolution relating to the 2017-2022 Six Year Comprehensive Street Program (Various Neighborhoods)

**Summary (Background)**

RCW35.77 provides that pursuant to a public hearing process, each City shall update its Six-Year Transportation Improvement Program annually prior to July 1st and file a copy of the adopted program with the Secretary of Transportation no later than July 31st of that same year. The Plan Commission held a workshop on April 13, 2016. A hearing was held on May 25, 2016 which provided a recommendation of approval.

<b>Fiscal Impact</b>		<b>Budget Account</b>	
Neutral	\$	#	
Select	\$	#	
Select	\$	#	
Select	\$	#	
<b>Approvals</b>		<b>Council Notifications</b>	
<b>Dept Head</b>	MILLER, KATHERINE E	<b>Study Session</b>	
<b>Division Director</b>	SIMMONS, SCOTT M.	<b>Other</b>	PW 1/1116, 4/25/16,
<b>Finance</b>	KECK, KATHLEEN	<b>Distribution List</b>	
<b>Legal</b>	DALTON, PAT	eraea@spokanecity.org	
<b>For the Mayor</b>	WHITNEY, TYLER	bblankenagel@spokanecity.org	
<b>Additional Approvals</b>		kmiller@spokanecity.org	
<b>Purchasing</b>		htrautman@spokanecity.org	
		kkeck@spokanecity.org	
		mhughes@spokanecity.org	

## **RESOLUTION 2016-0053**

**WHEREAS**, pursuant to the requirements of RCW 35.77.010, Laws of the State of Washington, the City of Spokane has prepared a revised and extended Six-Year Comprehensive Street Program for the ensuing six years, 2017 through 2022; and

**WHEREAS**, the Spokane City Plan Commission, on May 25, 2016, following a public hearing, found the 2017-2022 Six-Year Comprehensive Street Program to be in full conformance with the City's Comprehensive Plan; and

**WHEREAS**, the City of Spokane utilizes state and federal grants and low-interest loans as appropriate to supplement its financial resources and such anticipated funding is incorporated in the 2017-2022 Six-Year Comprehensive Street Program;

**WHEREAS**, pursuant to the above law, the City Council of the City of Spokane, being the legislative body of the City held a public hearing on the 2017-2022 Six Year Comprehensive Street Program at 6:00 pm., at City Hall in Spokane, Washington on the 20<sup>th</sup> day of June, 2016.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Spokane that the revised and extended 2017-2022 Six Year Comprehensive Street Program is hereby adopted; and,

**BE IT FURTHER RESOLVED**, that a copy of the revised and extended 2017-2022 Six Year Comprehensive Street Program, together with a copy of this resolution, be filed with the Secretary, Washington State Department of Transportation.

**BE IT FURTHER RESOLVED**, that City staff be authorized to apply for state and federal grants and low-interest loans in support of projects as identified in the 2017-2022 Six Year Comprehensive Street Program;

**Adopted this 20<sup>th</sup> day of June, 2016**

---

**Terri Pfister, City Clerk**

**Approved as to Form:**

---

**Assistant City Attorney**

**Agenda Sheet for City Council Meeting of:**

06/20/2016

**Date Rec'd**

6/7/2016

**Clerk's File #**

ORD C35406

**Renews #****Submitting Dept**

PLANNING

**Cross Ref #**

RES 2016-0046

**Contact Name/Phone**

BORIS BORISOV 625-6165

**Project #****Contact E-Mail**

BBORISOV@SPOKANECITY.ORG

**Bid #****Agenda Item Type**

First Reading Ordinance

**Requisition #****Agenda Item Name**

0650 - 2016 E SPRAGUE ASSESSMENT ROLL ORDINANCE

**Agenda Wording**

An Ordinance for the assessment roll hearing for the East Sprague Parking and Business Improvement Area. This ordinance will authorize the City to issue assess ratepayers for the 2nd half of 2016 per Ordinance C35377.

**Summary (Background)**

The City Council passed Ordinance C35377 on April 18, 2016 establishing the East Sprague Parking and Business Improvement Area. Council also passed Resolution 2016-0046, establishing an assessment roll hearing to take place on June 20, 2016. All ratepayers were provided notice of assessments and the hearing date and were given an opportunity to make comments and/or objections.

**Fiscal Impact****Budget Account**

Neutral \$

#

Select \$

#

Select \$

#

Select \$

#

**Approvals****Council Notifications****Dept Head**

KEY, LISA

**Study Session****Division Director**

MALLAHAN, JONATHAN

**Other****Finance**

KECK, KATHLEEN

**Distribution List****Legal**

DALTON, PAT

ENGINEERING ADMIN

**For the Mayor**

WHITNEY, TYLER

JMALLAHAN@SPOKANECITY.ORG

**Additional Approvals**

LKEY@SPOKANECITY.ORG

**Purchasing**

SPEEDY1727@GMAIL.COM

DR@ACMETV.COM / BOB@NWSEED.COM

BBORISOV@SPOKANECITY.ORG

TARA.BROWN1@USBANK.COM



**Continuation of Wording, Summary, Budget, and Distribution**

**Agenda Wording**

**Summary (Background)**

**Fiscal Impact**

Select     **\$**

Select     **\$**

**Budget Account**

**#**

**#**

**Distribution List**

MPICCOLO@SPOKANECITY.ORG

LAVERNE@ACCESSUNIFIED.NET

JERR811@OMNICAST.NET

AWORLOCK@SPOKANECITY.ORG

MOWEN@SPOKANECITY.ORG

LMEULER@SPOKANECITY.ORG

DEANNAH@PRIMESOURCECU.ORG

TSTRIPES@SPOKANECITY.ORG

ORDINANCE NO. C35406

AN ORDINANCE APPROVING AND CONFIRMING THE 2016 ASSESSMENTS AND ASSESSMENT ROLL FOR THE EAST SPRAGUE PARKING AND BUSINESS IMPROVEMENT AREA, PREPARED UNDER ORDINANCE C-35377.

WHEREAS, the Spokane City Council on May 23, 2016 passed Resolution 2016-0046, which provided notice and set a date for hearing on the assessments to be levied under the above identified ordinance; and

WHEREAS, pursuant to Resolution No. 2016-0046, a public hearing was held on June 20, 2016 to take public testimony regarding the assessments and assessment roll for the East Sprague Parking and Business Improvement Area; and

WHEREAS, the assessment roles have been on file in the Office of the City Clerk for public review and inspection; and

WHEREAS, the City Council, through this ordinance, intends to levy assessments in the East Sprague Business Improvement District to provide programs and services, which will specifically benefit the businesses and properties in the District; and

THE CITY OF SPOKANE DOES ORDAIN:

Section 1. The 2016 assessments and the assessment roll of the East Sprague Parking and Business Improvement Area, established under Ordinance C-35377 are hereby approved and confirmed. The assessments and assessment roll are attached hereto, available in the Office of the City Clerk, City Treasurer.

Section 2. Each of the businesses, as described in RCW 35.87A.020, lots, tracts, and parcels of land and other property, including improvements thereon, multi-family residential, mixed-use projects (as described in RCW 35.87A.020(3), hotels, motels, government, and others , shown upon said rolls are hereby declared to be specially benefited by the programs authorized in Ordinance C-35377, as amended, in at least the amount levied against the same. The method of assessment is based upon the Special Assessment Formula in Exhibit A.

Section 3. Pursuant to SMC 4.31C.100, the projects, programs, activities and budget for the 2016 East Sprague Parking and Business Improvement Area as presented to the City Council are hereby approved.

Section 4. The City Clerk is hereby directed to certify and transmit the assessment rolls to the City Treasurer for collection, pursuant to City Ordinance and state law.

Section 5. That the assessments shown in the roll on file in the Office of the City Clerk may be paid annually, with the assessment due and payable within thirty (30) days or the first business day thereafter within the issuance of a bill. Ratepayers shall be sent a bill stating the amount of the assessment due and payable. If the assessment is not paid within thirty (30) days after its due date, a delinquency charge shall be added in the amount of ten percent (10%) of the assessment, not to exceed one hundred dollars (\$100) in addition to the processing fee. All assessments, or part thereof, shall also bear interest at the rate of one percent (1%) for each month, or part thereof, of delinquency. The City Treasurer or his/her designee shall send at least two (2) late notices assessing appropriate interest, penalty and fees. Interest, penalties and other fees will be collected on delinquent payments or any part thereof.

