



LAKEWOOD CITY COUNCIL STUDY SESSION AGENDA

Monday, November 22, 2021

7:00 P.M.

City of Lakewood

Due to COVID-19, Lakewood City Council meetings will be conducted remotely and NOT IN PERSON at this time.

Residents can virtually attend City Council meetings by watching them live on the city's YouTube channel:

<https://www.youtube.com/user/cityoflakewoodwa>

Those who do not have access to YouTube can call in to listen by telephone via Zoom: Dial +1(253) 215- 8782 and enter meeting ID: 868 7263 2373

Page No.

CALL TO ORDER

ITEMS FOR DISCUSSION:

- (3) 1. Joint Youth Council meeting. – (Workplan)
- (5) 2. Review of Transportation Benefit District Limited Tax General Obligation Bond (LTGO). – (Memorandum)
- (28) 3. Review of Transportation Benefit District Ordinance. – (Memorandum)
- (33) 4. Review of American Rescue Plan Act (ARPA) program. – (Memorandum)
- (69) 5. Review of purchase sale agreement to acquire the Tactical Tailor property located at 2916 107th Street SW, Lakewood located in the JBLM North Clear Zone. – (Memorandum)

ITEMS TENTATIVELY SCHEDULED FOR THE DECEMBER 6, 2021 REGULAR CITY COUNCIL MEETING:

- 1. Swearing-In Ceremony.
- 2. Lakewood City Council Virtual Tree Lighting and Holiday Message.
- 3. Warriors of Change Program. – *Kerri Pedrick, Communities in Schools of Lakewood*
- 4. Youth Council Report.
- 5. Clover Park School District Report.

Persons requesting special accommodations or language interpreters should contact the City Clerk, 253-983-7705, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

<http://www.cityoflakewood.us>

6. Authorizing the execution of an agreement for the 2021 Street Light project. – (Motion – Consent Agenda)
7. Authorizing the execution of an interlocal agreement between the Cities of Tacoma, University Place and Lakewood for the design of Orchard Street - Lakewood Drive from South 56th Street to South 74th Street project. – (Motion – Consent Agenda)
8. Authorizing the execution of an interlocal agreement with the City of Puyallup for jail services. – (Motion – Consent Agenda)
9. Accepting a donation, in the amount of \$17,500, from Virginia Mason Franciscan Health for sponsorship of city events. – (Motion – Consent Agenda)
10. Authorizing the execution of a purchase sale agreement in the amount of \$7.36 million to acquire the Tactical Tailor property located at 2916 107th Street SW, Lakewood, WA located in the JBLM North Clear Zone. – (Motion – Consent Agenda)
11. Reappointing Adriana Serrienne to serve on the Lakewood Arts Commission through October 16, 2024. – (Motion – Consent Agenda)
12. This is the date set for a public hearing relating to the approval of projects to be funded with revenue generated by the City of Lakewood's Transportation Benefit District. – (Public Hearings and Appeals – Regular Agenda)
13. This is the date set for a public hearing on the proposed American Recuse Plan Act (ARPA) program expenditures. – (Public Hearings and Appeals – Regular Agenda)
14. Review of interlocal agreement for Comprehensive Solid and Hazardous Waste Management Planning within Pierce County. – (Reports by the City Manager)
15. Review of Tree Preservation Ad-Hoc Committee. – (Reports by the City Manager)

REPORTS BY THE CITY MANAGER

CITY COUNCIL COMMENTS

ADJOURNMENT

Persons requesting special accommodations or language interpreters should contact the City Clerk, 253-983-7705, as soon as possible in advance of the Council meeting so that an attempt to provide the special accommodations can be made.

Lakewood Youth Council 2020 – 2021 WORK ACCOMPLISHED

Members:

Abigail White	Denisha Shipps	Micah Kim
Adrianna Bahn	Estaban Panagelinan	Phoenix Schumacher
Anderson Han	Gloria Arauja Ruiz	Sarah James
Angel Lee	Hank Jones	Sarah Wilton
Angela Jimenez	Josaphine Kaiser	Stephanie Sandoval Salazar
Arianie Esperon	Kathleen Julca	Triccie Elizaga
Brandon Elliott	Kayala Purdie	Yajaira Gonzalez
Carly Sherman	Kera Buckmaster	

Council Liaison:

Councilmember Paul Bocchi

City Staff Support:

Cameron Fairfield, Recreation Coordinator

Meeting Schedule:

First Monday of Each Month at 4:00pm / Present to Council at 7:00pm
2nd meeting of the month as needed

Overview: The role of the Youth Council is to convey to the Lakewood City Council issues having city-wide impact to youth. Members are responsible for a monthly report to City Council and may participate on a variety of city committees, study groups and task forces.


Year-End Summary: The Youth Council had hoped to bring back the Youth Summit for 2021. When it became clear that would not be feasible, the members focused on helping other advisory boards understand the experiences and perspectives of youth as everyone adapted efforts to meet the needs of youth during the pandemic. The Youth Council also began a process of better understanding the issue of youth mental health in collaboration with Lakewood's Promise to come up with ideas and recommendations to pass along to the next iteration of the Youth Council.

2020 / 2021 Work Plan:

2020	
Date	Topic(s)
9/14/20 (2 nd Monday)	First Meeting / Introductions / Purpose of the Board / Meeting Expectations Chose Advisory Board Youth Council Representatives
10/5/20	Board Member Reports School Reports First Report to Council Make-A-Difference Day Planning
10/16/20 Friday	MLK Virtual Event Recording
10/26/20 Monday	MLK Virtual Event Recording
11/2/20	Sally Martinez Art Project Presentation Board Member Reports School Reports Report to Council
11/23/20	Joint Meeting with Lakewood Council 7:00pm
12/7/20	Board Member Reports School Reports Report to Council
12/12/20	Christmas Tree Lighting and Holiday Parade Handout Holiday Goodie Bags

2021	
Date	Topic(s)
1/11/21 (2 nd Monday)	Special Event Summary Discuss the Feasibility of the 2021 Youth Summit Board Member Reports School Reports Report to Council
2/1/21	Park Board Presentation – Parks Capital Projects – Mary Dodsworth Ron Banner, Clover Park School District Superintendent Presentation Board Member Reports School Reports Report to Council
3/1/21	Lakewood’s Promise Board – Mental Health Discussion AWC Scholarship Applications Due Board Member Reports School Reports Report to Council
4/4/21	Senior and Youth Conversations, Elizabeth Scheid Senior Activity Center Board Member Reports School Reports Report to Council
5/3/21	Youth Citizen’s Academy – Lakewood PD, Mike Zaro Board Member Reports School Reports Report to Council
6/7/21	End of the year wrap up/celebration Joint Meeting with City Council – End Of The Year Discussion Board Member Reports School Reports Final Report to Council



To: Mayor and City Councilmembers
From: Tho Kraus, Deputy City Manager
Through: John J. Caulfield, City Manager 
Date: November 22, 2021
Subject: Transportation Benefit District Limited Tax General Obligation Bond (LTGO)

Background

The proposed Transportation Benefit District bond funded capital projects was presented to the City Council on August 8, 2021. The intent of the discussion was to establish a City Council approved priority list of projects for the City to pursue over the next 5-10 years. The City Council agreed on the top 17 transportation projects and requested a follow-up discussion on the financing strategy. The proposed financing strategy was presented to the City Council on October 25, 2021. The recommendation was to use the Transportation Benefit District \$20 vehicle license fee to leverage the issuance of bonds in support of transportation projects totaling \$11,600,000. The bonds would be repaid over a period of 20 years. Estimated annual debt service is \$835,000.

Per the City's Bond Counsel: If a tax is authorized to be levied at the time and is specifically pledged to the repayment of debt, if an initiative or legislation subsequently repeals the tax the City can still continue to levy the tax while the debt is outstanding. The City may have to get a court to authorize it, but under Washington law the court should be willing to authorize the continued levying of the tax.

The following table lists seven (7) transportation projects in priority order, totaling \$18,325,000 that are recommended as the next round of projects to be financed primarily using the vehicle license fee. Exhibit A provides detailed information on the proposed TBD Bond projects.

Sources & Uses						
Proposed TBD Funded Projects						
City Funded Projects (in priority order)	2022	2023	2024	2025	2026	Total
TBD \$20 Vehicle License Fee (year-end estimate rounded to nearest \$1,000)	\$ 1,718,000	\$ -	\$ -	\$ -	\$ -	\$ 1,718,000
Real Estate Excise Tax (year-end estimate rounded to nearest \$1,000)	2,690,000	-	-	-	-	2,690,000
Real Estate Excise Tax (Increase revenue estimates to \$2,000,000 per year)	-	242,000	242,000	-	-	484,000
Surface Water Management (estimated 10% of project cost)	71,000	640,000	155,000	611,000	356,000	1,833,000
General Obligation Bonds	-	2,000,000	9,600,000	-	-	11,600,000
Total Sources	4,479,000	2,882,000	9,997,000	611,000	356,000	18,325,000
302.0076						
Nyanza Rd SW	-	-	450,000	4,000,000	-	4,450,000
Design	-	-	450,000	-	-	450,000
Construction	-	-	-	4,000,000	-	4,000,000
302.0075						
Mt Tacoma Dr SW (Interlaaken to Whitman Ave SW)	-	-	-	395,000	3,555,000	3,950,000
Design	-	-	-	395,000	-	395,000
Construction	-	-	-	-	3,555,000	3,555,000
302.0142/0153/0162						
Ardmore/Whitman/93rd St	348,000	3,027,000	-	-	-	3,375,000
Design	348,000	-	-	-	-	348,000
Construction	-	3,027,000	-	-	-	3,027,000
302.0083						
Hipkins Rd SW from Steilacoom Blvd to 104th St SW	364,000	3,276,000	-	-	-	3,640,000
Design	364,000	-	-	-	-	364,000
Construction	-	3,276,000	-	-	-	3,276,000
302.0159						
Idlewild Rd SW: Idlewild School to 112th St SW	-	52,000	468,000	-	-	520,000
Design	-	52,000	-	-	-	52,000
Construction	-	-	468,000	-	-	468,000
302.0160						
112th St SW: Idlewild Rd SW to Interlaaken Dr SW	-	49,000	441,000	-	-	490,000
Design	-	49,000	-	-	-	49,000
Construction	-	-	441,000	-	-	441,000
302.0158						
Interlaaken from 112th St to WA Blvd	-	-	190,000	1,710,000	-	1,900,000
Design	-	-	190,000	-	-	190,000
Construction	-	-	-	1,710,000	-	1,710,000
Total Uses	\$ 712,000	\$ 6,404,000	\$ 1,549,000	\$ 6,105,000	\$ 3,555,000	\$ 18,325,000

Proposed Bond Ordinance

The proposed Bond Ordinance provides for the issuance, sale and delivery of limited tax general obligation bonds to provide funds to finance transportation projects and the costs of issuance of the bonds. The proposed Bond Ordinance also sets parameters with respect to certain terms and covenants of the bonds, appoints the City's designated representative to approve the final terms of the sale of bonds and provides for other related matters.

Key points of the proposed Bond Ordinance are:

- The maximum amount of indebtedness authorized by this ordinance is \$12,200,000 to provide funds necessary to carry out the projects and to pay for the cost of issuance and sale of bonds. The bonds may be issued in one or more series and the aggregate principal amount of the bonds shall not exceed \$12,200,000. One or more interest rates may be fixed for the bonds as long as no rate of interest for any maturity of the bonds exceeds 6.00% while the true interest cost to the City for each series of bonds does

not exceed 5.00%. The bonds shall be issued and delivered no later than December 31, 2024 and each series shall mature no later than December 31, 2044.

- The Bond may be sold by competitive sale, negotiated sale or private placement, based on market conditions. The current plan anticipates a competitive sale, but changed market conditions may lead to a different recommendation closer to the time of the bond sale.
- The Bond Ordinance delegates authority to the Deputy City Manager or City Manager in her absence to determine the manner of bond sale, complete tasks required for the bond sale and make related determinations, subject to parameters contained in the Bond Ordinance.