Any ratepayer, aggrieved by the amount of an assessment or delinquency charge, shall request, within sixty (60) days of the assessment or charge, a meeting and/or hearing before the Ratepayer Board, and, if not satisfied with the decision of the Ratepayer Board, appeal within ten (10) days from the date of the decision, the matter de novo, to the City's Hearing Examiner, in the manner provided for in the City's Municipal Code. Failure to request a hearing shall result in a waiver of the right to challenge the assessment.

Section 6. This ordinance shall take effect and be in full force from and after the date of its passage.

PASSED by the City Council on \_\_\_\_\_.

\_\_\_\_\_  
Council President

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

EXHIBIT A – 2016

EAST SPRAGUE  
BUSINESS IMPROVEMENT DISTRICT  
Special Assessment Matrix

Estimated Annual Revenue	% Assessment based on Land Square Footage (LSF)		% Assessment based on Taxable Assessed Value (TAV)	Total Parcels
<b>\$58,592</b>	75%		25%	234
Benefit Area by Zone	Minimums	Maximums	Rate per LSF	Rate per \$1,000 TAV
Center and Corridor (Commercial)	\$200	\$1,000	2.5 cents	60 cents
General Commercial	\$100	\$500	1.3 cents	30 cents
Industrial	\$50	\$250	0.6 cents	15 cents

EXHIBIT B – 2016:

EAST SPRAGUE  
BUSINESS IMPROVEMENT DISTRICT  
Land Assessment Roll – By Assessment

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
<b>CITY OF SPOKANE</b>	<b>12</b>	<b>68,389</b>	<b>\$ 173,020</b>	<b>\$ 2,305.04</b>	<b>\$ 1,152.52</b>	<b>3.9%</b>
1020 E SPRAGUE AVE	1	7,841	\$ 23,420	\$ 105.04	\$ 52.52	0.2%
19 N LEE ST	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2102 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2106 E RIVERSIDE AVE	1	3,920	\$ 9,000	\$ 200.00	\$ 100.00	0.3%
2108 E RIVERSIDE AVE	1	3,920	\$ 9,000	\$ 200.00	\$ 100.00	0.3%
2110 E RIVERSIDE AVE	1	3,920	\$ 9,000	\$ 200.00	\$ 100.00	0.3%
2118 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2124 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2408 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2410 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
2418 E RIVERSIDE AVE	1	6,098	\$ 28,100	\$ 200.00	\$ 100.00	0.3%
2504 E RIVERSIDE AVE	1		\$ 13,500	\$ 200.00	\$ 100.00	0.3%



Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		6,098				
<b>BFS RETAIL &amp; COMMERCIAL OPERATIONS, LLC</b>	<b>3</b>	<b>47,480</b>	<b>\$ 798,350</b>	<b>\$ 1,634.47</b>	<b>\$ 817.24</b>	<b>2.8%</b>
0 ADDRESS UNKNOWN	1	10,019	\$ 48,850	\$ 279.78	\$ 139.89	0.5%
1402 E RIVERSIDE AVE	1	9,148	\$ 210,000	\$ 354.69	\$ 177.35	0.6%
25 N HOGAN ST	1	28,314	\$ 539,500	\$ 1,000.00	\$ 500.00	1.7%
<b>INLAND NORTHWEST INVESTMENTS, LLC</b>	<b>3</b>	<b>43,996</b>	<b>\$ 783,360</b>	<b>\$ 1,595.70</b>	<b>\$ 797.85</b>	<b>2.7%</b>
2008 E RIVERSIDE AVE	1	6,098	\$ 14,140	\$ 200.00	\$ 100.00	0.3%
2018 E RIVERSIDE AVE	1	25,700	\$ 617,920	\$ 1,000.00	\$ 500.00	1.7%
2503 E SPRAGUE AVE	1	12,197	\$ 151,300	\$ 395.70	\$ 197.85	0.7%
<b>RLC GROUP, INC</b>	<b>3</b>	<b>41,818</b>	<b>\$ 604,480</b>	<b>\$ 1,408.67</b>	<b>\$ 704.33</b>	<b>2.4%</b>
11 S ALTAMONT ST	1	6,098	\$ 33,050	\$ 200.00	\$ 100.00	0.3%
2410 E SPRAGUE AVE	1	28,314	\$ 532,200	\$ 1,000.00	\$ 500.00	1.7%
5 S ALTAMONT ST	1	7,405	\$ 39,230	\$ 208.67	\$ 104.33	0.4%
<b>CLS COMMERCIAL, LLC</b>	<b>6</b>	<b>37,462</b>	<b>\$ 492,540</b>	<b>\$ 1,327.81</b>	<b>\$ 663.90</b>	<b>2.3%</b>
0 ADDRESS UNKNOWN	1	6,098	\$ 31,250	\$ 200.00	\$ 100.00	0.3%
1514 E SPRAGUE AVE	1	6,098	\$ 156,450	\$ 246.33	\$ 123.17	0.4%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
1518 E SPRAGUE AVE	1	6,098	\$ 31,250	\$ 200.00	\$ 100.00	0.3%
1521 E 1ST AVE	1	6,098	\$ 15,630	\$ 200.00	\$ 100.00	0.3%
1522 E SPRAGUE AVE	1	6,098	\$ 119,450	\$ 224.13	\$ 112.07	0.4%
1528 E SPRAGUE AVE	1	6,970	\$ 138,510	\$ 257.35	\$ 128.67	0.4%
<b>HALL, HOWARD DANA</b>	<b>3</b>	<b>39,204</b>	<b>\$ 360,700</b>	<b>\$ 1,210.37</b>	<b>\$ 605.19</b>	<b>2.1%</b>
1704 E SPRAGUE AVE	1	17,860	\$ 302,450	\$ 627.96	\$ 313.98	1.1%
1707 E 1ST AVE	1	14,375	\$ 38,400	\$ 382.41	\$ 191.21	0.7%
1711 E 1ST AVE	1	6,970	\$ 19,850	\$ 200.00	\$ 100.00	0.3%
<b>GILLES FAMILY TRUST</b>	<b>5</b>	<b>27,878</b>	<b>\$ 431,000</b>	<b>\$ 1,129.96</b>	<b>\$ 564.98</b>	<b>1.9%</b>
1806 E SPRAGUE AVE	1	3,485	\$ 41,350	\$ 200.00	\$ 100.00	0.3%
1810 E SPRAGUE AVE	1	3,485	\$ 44,250	\$ 200.00	\$ 100.00	0.3%
1812 E SPRAGUE AVE	1	6,970	\$ 65,200	\$ 213.36	\$ 106.68	0.4%
1818 E SPRAGUE AVE	1	6,970	\$ 147,300	\$ 262.62	\$ 131.31	0.4%
1822 E SPRAGUE AVE	1	6,970	\$ 132,900	\$ 253.98	\$ 126.99	0.4%
<b>SPOKANE COMM MENTAL HEALTH</b>	<b>3</b>	<b>30,056</b>	<b>\$ 502,540</b>	<b>\$ 1,094.30</b>	<b>\$ 547.15</b>	<b>1.9%</b>
2100 E SPRAGUE AVE	1		\$ 449,300	\$ 661.62	\$ 330.81	1.1%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		15,682				
2103 E 1ST AVE	1	8,712	\$ 24,800	\$ 232.68	\$ 116.34	0.4%
2114 E SPRAGUE AVE	1	5,663	\$ 28,440	\$ 200.00	\$ 100.00	0.3%
<b>CAST-A, LLC</b>	<b>2</b>	<b>35,719</b>	<b>\$ 334,000</b>	<b>\$ 1,093.38</b>	<b>\$ 546.69</b>	<b>1.9%</b>
2329 E SPRAGUE AVE	1	17,860	\$ 90,000	\$ 500.49	\$ 250.25	0.9%
24 N STONE ST	1	17,860	\$ 244,000	\$ 592.89	\$ 296.45	1.0%
<b>DULLANTY ETAL, VIRGINIA</b>	<b>1</b>	<b>42,689</b>	<b>\$ 743,700</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>1.7%</b>
1602 E SPRAGUE AVE	1	42,689	\$ 743,700	\$ 1,000.00	\$ 500.00	1.7%
<b>OLD NAT BANK</b>	<b>1</b>	<b>28,314</b>	<b>\$ 852,800</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>1.7%</b>
2302 E SPRAGUE AVE	1	28,314	\$ 852,800	\$ 1,000.00	\$ 500.00	1.7%
<b>ROGERS REVOCABLE TRUST</b>	<b>5</b>	<b>24,394</b>	<b>\$ 184,500</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>1.7%</b>
16 N PITTSBURG ST	1	2,178	\$ 25,960	\$ 200.00	\$ 100.00	0.3%
1802 E RIVERSIDE AVE	1	3,920	\$ 73,240	\$ 200.00	\$ 100.00	0.3%
1808 E RIVERSIDE AVE	1	6,098	\$ 13,800	\$ 200.00	\$ 100.00	0.3%
1812 E RIVERSIDE AVE	1	6,098	\$ 57,300	\$ 200.00	\$ 100.00	0.3%
1818 E RIVERSIDE AVE	1	6,098	\$ 14,200	\$ 200.00	\$ 100.00	0.3%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>ROSS PRINTING CO</b>	<b>1</b>	<b>52,708</b>	<b>\$ 1,540,690</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>1.7%</b>
1611 E SPRAGUE AVE	1	52,708	\$ 1,540,690	\$ 1,000.00	\$ 500.00	1.7%
<b>TORMINO'S SASH &amp; GLASS, INC.</b>	<b>3</b>	<b>28,314</b>	<b>\$ 274,900</b>	<b>\$ 902.23</b>	<b>\$ 451.12</b>	<b>1.5%</b>
1722 E SPRAGUE AVE	1	14,375	\$ 238,100	\$ 502.23	\$ 251.12	0.9%
1723 E 1ST AVE	1	6,970	\$ 19,050	\$ 200.00	\$ 100.00	0.3%
1729 E 1ST AVE	1	6,970	\$ 17,750	\$ 200.00	\$ 100.00	0.3%
<b>LASAC INVESTMENTS, LLC</b>	<b>2</b>	<b>18,295</b>	<b>\$ 599,800</b>	<b>\$ 853.40</b>	<b>\$ 426.70</b>	<b>1.5%</b>
1507 E SPRAGUE AVE	1	12,197	\$ 580,800	\$ 653.40	\$ 326.70	1.1%
1508 E RIVERSIDE AVE	1	6,098	\$ 19,000	\$ 200.00	\$ 100.00	0.3%
<b>RIVERSIDE DEVELOPMENT LLC</b>	<b>2</b>	<b>25,265</b>	<b>\$ 267,000</b>	<b>\$ 791.82</b>	<b>\$ 395.91</b>	<b>1.4%</b>
1712 E RIVERSIDE AVE	1	12,632	\$ 136,400	\$ 397.65	\$ 198.83	0.7%
1722 E RIVERSIDE AVE	1	12,632	\$ 130,600	\$ 394.17	\$ 197.09	0.7%
<b>INLAND EMPIRE RESIDENTIAL RESOURCES</b>	<b>1</b>	<b>31,363</b>	<b>\$ 100</b>	<b>\$ 784.14</b>	<b>\$ 392.07</b>	<b>1.3%</b>
0 .UNKNOWN	1	31,363	\$ 100	\$ 784.14	\$ 392.07	1.3%
<b>RLC GROUP, LLC</b>	<b>3</b>	<b>28,314</b>	<b>\$ 86,800</b>	<b>\$ 784.03</b>	<b>\$ 392.02</b>	<b>1.3%</b>
2421 E 1ST AVE	1		\$ 22,850	\$ 200.00	\$ 100.00	0.3%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		6,970				
2429 E 1ST AVE	1	6,970	\$ 22,850	\$ 200.00	\$ 100.00	0.3%
2501 E 1ST AVE	1	14,375	\$ 41,100	\$ 384.03	\$ 192.02	0.7%
<b>SPOKANE MENTAL HEALTH ASSOC</b>	<b>3</b>	<b>27,443</b>	<b>\$ 85,830</b>	<b>\$ 780.67</b>	<b>\$ 390.34</b>	<b>1.3%</b>
2113 E 1ST AVE	1	6,098	\$ 14,830	\$ 200.00	\$ 100.00	0.3%
2123 E 1ST AVE	1	14,375	\$ 35,500	\$ 380.67	\$ 190.34	0.6%
2128 E SPRAGUE AVE	1	6,970	\$ 35,500	\$ 200.00	\$ 100.00	0.3%
<b>SPOKANE, CITY OF</b>	<b>2</b>	<b>21,344</b>	<b>\$ 364,650</b>	<b>\$ 766.07</b>	<b>\$ 383.04</b>	<b>1.3%</b>
1903 E 1ST AVE	1	14,375	\$ 344,500	\$ 566.07	\$ 283.04	1.0%
1913 E 1ST AVE	1	6,970	\$ 20,150	\$ 200.00	\$ 100.00	0.3%
<b>P &amp; J PROPERTIES, L.L.C.</b>	<b>5</b>	<b>27,007</b>	<b>\$ 866,760</b>	<b>\$ 745.16</b>	<b>\$ 372.58</b>	<b>1.3%</b>
1202 E SPRAGUE AVE	1	11,326	\$ 507,400	\$ 293.79	\$ 146.90	0.5%
1214 E SPRAGUE AVE	1	5,227	\$ 286,780	\$ 151.37	\$ 75.69	0.3%
1218 E SPRAGUE AVE	1	2,614	\$ 13,440	\$ 100.00	\$ 50.00	0.2%
1220 E SPRAGUE AVE	1	2,614	\$ 13,440	\$ 100.00	\$ 50.00	0.2%
1226 E SPRAGUE AVE	1	5,227	\$ 45,700	\$ 100.00	\$ 50.00	0.2%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>WANG LIVING TRUST</b>	<b>3</b>	<b>18,295</b>	<b>\$ 363,780</b>	<b>\$ 742.89</b>	<b>\$ 371.44</b>	<b>1.3%</b>
20 N ALTAMONT ST	1	6,098	\$ 15,300	\$ 200.00	\$ 100.00	0.3%
2401 E SPRAGUE AVE	1	6,098	\$ 317,380	\$ 342.89	\$ 171.44	0.6%
2407 E SPRAGUE AVE	1	6,098	\$ 31,100	\$ 200.00	\$ 100.00	0.3%
<b>FROELICH JR, WALTER A &amp; AUTUMN G</b>	<b>2</b>	<b>19,602</b>	<b>\$ 342,100</b>	<b>\$ 695.31</b>	<b>\$ 347.66</b>	<b>1.2%</b>
20 N NAPA ST	1	7,405	\$ 210,700	\$ 311.55	\$ 155.78	0.5%
2003 E SPRAGUE AVE	1	12,197	\$ 131,400	\$ 383.76	\$ 191.88	0.7%
<b>D &amp; R SCHWARTZ HOLDINGS, LLC</b>	<b>2</b>	<b>14,375</b>	<b>\$ 312,930</b>	<b>\$ 689.54</b>	<b>\$ 344.77</b>	<b>1.2%</b>
15 N MAGNOLIA ST	1	2,178	\$ 5,230	\$ 200.00	\$ 100.00	0.3%
1821 E SPRAGUE AVE	1	12,197	\$ 307,700	\$ 489.54	\$ 244.77	0.8%
<b>GREEN TURTLE INVESTMENTS, LLC</b>	<b>3</b>	<b>18,295</b>	<b>\$ 289,900</b>	<b>\$ 689.20</b>	<b>\$ 344.60</b>	<b>1.2%</b>
0 ADDRESS UNKNOWN	1	6,098	\$ 227,900	\$ 289.20	\$ 144.60	0.5%
2213 E SPRAGUE AVE	1	6,098	\$ 32,000	\$ 200.00	\$ 100.00	0.3%
2217 E SPRAGUE AVE	1	6,098	\$ 30,000	\$ 200.00	\$ 100.00	0.3%
<b>RASCHKO, KEITH J &amp; JANICE D</b>	<b>3</b>	<b>12,197</b>	<b>\$ 186,090</b>	<b>\$ 677.98</b>	<b>\$ 338.99</b>	<b>1.2%</b>
1801 E 1ST AVE	1		\$ 7,580	\$ 200.00	\$ 100.00	0.3%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		3,049				
1802 E SPRAGUE AVE	1	6,970	\$ 172,900	\$ 277.98	\$ 138.99	0.5%
19 S PITTSBURG ST	1	2,178	\$ 5,610	\$ 200.00	\$ 100.00	0.3%
<b>CUSTOM 1031, INC</b>	<b>2</b>	<b>21,344</b>	<b>\$ 222,300</b>	<b>\$ 666.99</b>	<b>\$ 333.50</b>	<b>1.1%</b>
2516 E SPRAGUE AVE	2	21,344	\$ 222,300	\$ 666.99	\$ 333.50	1.1%
<b>HOLLEN, JOYCE L</b>	<b>3</b>	<b>18,295</b>	<b>\$ 193,300</b>	<b>\$ 638.26</b>	<b>\$ 319.13</b>	<b>1.1%</b>
1517 E SPRAGUE AVE	1	6,098	\$ 143,000	\$ 238.26	\$ 119.13	0.4%
1520 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
1524 E RIVERSIDE AVE	1	6,098	\$ 36,800	\$ 200.00	\$ 100.00	0.3%
<b>MINOR, W E &amp; N G</b>	<b>1</b>	<b>17,860</b>	<b>\$ 315,400</b>	<b>\$ 635.73</b>	<b>\$ 317.87</b>	<b>1.1%</b>
2125 E SPRAGUE AVE	1	17,860	\$ 315,400	\$ 635.73	\$ 317.87	1.1%
<b>KEYSTONE UNLIMITED</b>	<b>1</b>	<b>14,375</b>	<b>\$ 452,200</b>	<b>\$ 630.69</b>	<b>\$ 315.35</b>	<b>1.1%</b>
2021 E 1ST AVE	1	14,375	\$ 452,200	\$ 630.69	\$ 315.35	1.1%
<b>NAEGELI ENTERPRISES, LLC</b>	<b>1</b>	<b>14,375</b>	<b>\$ 427,300</b>	<b>\$ 615.75</b>	<b>\$ 307.88</b>	<b>1.1%</b>
25 S ALTAMONT ST	1	14,375	\$ 427,300	\$ 615.75	\$ 307.88	1.1%
<b>HANLEY, JAMES L &amp; SUSAN</b>	<b>2</b>	<b>13,068</b>	<b>\$ 472,900</b>	<b>\$ 610.44</b>	<b>\$ 305.22</b>	<b>1.0%</b>

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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1715 E SPRAGUE AVE	1	6,534	\$ 330,000	\$ 361.35	\$ 180.68	0.6%
1727 E SPRAGUE AVE	1	6,534	\$ 142,900	\$ 249.09	\$ 124.55	0.4%
<b>LKB PROPERTIES LLC</b>	<b>2</b>	<b>13,939</b>	<b>\$ 323,250</b>	<b>\$ 557.54</b>	<b>\$ 278.77</b>	<b>1.0%</b>
2202 E SPRAGUE AVE	1	6,970	\$ 305,500	\$ 357.54	\$ 178.77	0.6%
2203 E 1ST AVE	1	6,970	\$ 17,750	\$ 200.00	\$ 100.00	0.3%
<b>HALL, DANA H</b>	<b>1</b>	<b>17,860</b>	<b>\$ 180,200</b>	<b>\$ 554.61</b>	<b>\$ 277.31</b>	<b>0.9%</b>
2101 E SPRAGUE AVE	1	17,860	\$ 180,200	\$ 554.61	\$ 277.31	0.9%
<b>MCNAIRY, JERRY LEWIS</b>	<b>1</b>	<b>12,197</b>	<b>\$ 390,200</b>	<b>\$ 539.04</b>	<b>\$ 269.52</b>	<b>0.9%</b>
2223 E SPRAGUE AVE	1	12,197	\$ 390,200	\$ 539.04	\$ 269.52	0.9%
<b>SAMCA, LLC</b>	<b>2</b>	<b>31,799</b>	<b>\$ 461,800</b>	<b>\$ 536.03</b>	<b>\$ 268.01</b>	<b>0.9%</b>
1107 E 1ST AVE	1	17,424	\$ 82,240	\$ 242.47	\$ 121.24	0.4%
1118 E SPRAGUE AVE	1	14,375	\$ 379,560	\$ 293.55	\$ 146.78	0.5%
<b>CHRISTIAN HERALD FELLOWSHIP</b>	<b>2</b>	<b>13,939</b>	<b>\$ 249,100</b>	<b>\$ 497.94</b>	<b>\$ 248.97</b>	<b>0.8%</b>
1906 E SPRAGUE AVE	1	6,970	\$ 111,400	\$ 241.08	\$ 120.54	0.4%
1910 E SPRAGUE AVE	1	6,970	\$ 137,700	\$ 256.86	\$ 128.43	0.4%
<b>CHIU, VAN QING/PHAN, RUBY</b>	<b>1</b>		<b>\$ 202,000</b>	<b>\$ 480.57</b>	<b>\$ 240.29</b>	<b>0.8%</b>



Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		<b>14,375</b>				
2022 E SPRAGUE AVE	1	14,375	\$ 202,000	\$ 480.57	\$ 240.29	0.8%
<b>RIVERSIDE PARTNERS GROUP LLC</b>	<b>2</b>	<b>12,197</b>	<b>\$ 225,600</b>	<b>\$ 479.72</b>	<b>\$ 239.86</b>	<b>0.8%</b>
2214 E RIVERSIDE AVE	1	6,098	\$ 212,100	\$ 279.72	\$ 139.86	0.5%
2220 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
<b>ASHENBRENER, CHRISTOPHER &amp; CHRISTINE</b>	<b>2</b>	<b>13,939</b>	<b>\$ 169,650</b>	<b>\$ 465.38</b>	<b>\$ 232.69</b>	<b>0.8%</b>
2511 E 1ST AVE	1	6,970	\$ 17,750	\$ 200.00	\$ 100.00	0.3%
2512 E SPRAGUE AVE	1	6,970	\$ 151,900	\$ 265.38	\$ 132.69	0.5%
<b>KINCAID, RONALD R &amp; BRIANA C</b>	<b>2</b>	<b>13,939</b>	<b>\$ 184,800</b>	<b>\$ 463.82</b>	<b>\$ 231.91</b>	<b>0.8%</b>
2502 E SPRAGUE AVE	1	6,970	\$ 149,300	\$ 263.82	\$ 131.91	0.5%
2508 E SPRAGUE AVE	1	6,970	\$ 35,500	\$ 200.00	\$ 100.00	0.3%
<b>OVERHAUSER, DAN &amp; BRENDA K</b>	<b>2</b>	<b>12,197</b>	<b>\$ 210,000</b>	<b>\$ 453.14</b>	<b>\$ 226.57</b>	<b>0.8%</b>
0 ADDRESS UNKNOWN	1	6,098	\$ 42,200	\$ 200.00	\$ 100.00	0.3%
1919 E SPRAGUE AVE	1	6,098	\$ 167,800	\$ 253.14	\$ 126.57	0.4%
<b>TYSON, GERALD R &amp; PORNSUVAN</b>	<b>1</b>	<b>12,197</b>	<b>\$ 227,300</b>	<b>\$ 441.30</b>	<b>\$ 220.65</b>	<b>0.8%</b>
1801 E SPRAGUE AVE	1	12,197	\$ 227,300	\$ 441.30	\$ 220.65	0.8%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>ROBERT &amp; GEORGIA I TOMBARI LLC</b>	<b>2</b>	<b>12,197</b>	<b>\$ 212,200</b>	<b>\$ 432.24</b>	<b>\$ 216.12</b>	<b>0.7%</b>
2224 E RIVERSIDE AVE	1	6,098	\$ 97,400	\$ 210.90	\$ 105.45	0.4%
2226 E RIVERSIDE AVE	1	6,098	\$ 114,800	\$ 221.34	\$ 110.67	0.4%
<b>RANTZOW, CARL O &amp; ROSALIE</b>	<b>2</b>	<b>12,197</b>	<b>\$ 126,000</b>	<b>\$ 419.96</b>	<b>\$ 209.98</b>	<b>0.7%</b>
1910 E RIVERSIDE AVE	1	6,098	\$ 112,500	\$ 219.96	\$ 109.98	0.4%
1912 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
<b>VAN BELLE, LOUIS</b>	<b>2</b>	<b>12,197</b>	<b>\$ 134,400</b>	<b>\$ 415.64</b>	<b>\$ 207.82</b>	<b>0.7%</b>
13 N CRESTLINE ST	1	6,098	\$ 105,300	\$ 215.64	\$ 107.82	0.4%
2027 E SPRAGUE AVE	1	6,098	\$ 29,100	\$ 200.00	\$ 100.00	0.3%
<b>BOYD-WALKER SEWING MACHINE CO</b>	<b>2</b>	<b>6,970</b>	<b>\$ 183,700</b>	<b>\$ 411.32</b>	<b>\$ 205.66</b>	<b>0.7%</b>
14 S NAPA ST	1	2,614	\$ 13,000	\$ 200.00	\$ 100.00	0.3%
1926 E SPRAGUE AVE	1	4,356	\$ 170,700	\$ 211.32	\$ 105.66	0.4%
<b>CCRC, LLC</b>	<b>1</b>	<b>12,197</b>	<b>\$ 174,100</b>	<b>\$ 409.38</b>	<b>\$ 204.69</b>	<b>0.7%</b>
1901 E SPRAGUE AVE	1	12,197	\$ 174,100	\$ 409.38	\$ 204.69	0.7%
<b>MAGERS, EDWIN P &amp; NICOLE L</b>	<b>2</b>	<b>19,166</b>	<b>\$ 227,300</b>	<b>\$ 615.54</b>	<b>\$ 307.77</b>	<b>1.1%</b>
1911 E SPRAGUE AVE	1		\$ 170,300	\$ 407.10	\$ 203.55	0.7%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		12,197				
2016 E SPRAGUE AVE	1	6,970	\$ 57,000	\$ 208.44	\$ 104.22	0.4%
<b>OLD NAT BK WASH</b>	<b>1</b>	<b>14,375</b>	<b>\$ 77,510</b>	<b>\$ 405.88</b>	<b>\$ 202.94</b>	<b>0.7%</b>
2320 E SPRAGUE AVE	1	14,375	\$ 77,510	\$ 405.88	\$ 202.94	0.7%
<b>SPOKANE MENTAL HEALTH ASSO</b>	<b>1</b>	<b>14,375</b>	<b>\$ 71,000</b>	<b>\$ 401.97</b>	<b>\$ 200.99</b>	<b>0.7%</b>
2118 E SPRAGUE AVE	1	14,375	\$ 71,000	\$ 401.97	\$ 200.99	0.7%
<b>ALVAREZ, RAINBOW JADE &amp; SKYE BERGHAN-</b>	<b>2</b>	<b>10,019</b>	<b>\$ 96,780</b>	<b>\$ 400.00</b>	<b>\$ 200.00</b>	<b>0.7%</b>
1501 E 1ST AVE	1	6,098	\$ 22,230	\$ 200.00	\$ 100.00	0.3%
1504 E SPRAGUE AVE	1	3,920	\$ 74,550	\$ 200.00	\$ 100.00	0.3%
<b>ANDERSON, MARK T &amp; STEFFANIE</b>	<b>2</b>	<b>6,098</b>	<b>\$ 174,400</b>	<b>\$ 400.00</b>	<b>\$ 200.00</b>	<b>0.7%</b>
15 N NAPA ST	1	2,614	\$ 7,250	\$ 200.00	\$ 100.00	0.3%
21 N NAPA ST	1	3,485	\$ 167,150	\$ 200.00	\$ 100.00	0.3%
<b>CHIU, VAN</b>	<b>2</b>	<b>12,197</b>	<b>\$ 72,400</b>	<b>\$ 400.00</b>	<b>\$ 200.00</b>	<b>0.7%</b>
2411 E SPRAGUE AVE	1	6,098	\$ 42,400	\$ 200.00	\$ 100.00	0.3%
2417 E SPRAGUE AVE	1	6,098	\$ 30,000	\$ 200.00	\$ 100.00	0.3%
<b>PIERRE, JESSICA</b>	<b>2</b>	<b>10,019</b>	<b>\$ 34,550</b>	<b>\$ 400.00</b>	<b>\$ 200.00</b>	<b>0.7%</b>

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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1611 E 1ST AVE	1	6,970	\$ 27,450	\$ 200.00	\$ 100.00	0.3%
1617 E 1ST AVE	1	3,049	\$ 7,100	\$ 200.00	\$ 100.00	0.3%
<b>SPRAGUE E 2515, LLC</b>	<b>1</b>	<b>12,197</b>	<b>\$ 140,800</b>	<b>\$ 389.40</b>	<b>\$ 194.70</b>	<b>0.7%</b>
2515 E SPRAGUE AVE	1	12,197	\$ 140,800	\$ 389.40	\$ 194.70	0.7%
<b>BURYA, JOHN</b>	<b>1</b>	<b>12,197</b>	<b>\$ 112,400</b>	<b>\$ 372.36</b>	<b>\$ 186.18</b>	<b>0.6%</b>
2204 E RIVERSIDE AVE	1	12,197	\$ 112,400	\$ 372.36	\$ 186.18	0.6%
<b>AUNTY MARY'S SWEET RIDES, LLC</b>	<b>1</b>	<b>12,197</b>	<b>\$ 108,400</b>	<b>\$ 369.96</b>	<b>\$ 184.98</b>	<b>0.6%</b>
1521 E SPRAGUE AVE	1	12,197	\$ 108,400	\$ 369.96	\$ 184.98	0.6%
<b>MCLAUGHLIN, J D</b>	<b>3</b>	<b>71,438</b>	<b>\$ 791,220</b>	<b>\$ 365.22</b>	<b>\$ 182.61</b>	<b>0.6%</b>
120 N HELENA ST	1	5,663	\$ 19,480	\$ 50.00	\$ 25.00	0.1%
122 N HELENA ST	1	57,064	\$ 699,910	\$ 250.00	\$ 125.00	0.4%
129 N MADELIA ST	1	8,712	\$ 71,830	\$ 65.22	\$ 32.61	0.1%
<b>SPOKANE AUTO ELECTRIC/BATTERY</b>	<b>1</b>	<b>9,148</b>	<b>\$ 218,900</b>	<b>\$ 360.03</b>	<b>\$ 180.02</b>	<b>0.6%</b>
1407 E SPRAGUE AVE	1	9,148	\$ 218,900	\$ 360.03	\$ 180.02	0.6%
<b>FROELICH JR, WALTER &amp; AUTUMN G</b>	<b>1</b>	<b>12,197</b>	<b>\$ 55,200</b>	<b>\$ 338.04</b>	<b>\$ 169.02</b>	<b>0.6%</b>