Next Steps

- Adopt Bond Ordinance - December 6, 2021 Regular Meeting
- Incorporate the TBD funded projects into the 2022 Budget. This can be done as part of the 2022 Carry Forward Budget Adjustment in April/May 2022 or earlier.

Attachments

- Proposed TBD (Transportation Benefit District) Bond Funded Projects
- Proposed Bond Ordinance

EXHIBIT A – PROPOSED TBD (TRANSPORTATION BENEFIT DISTRICT) BOND FUNDED PROJECTS

302.0076 Nyanza Road SW: Gravelly Lake Drive to Gravelly Lake Drive

Total Project Cost \$4,450,000

This project will finish the Gravelly Lake loop with approximately 5,400 lineal feet (lf) of new road surface, curb, gutter, sidewalks, shared use path, illumination, stormwater, and associated signal improvements for the north end of Nyanza. The improvements may include elimination of the signal and construction of a roundabout at Nyanza and Gravelly Lake Drive. This project finishes the sidewalk and shared use paths around Gravelly Lake and closes the loop from I-5 to the Lakewood Towne Center. The existing roadway is in fair condition but is a constant maintenance challenge with potholes and surface cracking with increasing costs annually. One traffic signal will be evaluated for replacement with either a mast arm signal system or a complete reconstruction into a roundabout with signal elimination.

302.0075 Mt Tacoma Drive SW (Interlaaken to Whitman Ave SW)

Total Project Cost \$3,950,000

This project provides for curb, gutter, sidewalks (one side), street lighting, and associated storm drainage and pavement reconstruction.

302.0142/0153/0162 Ardmore/Whitman/93rd St

Total Project Cost \$3,375,000

This project will complete Ardmore/Whitman/93rd Streets with curb, gutter, and sidewalks and a new driving surface where appropriate. This will connect the Steilacoom Boulevard corridor to the new Colonial Plaza and Towne Center shopping complex. This will improve pedestrian and non-motorized access through the corridor and improve the ride quality. The reconstruction of this roadway will be accomplished by bringing the infrastructure up to current standards by completing the street lighting system along the corridor, curb, gutter and sidewalks, pavement milling of the existing roadway and an overlay to improve mobility and ride quality and remove the alligator cracking and asphalt spalling that is apparent throughout the project limits. Existing traffic signals will be upgraded with cameras for vehicle detection, and improved storm drain facilities will be installed.

302.0083 Hipkins Road SW from Steilacoom Blvd to 104th St SW

Total Project Cost \$3,640,000

This project will complete Hipkins Road SW with curb, gutter, and sidewalks. This will complete the roadway improvements between Steilacoom Blvd SW and 104th St SW initiated over 20 years ago as a means to slow traffic on Hipkins Road SW. This will improve pedestrian and non-motorized access through the corridor by connecting to existing and recently built sidewalks.

302.0159 Idlewild Road SW: Idlewild School to 112th St SW

Total Project Cost \$520,000

This project will complete the sidewalk on the west side of Idlewild Road SW from the school south to 112th St SW. Curb/gutter/sidewalk, overlay, drainage, streetlights. This is recommended as a part of supporting the connection across the City from Steilacoom Boulevard to Washington Boulevard using Hipkins/Idlewild/112th/Interlaaken. This will also include intersection improvements on two legs of the Idlewild/112th Street intersection.

302.0160 112th St SW: Idlewild Road SW to Interlaaken Drive SW

Total Project Cost \$490,000

This project will construct sidewalks along 112th Street SW between Idlewild and Interlaaken. Curb/gutter/sidewalk, overlay (full), street lights, raised crosswalk at Idlewild/112th, and drainage. This is recommended as a part of supporting the connection across the City from Steilacoom Blvd to Washington Blvd using Hipkins/Idlewild/112th/Interlaaken.

302.0158 Interlaaken from 112th St to Washington Boulevard

Total Project Cost \$1,900,000

This project will construct sidewalks on Interlaaken from 112th Street SW to the new roundabout at Washington Boulevard. Curb/gutter/sidewalk, drainage, overlay, street lights. Coupled with the Hipkins/Idlewild/112th street improvements, this project will complete the mid-city north-south non-motorized corridor. This is recommended as a part of supporting the connection across the City from Steilacoom Blvd to Washington Blvd using Hipkins/Idlewild/112th/Interlaaken.

CITY OF LAKEWOOD, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Lakewood, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$12,200,000 aggregate principal amount of limited tax general obligation bonds to provide funds to finance a portion of the City's capital improvement program projects and the costs of issuance of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

Passed December 6, 2021

This document prepared by:

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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

CITY OF LAKEWOOD, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Lakewood, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$12,200,000 aggregate principal amount of limited tax general obligation bonds to provide funds to finance a portion of the City's capital improvement program projects and the costs of issuance of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series for those Series of Bonds sold through a negotiated or competitive sale, and in any denomination designated by the Designated Representative for those Bonds sold by private placement.

(b) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(c) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(d) “*Bond Counsel*” means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(e) “*Bond Account*” means the account or subaccount known as the Limited Tax General Obligation Bond Account, 2023, of the City created for the payment of the principal of and interest on the Bonds.

(f) “*Bond Purchase Contract*” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser's bid and the award by the City shall constitute the Bond Purchase Contract for purposes of this ordinance.

(g) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(h) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City for any Series of Bonds sold by negotiated or competitive sale, and means the City’s Finance Director or any successor bond registrar selected for any Series of Bonds sold by private placement.

(i) “*City*” means the City of Lakewood, Washington, a municipal corporation duly organized and existing under the laws of the State.

(j) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(k) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(l) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(m) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(n) “*Final Terms*” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants.

(o) “*Finance Director*” means the Deputy City Manager or such other officer of the City that acts as the chief financial officer and who succeeds to substantially all of the responsibilities of that office.

(p) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(q) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(r) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(s) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated December 11, 2006, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(t) “*MSRB*” means the Municipal Securities Rulemaking Board.

(u) “*Official Statement*” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and

potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(v) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(w) “*Project*” means financing a portion of the City’s capital improvement program projects, which may include improvements to: Nyanza Road SW: Gravelly Lake Drive to Gravelly Lake Drive; Mt. Tacoma Drive SW: Interlaaken to Whitman Ave SW; Ardmore/Whitman/93rd St; Hipkins Road SW from Steilacoom Boulevard to 104th St SW; Idlewild Road SW: Idlewild School to 112th SW; 112th St SW: Idlewild Road SW to Interlaaken Drive SW; Interlaaken from 112th to Washington Boulevard; and other capital purposes, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

(x) “*Project Fund*” means the fund or account of the City for the purpose of carrying out the Project.

(y) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(z) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(aa) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(bb) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(cc) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(dd) “*SEC*” means the United States Securities and Exchange Commission.

(ee) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(ff) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

(gg) “*State*” means the State of Washington.

(hh) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Contract.

(ii) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 16 of this ordinance.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of Project.* The City is in need of financing its capital improvement program projects. The City Council therefore finds that it is in the best interests of the City to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.37, 35.40, 39.36, 39.44, 39.46 and 39.52 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Project. The total expected cost of the Project is approximately \$18,325,000, of which \$11,600,000 is expected to be made up of proceeds of the Bonds, and the rest from other available money of the City.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$12,200,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

- (1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2022 is \$9,391,307,985.
- (2) As of October 14, 2021, the City had limited tax general obligation indebtedness, consisting of bonds, leases and conditional sales contracts outstanding in the principal amount of \$19,579,951, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.
- (3) As of October 14, 2021, the City had no outstanding unlimited tax general obligation indebtedness.

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Contract as approved by the City’s Designated Representative consistent with this ordinance.

Section 3. Authorization of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing indebtedness in one or more Series in the aggregate principal amount not to exceed \$12,200,000 to provide funds necessary to carry out the Project and to pay the costs of issuance and sale of the

Bonds. The proceeds of the Bonds allocated to paying the cost of the Project shall be deposited as set forth in Section 8 of this ordinance and shall be used to carry out the Project, or a portion of the Project, in such order of time as the City determines is advisable and practicable.

Section 4. Description of Bonds; Appointment of Designated Representative. The City's Finance Director, or the City Manager in her/his absence, is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the following parameters:

- (a) The Bonds may be issued in one or more Series, and the aggregate principal amount of the Bonds shall not exceed \$12,200,000;
- (b) One or more rates of interest may be fixed for the Bonds as long as no rate of interest for any maturity of the Bonds exceeds 6.00%;
- (c) The true interest cost to the City for each Series of Bonds does not exceed 5.00%;
- (d) The aggregate purchase price for each Series of Bonds shall not be less than 95% and not more than 145% of the aggregate stated principal amount of the Bonds, excluding any original issue discount;
- (e) The Bonds may be issued subject to optional and mandatory redemption provisions;
- (f) The Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the Bonds is not later than December 31, 2024; and
- (g) Each Series shall mature no later than December 1, 2044.

In addition, a Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date. The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as they may determine are in the best interests of the City, consistent with this ordinance.

In determining the number of series, the series designations, final principal amounts, date of the Bonds, denominations, interest rates, payment dates, redemption provisions, tax status, and maturity dates for the Bonds, the Designated Representative, in consultation with other City officials and staff and advisors, shall take into account those factors that, in their judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the Bonds.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

- (a) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar for any Series of Bonds sold by negotiated or competitive sale. The City's Finance Director will be appointed as the initial Bond Registrar for any Series of Bonds sold by private placement. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Only Form.* If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing their manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although they did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is one of the fully registered City of Lakewood, Washington, Limited Tax General Obligation Bonds, 20__, described in the Bond Ordinance." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Funds and Accounts; Deposit of Proceeds.

(a) *Bond Account.* The Bond Account has been created as a special fund of the City for the sole purpose of paying principal of and interest on the Bonds. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Account as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Account. Until needed for that purpose, the City may invest money in the Bond Account temporarily in any legal investment, and the investment earnings shall be retained in the Bond Account and used for the purposes of that fund.

(b) *Project Fund.* The Project Fund has been or will be created as a fund or account of the City for the purpose of paying the costs of the Project. Proceeds received from the sale and delivery of the Bonds shall be deposited into the Project Fund (or any subaccounts within such fund) and used to pay the costs of the Project and costs of issuance of the Bonds. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 9. *Redemption Provisions and Purchase of Bonds.*

(a) *Optional Redemption.* The Bonds shall be subject to redemption, or prepayment, at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Contract, consistent with the parameters set forth in Section 4.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Contract, consistent with the parameters set forth in Section 4 and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Contract. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In

addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Account or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 10. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Account, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available, including the transportation benefit district vehicle license fees, for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, including transportation benefit district vehicle license fees, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bonds.* The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds that will cause

interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Bonds as "Qualified Tax-Exempt Obligations."* A Series of the Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

- (1) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000 (or such amount as may be amended by law); and
- (3) the amount of tax-exempt obligations, including the Series, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000 (or such amount as may be amended by law).

Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply

money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 14. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement.* If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Contract for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Contract on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Final Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of each Series of the Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase that Series of the Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance, and such award shall constitute the Bond Purchase Contract. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, that Series of the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 15. Official Statement.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to them, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

Section 16. Undertaking to Provide Continuing Disclosure. If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) *Undertaking to Provide Annual Financial Information and Notice of Listed Events.* The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(1) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) ("annual financial information");

(2) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the

Bonds, or other material events affecting the tax status of the Bonds; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (I) defeasances; (J) release, substitution, or sale of property securing repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(3) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(1) Shall consist of (A) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (B) principal amount of general obligation bonds outstanding at the end of the applicable fiscal year; (C) assessed valuation for that fiscal year; (D) regular property tax levy rate and regular property tax levy rate limit for the fiscal year; and (E) amount of transportation benefit district fees received in that fiscal year;

(2) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending in the year of issuance of the Bonds; and

(3) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker,

dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute an event of default. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director or their designee is the person designated, in accordance with the Bond Ordinance, to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(1) Preparing and filing the annual financial information undertaken to be provided;

(2) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(3) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(4) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(5) Effecting any necessary amendment of this undertaking.