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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2019 E SPRAGUE AVE	1	12,197	\$ 55,200	\$ 338.04	\$ 169.02	0.6%
<b>SPRAGUE 1500 LLC</b>	<b>1</b>	<b>8,712</b>	<b>\$ 190,960</b>	<b>\$ 332.38</b>	<b>\$ 166.19</b>	<b>0.6%</b>
1502 5 E SPRAGUE AVE	1	8,712	\$ 190,960	\$ 332.38	\$ 166.19	0.6%
<b>SPOKANE TOMORROW, LLC</b>	<b>2</b>	<b>17,424</b>	<b>\$ 145,000</b>	<b>\$ 323.86</b>	<b>\$ 161.93</b>	<b>0.6%</b>
1325 E SPRAGUE AVE	1	14,810	\$ 129,100	\$ 223.86	\$ 111.93	0.4%
1327 E SPRAGUE AVE	1	2,614	\$ 15,900	\$ 100.00	\$ 50.00	0.2%
<b>ACME ELECT SER</b>	<b>1</b>	<b>6,534</b>	<b>\$ 251,500</b>	<b>\$ 314.25</b>	<b>\$ 157.13</b>	<b>0.5%</b>
1717 E SPRAGUE AVE	1	6,534	\$ 251,500	\$ 314.25	\$ 157.13	0.5%
<b>RIGG, RICKY A &amp; QIN Z</b>	<b>6</b>	<b>35,284</b>	<b>\$ 272,760</b>	<b>\$ 309.67</b>	<b>\$ 154.84</b>	<b>0.5%</b>
107 N PITTSBURG ST	1	3,049	\$ 48,980	\$ 50.00	\$ 25.00	0.1%
108 N MADELIA ST	1	6,534	\$ 14,380	\$ 50.00	\$ 25.00	0.1%
113 N PITTSBURG ST	1	6,534	\$ 15,680	\$ 50.00	\$ 25.00	0.1%
114 N MADELIA ST	1	6,970	\$ 15,980	\$ 50.00	\$ 25.00	0.1%
115 N PITTSBURG ST	1	6,534	\$ 15,880	\$ 50.00	\$ 25.00	0.1%
1723 E RIVERSIDE AVE	1	5,663	\$ 161,860	\$ 59.67	\$ 29.84	0.1%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>UNION GOSPEL MISSION ASSOC OF SPOKANE</b>	<b>1</b>	<b>16,117</b>	<b>\$ 329,230</b>	<b>\$ 300.23</b>	<b>\$ 150.12</b>	<b>0.5%</b>
1234 E SPRAGUE AVE	1	16,117	\$ 329,230	\$ 300.23	\$ 150.12	0.5%
<b>TEMPLIN-THOMPSON INVESTMENTS LLC</b>	<b>2</b>	<b>51,836</b>	<b>\$ 802,220</b>	<b>\$ 300.00</b>	<b>\$ 150.00</b>	<b>0.5%</b>
115 N MAGNOLIA ST	1	45,302	\$ 787,040	\$ 250.00	\$ 125.00	0.4%
130 N PITTSBURG ST	1	6,534	\$ 15,180	\$ 50.00	\$ 25.00	0.1%
<b>FAKE FROWNS LLC</b>	<b>1</b>	<b>6,098</b>	<b>\$ 228,800</b>	<b>\$ 289.74</b>	<b>\$ 144.87</b>	<b>0.5%</b>
1511 E SPRAGUE AVE	1	6,098	\$ 228,800	\$ 289.74	\$ 144.87	0.5%
<b>MCLENDON, WILLIAM / RICHARD</b>	<b>1</b>	<b>6,098</b>	<b>\$ 195,000</b>	<b>\$ 269.46</b>	<b>\$ 134.73</b>	<b>0.5%</b>
1811 E SPRAGUE AVE	1	6,098	\$ 195,000	\$ 269.46	\$ 134.73	0.5%
<b>BEL AIR MOTEL, LLC</b>	<b>2</b>	<b>12,197</b>	<b>\$ 326,800</b>	<b>\$ 265.90</b>	<b>\$ 132.95</b>	<b>0.5%</b>
1303 E SPRAGUE AVE	1	7,841	\$ 226,300	\$ 165.90	\$ 82.95	0.3%
1311 E SPRAGUE AVE	1	4,356	\$ 100,500	\$ 100.00	\$ 50.00	0.2%
<b>SWANBY, VICTOR S</b>	<b>3</b>	<b>35,284</b>	<b>\$ 246,000</b>	<b>\$ 263.16</b>	<b>\$ 131.58</b>	<b>0.4%</b>
1208 E 1ST AVE	1	6,970	\$ 24,600	\$ 50.00	\$ 25.00	0.1%
1220 E 1ST AVE	1	21,344	\$ 198,400	\$ 163.16	\$ 81.58	0.3%
1302 E 1ST AVE	1		\$ 23,000	\$ 50.00	\$ 25.00	0.1%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		6,970				
<b>N M SULLIVAN, LLC</b>	<b>2</b>	<b>15,246</b>	<b>\$ 231,880</b>	<b>\$ 260.14</b>	<b>\$ 130.07</b>	<b>0.4%</b>
1318 E SPRAGUE AVE	1	10,019	\$ 51,100	\$ 140.57	\$ 70.28	0.2%
1324 E SPRAGUE AVE	1	5,227	\$ 180,780	\$ 119.57	\$ 59.79	0.2%
<b>SMITH, DARRELL W &amp; KATHERINE</b>	<b>1</b>	<b>6,970</b>	<b>\$ 129,700</b>	<b>\$ 252.06</b>	<b>\$ 126.03</b>	<b>0.4%</b>
1916 E SPRAGUE AVE	1	6,970	\$ 129,700	\$ 252.06	\$ 126.03	0.4%
<b>ADM MILLING CO</b>	<b>1</b>	<b>138,956</b>	<b>\$ 1,681,780</b>	<b>\$ 250.00</b>	<b>\$ 125.00</b>	<b>0.4%</b>
1211 E SPRAGUE AVE	1	138,956	\$ 1,681,780	\$ 250.00	\$ 125.00	0.4%
<b>RDO ENTERPRISES LLC</b>	<b>1</b>	<b>34,412</b>	<b>\$ 727,600</b>	<b>\$ 250.00</b>	<b>\$ 125.00</b>	<b>0.4%</b>
1120 E 1ST AVE	1	34,412	\$ 727,600	\$ 250.00	\$ 125.00	0.4%
<b>SPO TRANSFER &amp; STORAGE CO</b>	<b>1</b>	<b>108,900</b>	<b>\$ 635,190</b>	<b>\$ 250.00</b>	<b>\$ 125.00</b>	<b>0.4%</b>
120 N MAGNOLIA ST	1	108,900	\$ 635,190	\$ 250.00	\$ 125.00	0.4%
<b>JOHNSON, MARK &amp; SHARON</b>	<b>1</b>	<b>6,970</b>	<b>\$ 125,350</b>	<b>\$ 249.45</b>	<b>\$ 124.73</b>	<b>0.4%</b>
1927 E 1ST AVE	1	6,970	\$ 125,350	\$ 249.45	\$ 124.73	0.4%
<b>RAY, LOUIS L &amp; PATRICIA DAHMEN</b>	<b>1</b>	<b>6,970</b>	<b>\$ 122,200</b>	<b>\$ 247.56</b>	<b>\$ 123.78</b>	<b>0.4%</b>
2012 E SPRAGUE AVE	1	6,970	\$ 122,200	\$ 247.56	\$ 123.78	0.4%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>NHUT, HAI HO &amp; DIEM, CHAU BUI</b>	<b>1</b>	<b>6,098</b>	<b>\$ 155,400</b>	<b>\$ 245.70</b>	<b>\$ 122.85</b>	<b>0.4%</b>
2201 E SPRAGUE AVE	1	6,098	\$ 155,400	\$ 245.70	\$ 122.85	0.4%
<b>1514, LLC</b>	<b>1</b>	<b>6,098</b>	<b>\$ 153,100</b>	<b>\$ 244.32</b>	<b>\$ 122.16</b>	<b>0.4%</b>
1514 E RIVERSIDE AVE	1	6,098	\$ 153,100	\$ 244.32	\$ 122.16	0.4%
<b>ACME TV HOME &amp; OFFICE</b>	<b>1</b>	<b>6,534</b>	<b>\$ 131,800</b>	<b>\$ 242.43</b>	<b>\$ 121.22</b>	<b>0.4%</b>
1702 E RIVERSIDE AVE	1	6,534	\$ 131,800	\$ 242.43	\$ 121.22	0.4%
<b>BLALOCK, ALAN R &amp; STEPHANIE K</b>	<b>1</b>	<b>6,970</b>	<b>\$ 108,000</b>	<b>\$ 239.04</b>	<b>\$ 119.52</b>	<b>0.4%</b>
2008 E SPRAGUE AVE	1	6,970	\$ 108,000	\$ 239.04	\$ 119.52	0.4%
<b>OVERHAUSER, DAN J &amp; BRENDA K</b>	<b>1</b>	<b>6,970</b>	<b>\$ 107,700</b>	<b>\$ 238.86</b>	<b>\$ 119.43</b>	<b>0.4%</b>
2002 E SPRAGUE AVE	1	6,970	\$ 107,700	\$ 238.86	\$ 119.43	0.4%
<b>PANSIE TRUST, MARGARET F</b>	<b>1</b>	<b>6,098</b>	<b>\$ 132,700</b>	<b>\$ 232.08</b>	<b>\$ 116.04</b>	<b>0.4%</b>
1817 E SPRAGUE AVE	1	6,098	\$ 132,700	\$ 232.08	\$ 116.04	0.4%
<b>JACOBS, CYNTHIA</b>	<b>1</b>	<b>6,098</b>	<b>\$ 124,600</b>	<b>\$ 227.22</b>	<b>\$ 113.61</b>	<b>0.4%</b>
2523 E SPRAGUE AVE	1	6,098	\$ 124,600	\$ 227.22	\$ 113.61	0.4%
<b>CHEN, FANG-RU</b>	<b>1</b>	<b>6,098</b>	<b>\$ 114,800</b>	<b>\$ 221.34</b>	<b>\$ 110.67</b>	<b>0.4%</b>



Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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2429 E SPRAGUE AVE	1	6,098	\$ 114,800	\$ 221.34	\$ 110.67	0.4%
<b>THAYER, PATRICIA A</b>	<b>1</b>	<b>6,098</b>	<b>\$ 109,500</b>	<b>\$ 218.16</b>	<b>\$ 109.08</b>	<b>0.4%</b>
2512 E RIVERSIDE AVE	1	6,098	\$ 109,500	\$ 218.16	\$ 109.08	0.4%
<b>STRATEGY WORKS, LLC</b>	<b>1</b>	<b>6,098</b>	<b>\$ 108,800</b>	<b>\$ 217.74</b>	<b>\$ 108.87</b>	<b>0.4%</b>
2518 E RIVERSIDE AVE	1	6,098	\$ 108,800	\$ 217.74	\$ 108.87	0.4%
<b>SMITH, DARRELL W &amp; KATHERINE I</b>	<b>1</b>	<b>6,970</b>	<b>\$ 51,000</b>	<b>\$ 204.84</b>	<b>\$ 102.42</b>	<b>0.3%</b>
1924 E SPRAGUE AVE	1	6,970	\$ 51,000	\$ 204.84	\$ 102.42	0.3%
<b>WAITING, GREGORY C &amp; CINDY A</b>	<b>1</b>	<b>6,098</b>	<b>\$ 86,100</b>	<b>\$ 204.12</b>	<b>\$ 102.06</b>	<b>0.3%</b>
2423 E SPRAGUE AVE	1	6,098	\$ 86,100	\$ 204.12	\$ 102.06	0.3%
<b>TORMINO SASH INC</b>	<b>3</b>	<b>19,602</b>	<b>\$ 520,840</b>	<b>\$ 200.64</b>	<b>\$ 100.32</b>	<b>0.3%</b>
101 N MADELIA ST	1	6,534	\$ 84,080	\$ 53.45	\$ 26.72	0.1%
102 N HELENA ST	1	6,534	\$ 151,680	\$ 63.59	\$ 31.79	0.1%
105 N MADELIA ST	1	6,534	\$ 285,080	\$ 83.60	\$ 41.80	0.1%
<b>ACME ELECTRONICS SERVICES INC</b>	<b>1</b>	<b>6,534</b>	<b>\$ 18,900</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1706 E RIVERSIDE AVE	1	6,534	\$ 18,900	\$ 200.00	\$ 100.00	0.3%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>ALDARED, JADE</b>	<b>1</b>	<b>6,098</b>	<b>\$ 15,630</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1507 E 1ST AVE	1	6,098	\$ 15,630	\$ 200.00	\$ 100.00	0.3%
<b>BOWMAN, ROBERT J</b>	<b>1</b>	<b>4,356</b>	<b>\$ 11,620</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1411 E 1ST AVE	1	4,356	\$ 11,620	\$ 200.00	\$ 100.00	0.3%
<b>CLAYMAN, PEGGY S</b>	<b>1</b>	<b>3,485</b>	<b>\$ 44,150</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1912 E SPRAGUE AVE	1	3,485	\$ 44,150	\$ 200.00	\$ 100.00	0.3%
<b>COMMUNITY MENTAL HEALTH CENTER</b>	<b>1</b>	<b>6,970</b>	<b>\$ 17,150</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
2107 E 1ST AVE	1	6,970	\$ 17,150	\$ 200.00	\$ 100.00	0.3%
<b>COON, D H &amp; P A</b>	<b>1</b>	<b>3,485</b>	<b>\$ 77,950</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1720 E SPRAGUE AVE	1	3,485	\$ 77,950	\$ 200.00	\$ 100.00	0.3%
<b>CRANDALL, GARY L &amp; PAMELA M</b>	<b>1</b>	<b>6,098</b>	<b>\$ 18,130</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1427 E 1ST AVE	1	6,098	\$ 18,130	\$ 200.00	\$ 100.00	0.3%
<b>CRANDALL, LANE &amp; PAMELA M</b>	<b>1</b>	<b>6,098</b>	<b>\$ 15,630</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1423 E 1ST AVE	1	6,098	\$ 15,630	\$ 200.00	\$ 100.00	0.3%
<b>DECKER, WILLIAM E</b>	<b>1</b>	<b>6,970</b>	<b>\$ 17,750</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
2007 E 1ST AVE	1		\$ 17,750	\$ 200.00	\$ 100.00	0.3%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		6,970				
<b>HANLEY, JAMES L &amp; SUSAN M</b>	<b>1</b>	<b>6,534</b>	<b>\$ 28,800</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1709 E SPRAGUE AVE	1	6,534	\$ 28,800	\$ 200.00	\$ 100.00	0.3%
<b>JDSC HOLDINGS LLC</b>	<b>1</b>	<b>3,485</b>	<b>\$ 167,050</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1718 E SPRAGUE AVE	1	3,485	\$ 167,050	\$ 200.00	\$ 100.00	0.3%
<b>MASSIE, MELISSA</b>	<b>1</b>	<b>6,970</b>	<b>\$ 17,750</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
2301 E 1ST AVE	1	6,970	\$ 17,750	\$ 200.00	\$ 100.00	0.3%
<b>PROPERTY, THOMAS</b>	<b>1</b>	<b>6,098</b>	<b>\$ 13,500</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1504 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
<b>RANTZOW JR, CARL O &amp; ROSELIE S</b>	<b>1</b>	<b>6,098</b>	<b>\$ 13,500</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1924 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
<b>RANTZOW, CARL &amp; ROSELIE</b>	<b>1</b>	<b>6,098</b>	<b>\$ 46,800</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1918 E RIVERSIDE AVE	1	6,098	\$ 46,800	\$ 200.00	\$ 100.00	0.3%
<b>ROSS PRINTING</b>	<b>1</b>	<b>6,970</b>	<b>\$ 19,650</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1603 E 1ST AVE	1	6,970	\$ 19,650	\$ 200.00	\$ 100.00	0.3%
<b>SCHULER, GORDAN</b>	<b>1</b>	<b>6,098</b>	<b>\$ 38,900</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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2529 E SPRAGUE AVE	1	6,098	\$ 38,900	\$ 200.00	\$ 100.00	0.3%
<b>TORMINO SASH CO</b>	<b>1</b>	<b>6,098</b>	<b>\$ 40,500</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
0 ADDRESS UNKNOWN	1	6,098	\$ 40,500	\$ 200.00	\$ 100.00	0.3%
<b>TORMINO, JOHN JK</b>	<b>1</b>	<b>6,098</b>	<b>\$ 13,500</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1528 E RIVERSIDE AVE	1	6,098	\$ 13,500	\$ 200.00	\$ 100.00	0.3%
<b>WILDE, CHRIS</b>	<b>1</b>	<b>3,485</b>	<b>\$ 108,650</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1716 E SPRAGUE AVE	1	3,485	\$ 108,650	\$ 200.00	\$ 100.00	0.3%
<b>WILLARD, CAROL E</b>	<b>1</b>	<b>6,534</b>	<b>\$ 44,400</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1701 E SPRAGUE AVE	1	6,534	\$ 44,400	\$ 200.00	\$ 100.00	0.3%
<b>STANDAL INVESTMENTS, LLC</b>	<b>1</b>	<b>19,166</b>	<b>\$ 402,920</b>	<b>\$ 180.23</b>	<b>\$ 90.11</b>	<b>0.3%</b>
126 N PITTSBURG ST	1	19,166	\$ 402,920	\$ 180.23	\$ 90.11	0.3%
<b>QUIGLEY INVESTMENT CO/QUIGLEY, JOHN P</b>	<b>2</b>	<b>19,602</b>	<b>\$ 282,530</b>	<b>\$ 164.89</b>	<b>\$ 82.45</b>	<b>0.3%</b>
125 N CRESTLINE ST	1	6,534	\$ 234,780	\$ 76.05	\$ 38.03	0.1%
129 N CRESTLINE ST	1	13,068	\$ 47,750	\$ 88.84	\$ 44.42	0.2%
<b>MCLAUGHLIN, GAIL</b>	<b>3</b>	<b>18,731</b>	<b>\$ 141,040</b>	<b>\$ 157.92</b>	<b>\$ 78.96</b>	<b>0.3%</b>
118 N MADELIA ST	1		\$ 12,780	\$ 50.00	\$ 25.00	0.1%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		5,663				
122 N MADELIA ST	1	6,534	\$ 113,880	\$ 57.92	\$ 28.96	0.1%
126 N MADELIA ST	1	6,534	\$ 14,380	\$ 50.00	\$ 25.00	0.1%
<b>HACKNEY,D &amp; S/MORSE,D/SOLIDAY</b>	<b>2</b>	<b>13,068</b>	<b>\$ 460,860</b>	<b>\$ 150.80</b>	<b>\$ 75.40</b>	<b>0.3%</b>
130 N MADELIA ST	1	6,534	\$ 229,280	\$ 75.23	\$ 37.61	0.1%
134 N MADELIA ST	1	6,534	\$ 231,580	\$ 75.57	\$ 37.79	0.1%
<b>MCCALL, JAMES C &amp; MARILYN B</b>	<b>1</b>	<b>13,068</b>	<b>\$ 350,950</b>	<b>\$ 134.32</b>	<b>\$ 67.16</b>	<b>0.2%</b>
129 N PITTSBURG ST	1	13,068	\$ 350,950	\$ 134.32	\$ 67.16	0.2%
<b>GARBER, DEL R</b>	<b>1</b>	<b>12,632</b>	<b>\$ 248,550</b>	<b>\$ 116.24</b>	<b>\$ 58.12</b>	<b>0.2%</b>
116 N NAPA ST	1	12,632	\$ 248,550	\$ 116.24	\$ 58.12	0.2%
<b>BREESNEE JR, JAMES M &amp; KARLA L</b>	<b>2</b>	<b>13,068</b>	<b>\$ 184,940</b>	<b>\$ 115.82</b>	<b>\$ 57.91</b>	<b>0.2%</b>
130 N NAPA ST	1	6,534	\$ 166,580	\$ 65.82	\$ 32.91	0.1%
134 N NAPA ST	1	6,534	\$ 18,360	\$ 50.00	\$ 25.00	0.1%
<b>CYCLONE SALES &amp; SERVICE LTD</b>	<b>1</b>	<b>12,632</b>	<b>\$ 147,860</b>	<b>\$ 101.13</b>	<b>\$ 50.57</b>	<b>0.2%</b>
2025 E RIVERSIDE AVE	1	12,632	\$ 147,860	\$ 101.13	\$ 50.57	0.2%
<b>BECK, MARK J</b>	<b>2</b>	<b>13,068</b>	<b>\$ 65,360</b>	<b>\$ 100.00</b>	<b>\$ 50.00</b>	<b>0.2%</b>