Section 17. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the City.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 18. General Authorization and Ratification. The Mayor, City Manager, City Clerk, Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 19. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 20. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Lakewood, Washington, at an open public meeting thereof, this 20th day of December, 2021.

Don Anderson, Mayor

ATTEST:

Briana Schumacher, City Clerk

APPROVED AS TO FORM:

Heidi Ann Wachter, City Attorney

CERTIFICATION

I, the undersigned, City Clerk of the City of Lakewood, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on December 20, 2021, as that ordinance appears on the minute book of the City.

2. That said meeting was duly convened and held in all respects in accordance with law (including Proclamation 20-28 made by the Governor of the State of Washington on March 24, 2020, as extended, and acts of the legislative leadership of the State of Washington), and to the extent required by law, due and proper notice of such meeting was given.

3. The Ordinance will be in full force and effect five days after publication in the City’s official newspaper, which publication date is expected to be December ___, 2021.


4. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: December 20, 2021.

CITY OF LAKEWOOD, WASHINGTON

Briana Schumacher, City Clerk



To: Mayor and City Councilmembers
From: Tho Kraus, Assistant City Manager/Administrative Services
Through: John J. Caulfield, City Manager 
Date: November 22, 2021
Subject: Transportation Benefit District Ordinance

Background

The 6-Year Transportation Capital Improvement Plan was updated for 2022-2026 and was presented to the City Council on August 8, 2021. The intent of the discussion was to establish a City Council approved priority list of projects for the City to pursue over the next 5-10 years. The City Council agreed on the top 17 transportation projects and requested a follow-up discussion on the financing strategy. The proposed financing strategy was presented to the City Council on October 25, 2021. The recommendation was to use the Transportation Benefit District \$20 vehicle license fee to leverage the issuance of bonds in support of transportation projects totaling \$11,600,000. The bonds would be repaid over a period of 20 years. Estimated annual debt service is \$835,000.

Seven projects were recommended to receive funding from the Transportation Benefit District \$20 Vehicle Licensing Fee (TBD \$20 VLF) bond issuance; however, are not on the current Transportation Benefit District Ordinance. These projects are required to be included in the list of TBD eligible projects, which requires a modification to the current TBD ordinance.

The seven additional projects are:

1. 302.0076 Nyanza Road SW: Gravelly Lake Drive to Gravelly Lake Drive

This project will finish the Gravelly Lake loop with approximately 5,400 lineal feet (lf) of new road surface, curb, gutter, sidewalks, shared use path, illumination, stormwater, and associated signal improvements for the north end of Nyanza. The improvements may include elimination of the signal and construction of a roundabout at Nyanza and Gravelly Lake Drive. This project finishes the sidewalk and shared use paths around Gravelly Lake and closes the loop from I-5 to the Lakewood Towne Center. The existing roadway is in fair condition but is a constant maintenance challenge with potholes and surface cracking with increasing costs annually. One traffic signal will be evaluated for replacement with either a mast arm signal system or a complete reconstruction into a roundabout with signal elimination.

2. 302.0075 Mt Tacoma Drive SW (Interlaaken to Whitman Ave SW)

This project provides for curb, gutter, sidewalks (one side), street lighting, and associated storm drainage and pavement reconstruction.

3. 302.0142/0153/0162 Ardmore/Whitman/93rd St

This project will complete Ardmore/Whitman/93rd Streets with curb, gutter, and sidewalks and a new driving surface where appropriate. This will connect the Steilacoom Boulevard corridor to the new Colonial Plaza and Towne Center shopping complex. This will improve pedestrian and non-motorized access through the corridor and improve the ride quality. The reconstruction of this roadway will be accomplished by bringing the infrastructure up to current standards by completing the street lighting system along the corridor, curb, gutter and sidewalks, pavement milling of the existing roadway and an overlay to improve mobility and ride

quality and remove the alligator cracking and asphalt spalling that is apparent throughout the project limits. Existing traffic signals will be upgraded with cameras for vehicle detection, and improved storm drain facilities will be installed.

4. 302.0083 Hipkins Road SW from Steilacoom Blvd to 104th St SW

This project will complete Hipkins Road SW with curb, gutter, and sidewalks. This will complete the roadway improvements between Steilacoom Blvd SW and 104th St SW initiated over 20 years ago as a means to slow traffic on Hipkins Road SW. This will improve pedestrian and non-motorized access through the corridor by connecting to existing and recently built sidewalks.

5. 302.0159 Idlewild Road SW: Idlewild School to 112th St SW

This project will complete the sidewalk on the west side of Idlewild Road SW from the school south to 112th St SW. Curb/gutter/sidewalk, overlay, drainage, streetlights. This is recommended as a part of supporting the connection across the City from Steilacoom Boulevard to Washington Boulevard using Hipkins/Idlewild/112th/Interlaaken. This will also include intersection improvements on two legs of the Idlewild/112th Street intersection.

6. 302.0160 112th St SW: Idlewild Road SW to Interlaaken Drive SW

This project will construct sidewalks along 112th Street SW between Idlewild and Interlaaken. Curb/gutter/sidewalk, overlay (full), street lights, raised crosswalk at Idlewild/112th, and drainage. This is recommended as a part of supporting the connection across the City from Steilacoom Blvd to Washington Blvd using Hipkins/Idlewild/112th/Interlaaken.

7. 302.0158 Interlaaken from 112th St to Washington Boulevard

This project will construct sidewalks on Interlaaken from 112th Street SW to the new roundabout at Washington Boulevard. Curb/gutter/sidewalk, drainage, overlay, street lights. Coupled with the Hipkins/Idlewild/112th street improvements, this project will complete the mid-city north-south non-motorized corridor. This is recommended as a part of supporting the connection across the City from Steilacoom Blvd to Washington Blvd using Hipkins/Idlewild/112th/Interlaaken.

In addition to updating the ordinance to reflect completed projects (no change) and TBD eligible projects, the ordinance also extends the TBD sunset date to coincide with the debt issuance. The TBD is currently set to expire at 12:01 AM on July 16, 2032 unless dissolved sooner. The estimated final debt service payment is December 1, 2044; therefore the recommended sunset is 12:01 AM December 2, 2044.

Recommendation

Approve the proposed revised Transportation Benefit District Ordinance which includes the seven additional projects and also identifies completed projects (no change) while maintaining a comprehensive list of TBD funded projects.

Next Steps

- December 6, 2021 – Public Hearing on Transportation Benefit District Ordinance
- December 20, 2021 – Adopt Transportation Benefit District Ordinance

Attachment

- Proposed Revised Transportation Benefit District Ordinance

ORDINANCE NO.

AN ORDINANCE of the City Council of the City of Lakewood, Washington, relating to the approval of projects to be funded with revenue generated by the City of Lakewood's Transportation Benefit District.

WHEREAS, on August 6, 2012 the City Council of the City of Lakewood adopted Ordinance No. 550 establishing a Transportation Benefit District, as authorized by RCW 35.21.225 and subject to the provisions of Chapter 36.73. RCW; and

WHEREAS, on September 15, 2014 an annual vehicle license fee in the amount of \$20 was established, consistent with RCW 36.73.065 to be collected by the Washington Department of Licensing on qualifying vehicles, as set forth in RCW 82.80.140 and Chapter 36.73 RCW; and

WHEREAS, the Transportation Benefit District finds it in the best interest of the District to fund transportation improvements that are consistent with existing state, regional or local transportation plans; and

WHEREAS, as part of the 2019/2020 biennial budget, the 6-Year Transportation Capital Improvement Plan was updated for 2019-2024 and determined that TBD funds are necessary to balance the updated CIP plan; and

WHEREAS, as the 6-Year Transportation Capital Improvement Plan was updated for 2022-2026 and determined that TBD funds are necessary to balance the updated CIP plan;

WHEREAS, the following capital projects funded by TBD funds are completed:

- Steilacoom Boulevard – Lakewood Dr to W of South Tac Way
- Lakewood Dr – 100th to Steilacoom Blvd
- Main Street – Gravelly Lake Drive to 108th St
- 59th – Main Street to 100th
- 108th – Bridgeport to Pacific Highway
- 108th – Main Street to Bridge

WHEREAS, the Lakewood Transportation Benefit District is set to expire at 12:01 AM on July 16, 2032 unless dissolved sooner; and

WHEREAS, the City Council approved Ordinance ____ authorizing the use of the \$20 vehicle license fee to leverage the issuance of bonds in support of transportation projects totaling \$11,600,000 to be repaid over period of 20 years;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON, DO ORDAIN as Follows:

Section 1. Amendment. The Lakewood Transportation Benefit District Ordinance TBD-

01, is hereby amended as follows:

Projects. The projects listed herein shall be funded with revenue generated by the Transportation Benefit District:

- Steilacoom Boulevard – Lakewood Dr to W of South Tac Way
- Pacific Highway – 108th to SR 512
- 100th – Lakeview to South Tacoma Way
- New LED Street Lights
- Signal Projects
- Minor Capital Projects
- Neighborhood Traffic Safety
- Personnel, Engineering, Professional Services
- Chip Seal Program – Local Access Roads
- Lakewood Dr – 100th to Steilacoom Blvd
- Lakewood Dr – Flett Creek to N. City Limits
- Main Street – Gravelly Lake Drive to 108th St
- 59th – Main Street to 100th
- 59th – 100th to Bridgeport
- 108th – Main Street to Bridgeport
- Custer – Steilacoom to John Dower
- 88th – Steilacoom to Custer
- 100th – 59th to Lakeview
- Non-Motorized Trail: Gravelly Lake Drive – Washington Blvd to Nyanza Road SW
- Overlay & Sidewalk Fill-In: Custer Road – John Dower to 500’ West of Bridgeport Way
- Nyanza Road SW
- Mt Tacoma Drive SW (Interlaaken to Whitman Ave SW)
- Ardmore/Whitman/93rd Street
- Hipkins Road SW from Steilacoom Boulevard to 104th Street SW
- Idlewild Road SW: Idlewild School to 112th Street SW
- 112th Street SW: Idlewild Road SW to Interlaaken Drive SW
- Interlaaken from 112th Street to Washington Boulevard

Section 2. Amendment. The Lakewood Transportation Benefit District Ordinance TBD-550, is hereby amended as follows:

Sunset Clause. Unless the City Council repeals or timely approves an extension of this Ordinance, this Ordinance and all provisions contained herein shall be and become null and void and lo longer of force or affect as 12:01 a.m. on December 2, 2044.

Section 3. Severability. If any portion of this Ordinance or its application to any person or circumstances is held invalid, the remainder of the Ordinance or the application of the provision to other persons or circumstances shall not be affected.

Section 4. Effective Date. That this Ordinance shall be in full force and effect thirty (30) days after publication of the Ordinance Summary.

ADOPTED by the City Council this 20th day of December, 2021.

CITY OF LAKEWOOD

Attest:

Don Anderson, Mayor

Briana Schumacher, City Clerk

Approved as to Form:

Heidi Ann Wachter, City Attorney



TO: City Council

FROM: Tiffany Speir, Long Range & Strategic Planning Manager

THROUGH: John Caulfield, City Manager *John E. Caulfield*

DATE: November 22, 2021

SUBJECT: Lakewood American Rescue Plan Act (ARPA) Program

ATTACHMENTS: Descriptions of proposed Tacomaprobono, YMCA, and Boys & Girls Club ARPA-Funded Activities (Attachment A); descriptions of proposed City ARPA Expenditures (Attachment B); Lakewood Letter to Pierce County requesting Sewer Extension Funding (Attachment C)

BACKGROUND

To date, the City Council has adopted Ordinance 759, 761, and Motions 2021-80, -81, -82, and -83 to approve certain ARPA expenditures totaling \$4,192,719 and authorize the establishment of a Lakewood ARPA program. This memo presents several new proposed ARPA expenditures for City Council consideration. It also includes information about the City of Lakewood ARPA Program administration.

RECOMMENDATION

It is recommended that the City Council approve the proposed ARPA-funded expenditures for Tacomaprobono, Boys & Girls Club, YMCA, and the City of Lakewood.