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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102 N NAPA ST	1	6,534	\$ 15,980	\$ 50.00	\$ 25.00	0.1%
108 N NAPA ST	1	6,534	\$ 49,380	\$ 50.00	\$ 25.00	0.1%
<b>FABEL, RICHARD</b>	<b>1</b>	<b>5,227</b>	<b>\$ 57,880</b>	<b>\$ 100.00</b>	<b>\$ 50.00</b>	<b>0.2%</b>
1306 E SPRAGUE AVE	1	5,227	\$ 57,880	\$ 100.00	\$ 50.00	0.2%
<b>RHOADS, GARY</b>	<b>1</b>	<b>6,970</b>	<b>\$ 154,900</b>	<b>\$ 66.80</b>	<b>\$ 33.40</b>	<b>0.1%</b>
1202 E 1ST AVE	1	6,970	\$ 154,900	\$ 66.80	\$ 33.40	0.1%
<b>MEDELIA PROPERTIES, LLC</b>	<b>1</b>	<b>6,534</b>	<b>\$ 122,780</b>	<b>\$ 59.25</b>	<b>\$ 29.63</b>	<b>0.1%</b>
102 N MADELIA ST	1	6,534	\$ 122,780	\$ 59.25	\$ 29.63	0.1%
<b>TORMINOS PROPERTIES, LLC</b>	<b>1</b>	<b>6,534</b>	<b>\$ 113,980</b>	<b>\$ 57.93</b>	<b>\$ 28.97</b>	<b>0.1%</b>
114 N PITTSBURG ST	1	6,534	\$ 113,980	\$ 57.93	\$ 28.97	0.1%
<b>HARGREAVES, DAVID T</b>	<b>1</b>	<b>6,534</b>	<b>\$ 94,080</b>	<b>\$ 54.95</b>	<b>\$ 27.47</b>	<b>0.1%</b>
111 N CRESTLINE ST	1	6,534	\$ 94,080	\$ 54.95	\$ 27.47	0.1%
<b>LEMM, JAMES M</b>	<b>1</b>	<b>6,534</b>	<b>\$ 63,880</b>	<b>\$ 50.42</b>	<b>\$ 25.21</b>	<b>0.1%</b>
119 N CRESTLINE ST	1	6,534	\$ 63,880	\$ 50.42	\$ 25.21	0.1%
<b>FURY, ROBERT O</b>	<b>1</b>	<b>6,534</b>	<b>\$ 59,280</b>	<b>\$ 50.00</b>	<b>\$ 25.00</b>	<b>0.1%</b>
115 N CRESTLINE ST	1		\$ 59,280	\$ 50.00	\$ 25.00	0.1%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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		6,534				
<b>J.G. FOX, INC.</b>	<b>1</b>	<b>6,970</b>	<b>\$ 21,300</b>	<b>\$ 50.00</b>	<b>\$ 25.00</b>	<b>0.1%</b>
1310 E 1ST AVE	1	6,970	\$ 21,300	\$ 50.00	\$ 25.00	0.1%
<b>MCLAUGHLIN, GARY L</b>	<b>1</b>	<b>6,534</b>	<b>\$ 14,380</b>	<b>\$ 50.00</b>	<b>\$ 25.00</b>	<b>0.1%</b>
121 N PITTSBURG ST	1	6,534	\$ 14,380	\$ 50.00	\$ 25.00	0.1%
<b>MCLAUGHLIN, J D/J E/G L/M L</b>	<b>1</b>	<b>6,534</b>	<b>\$ 15,780</b>	<b>\$ 50.00</b>	<b>\$ 25.00</b>	<b>0.1%</b>
125 N PITTSBURG ST	1	6,534	\$ 15,780	\$ 50.00	\$ 25.00	0.1%
<b>QUIGLEY INVEST</b>	<b>1</b>	<b>6,534</b>	<b>\$ 14,380</b>	<b>\$ 50.00</b>	<b>\$ 25.00</b>	<b>0.1%</b>
108 N PITTSBURG ST	1	6,534	\$ 14,380	\$ 50.00	\$ 25.00	0.1%
<b>CK VENTURES, LLC</b>	<b>2</b>	<b>13,068</b>	<b>\$ 147,760</b>	<b>\$ 110.60</b>	<b>\$ 55.30</b>	<b>0.2%</b>
122 N NAPA ST	1	6,534	\$ 131,780	\$ 60.60	\$ 30.30	0.1%
126 N NAPA ST	1	6,534	\$ 15,980	\$ 50.00	\$ 25.00	0.1%
<b>OVERHAUSER, DAN &amp; BRENDA</b>	<b>1</b>	<b>3,485</b>	<b>\$ 52,650</b>	<b>\$ 200.00</b>	<b>\$ 100.00</b>	<b>0.3%</b>
1914 E SPRAGUE AVE	1	3,485	\$ 52,650	\$ 200.00	\$ 100.00	0.3%
<b>NORTHWEST CLOSERS, LLC</b>	<b>1</b>	<b>6,970</b>	<b>\$ 176,200</b>	<b>\$ 279.96</b>	<b>\$ 139.98</b>	<b>0.5%</b>
1826 E SPRAGUE AVE	1	6,970	\$ 176,200	\$ 279.96	\$ 139.98	0.5%

Owner Name	# of Parcels	LSF	TAV	Annual Assessment	2nd Half 2016 Assessment	% of Assessment
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<b>ZALES DISCOUNT, LLC</b>	<b>1</b>	<b>71,003</b>	<b>\$ 447,800</b>	<b>\$ 1,000.00</b>	<b>\$ 500.00</b>	<b>1.7%</b>
2230 E SPRAGUE AVE	1	71,003	\$ 447,800	\$ 1,000.00	\$ 500.00	1.7%
<b>Grand Total</b>	<b>234</b>	<b>2,380,989</b>	<b>\$ 32,939,140</b>	<b>\$ 58,591.64</b>	<b>\$ 29,295.82</b>	<b>100.0%</b>