DISCUSSION

Proposed ARPA Expenditures

Table 1 below includes proposed expenditures for Tacomaprobono, Boys & Girls Club, and YMCA. These are each described in more detail in **Attachment A**.

Table 1

Proposed 3 rd Party Expenditure	Brief Description	Amount	5% direct admin. costs	Total
1. Tacomaprobono (2022-2023)	Pre-eviction Legal Representation for Lakewood residents	\$450,000	\$22,500	\$472,500
2. Boys & Girls Club (2022-2026)	Teen Late Nights, Teen Mental Health First Aid, Talk Saves Lives Programs	\$226,070	\$11,304	\$237,374
3. YMCA (2022-2026)	Child Care, Summer Day Camp, Summer Learning Academies, Early Learning/Little Learners, Water Safety/Swimming Lessons, Youth Sports, Art Classes, Gymnastics, Leaders in Training, Counselors in Training, After School Club	\$732,735	\$36,637	\$769,372
Subtotal		\$1,408,805	\$70,441	\$1,479,246

Table 2 below includes proposed City ARPA expenditures. These are each described in more detail in **Attachment B**.

Table 2

Proposed City Expenditure Brief Description	Amount	5% direct admin. costs	Total
1. Municipal Court Technology	\$133,000	\$16,650	\$139,650
2. City Council Chambers Dias	\$125,000	\$6,250	\$131,250
3. City Hall HVAC Cooler System Replacement with Bipolar Ionization	\$500,000	\$25,000	\$525,000
4. Handwashing Stations at City Parks without Bathrooms	\$75,000	\$3,750	\$78,750
5. City Hall Reconfiguration Step 1	\$100,000	\$5,000	\$105,000
6. Lakewood Police Department Retention Bonus	\$637,500	\$31,875	\$669,375
Subtotal	\$1,570,500	\$88,525	\$1,649,025

If the City Council approves the expenditures described in the two tables above, \$6,445,246 in ARPA funds would remain (up to \$6,122,983 for expenditures and \$322,263 in associated direct administrative costs) for as-yet-unidentified allocations to 3rd party organizations, multi-governmental partnerships, or additional City expenditures.

Lakewood ARPA Funds	Expenditures to Date	Tacomaprobono, Boys & Girls Club, YMCA Proposals	City Expenditure Proposals	Remaining Funds
\$13,766,236	\$4,192,719 (Ord. 759, 761, and Motions 2021-80, - 81, -82, and -83)	\$1,479,246 - \$1,408,895 expenditures - \$79,441 direct administrative costs	\$1,649,025 - \$1,570,500 expenditures - \$88,525 direct administrative costs	\$6,445,246 - \$6,122,983 expenditures - \$322,263 direct administrative costs

Potential Future Expenditures

Sewer Extensions

The Pierce County Council discussed its potential ARPA Utility Infrastructure Partnership Program on November 9. It is scheduled for final action by the County Council on November 23. The City of Lakewood requested \$7.985 M to complete the construction of seven planned sewer extensions in Tillicum and Woodbrook years faster than otherwise possible (see letter at **Attachment C**.) A total of \$8M was originally identified in the County Executive's proposed budget for its ARPA sewer program, so Lakewood most likely will not receive all it requested. The County's Utility Infrastructure Partnership does require a one-to-one local match to receive County ARPA funds.

Collaborative ARPA Expenditures

As of November 16, 2021, no new collaborative multi-jurisdictional ARPA expenditures have been brought to Lakewood for consideration beyond those already approved by the City Council.

Lakewood ARPA Program

The City Council has authorized the creation of a Lakewood ARPA program, through which third parties will be able to apply for ARPA funds. The program will be administered by multiple staff. The ARPA Program Manager (PM) will coordinate and work with Department Directors, Division Managers, and other key City staff as needed to administer the ARPA Program. Quarterly ARPA updates will be presented to the City Council as part of the quarterly financial reports by the Deputy City Manager¹. Additional City Council presentations may be scheduled when major milestones are reached on ARPA-funded projects or at City Council request.

Finance will be responsible for ARPA financial records management with support from the ARPA PM and the ARPA Project Coordinator (PC.) The ARPA PC will serve as initial contact for ARPA subrecipients as they submit information over time, including financial reports and project progress updates, to the City for inclusion in its reports to the Department of the Treasury. Finance will also be responsible for submitting quarterly and annual reports as required by the Department of the Treasury starting January, 2022 and continuing through the first quarter of 2027. These reports will include project status and financial information and will be prepared in coordination with the ARPA PM and PC.

The ARPA PC will serve as the City's Resident Navigator, acting as a point of contact and referral for City residents to available county, state and federal assistance. The ARPA PC will work with Human Services and Housing Programs, community organizations and service providers to maintain easy and swift communication regarding such assistance.

The ARPA PM and PC will develop criteria, documents and procedures to solicit and review subrecipient applications for ARPA funding, outreach messaging to advertise the application period, and internal processes to review applications received. They will also work with the Communications Director to develop ARPA Program content for the City website and social media, including the application forms and directions to submit, information regarding how funds are allocated, and progress on funded projects over time.

Once the City has completed an initial review for ARPA criteria compliance, proposed ARPA contracts or agreements for services will be presented to the City Council for review and approval by motion. To expedite City Council review, multiple subrecipient proposals will be gathered and then brought for consideration at regular intervals until Lakewood ARPA funds have been fully expended.

The City is ready to launch the call for 3rd party applications for ARPA funds; the first application period will run through December 13, 2021, to be followed by internal review and then presentation of recommended expenditures to the City Council in January or February 2022. Future application cycles can be scheduled until all funds are exhausted.

¹ The City received the first half of its ARPA funds totaling \$6,883,118 in August 2021 and will receive the second half in August 2022. For tracking purposes, the entire \$13,766,236 is accounted for in 2021 even though ARPA fund revenue and expenditures will be spread over multiple years. Unspent funds will be carried over from one year to the next through the end of 2026, when all ARPA funds must be spent or returned to Treasury. ARPA funds may accumulate interest, which the City may keep and use at its discretion. The City intends to bring forward the accumulated interest earned for City Council consideration and action (for example, to use on other ARPA related programs or to transfer to the General Fund) in a future budget cycle.

ATTACHMENT A
Proposed 3rd Party Expenditures

Proposed 3 rd Party Expenditure	Expenditure Category	Expenditure Subcategory	Amount	5% direct admin. costs	Total
1. Tacomaprobono (2022-2023)	2: Negative Economic Impacts	Pre-eviction Legal Representation = 2.5 Household Assistance: Eviction Prevention* ^	\$450,000	\$22,500	\$472,500
2. Boys & Girls Club (2022-2026)	3. Services to Disproportionately Impacted Communities	Teen Late Nights = 3.5 Education Assistance: Other* ^	\$226,070	\$11,304	\$237,374
		Teen Mental Health First Aid = 3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^			
		Talk Saves Lives = 3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^ Includes transportation from schools not currently provided to Boys & Girls Clubs			
3. YMCA (2022-2026)	3. Services to Disproportionately Impacted Communities	Child Care = 3.6 Healthy Childhood Environments: Child Care* ^	\$732,735	\$36,637	\$769,372
		Summer Day Camp = 3.9 Healthy Childhood Environments: Other* ^			
		Summer Learning Academies = 3.3 Education Assistance: Academic Services* ^			
		Early Learning/Little Learners = 3.1 Education Assistance: Early Learning* ^			
		Water Safety/Swimming Lessons = 3.5 Education Assistance: Other* ^			
		Youth Sports = 3.5 Education Assistance: Other* ^			
		Art Classes = 3.5 Education Assistance: Other* ^			
		Gymnastics = 3.5 Education Assistance: Other* ^			
		Leaders in Training and Counselors in Training = 3.4 Education Assistance: Social, Emotional, and Mental Health Services* ^			
		Afterschool Club = 3.9 Healthy Childhood Environments: Other* ^			
Subtotal			\$1,408,805	\$70,441	\$1,479,246

City of Lakewood American Rescue Plan Act Subrecipient Call for Information

SUBRECIPIENT NAME:	Tacomaprobono Community Lawyers	UBI No.: 602-192-060
SUBRECIPIENT Address:	621 Tacoma Ave S., Suite 303, Tacoma, WA 98402	Fed Tax ID No.: 02-0596124
SUBRECIPIENT Contact:	Carly Roberts	Contact Email: carly@tacomaprobono.org
Main Contact Address:	621 Tacoma Ave S., Suite 303 Tacoma, WA 98402	Contact Phone No. 253-572-5134 x 105
Project Title	Housing Justice Project, Homelessness Defense & Prevention	
Agreement Start Date:	1/1/2022	Agreement End Date: 12/31/2023
Total Agreement Amount:	\$472,500	Account No.: ARPA Special Revenue Fund

Location and address where services will be provided or centered:

Lakewood, WA via 621 Tacoma Ave S., Suite 303, Tacoma WA 98402

ARPA Category: Services to Disproportionately Impacted Communities.

ARPA Expenditure Category: 3.12: Other Housing Assistance.

Scope of Work: Please describe the activity(ies) your organization proposes that are ARPA-eligible. Please clarify whether they would benefit “disproportionately impacted communities” as defined in ARPA.) **Attach additional pages as needed.**

Please see ATTACHMENT A.

Budget: **Attach additional pages as needed.**

Please see ATTACHMENT B.



ATTACHMENT A: SCOPE OF WORK

Tacomaprobono is seeking ARPA funding to develop an eviction and homelessness prevention program within Tacomaprobono's established Housing Justice Project (HJP). This ARPA funding would provide free legal aid and direct representations to low-income tenants to address the negative economic impacts caused to residential households throughout Lakewood during the COVID-19 pandemic.

In early summer 2021 to respond to the COVID-19 pandemic, the Washington legislature passed Senate Bill 5160, which provides low-income tenants with new options to establish repayment plans for rent owing, new options for formal mediation prior to evictions for nonpayment of rent, and a tenant right to legal counsel at residential eviction proceedings.

Although SB 5160 was historic—the first of its kind in the nation—the law has significant gaps which expose numerous low-income tenants, particularly racial minority groups, to housing instability and potential eviction. While SB 5160 provides legal representation during eviction proceedings, the law does nothing to provide low-income tenants with legal representation prior to or after courtroom eviction proceedings. For example, a low-income tenant who receives a nonpayment eviction notice from a landlord would not qualify for free legal representation under SB 5160 until a formal eviction is filed against that tenant. Yet by then, that tenant may have failed to assert rights to a repayment plan or formal mediation and would have an eviction filing on his or her record.

But this is precisely where ARPA funding can be used to assist disproportionately impacted communities: to provide legal representation to assert low-income tenant options to maintain housing coming out of the COVID-19 pandemic and to remove legal barriers which prevent finding new stable housing.

Prior to the COVID pandemic, we knew several things to be true: (1) Tacomaprobono's HJP, while highly successful in providing courtroom eviction defense, was still far from meeting the demand for legal needs affecting low-income tenants; (2) that racial minorities and women are far more likely to experience poverty and housing instability in our state; and (3) that the limited supply of legal services had created a crisis in unmet civil legal needs that disproportionately harms racial and ethnic minorities, women, and immigrants. Coming out of the COVID pandemic, we are now facing a public health crisis on top of an existing legal aid crisis.

Using ARPA funding to create a housing stability and homelessness prevention program within Tacomaprobono's established HJP would address this dual crisis. This HJP expansion will provide direct legal services—before and after the courtroom eviction process covered by SB 5160—to assert low-income tenant rights to repayment plans and mediation to avoid the eviction process, along with outreach and education to arm communities at the highest risk of housing instability with knowledge of their legal rights. This new program would give low-income tenants—particularly racial minority communities—a chance to level the playing field, stabilize housing by avoiding the eviction process in the first place, and make a genuine impact on race equity in Lakewood.



Free Direct Legal Services

This ARPA funding will add free, direct legal services to eligible Lakewood clients facing housing insecurity coming out of the COVID pandemic, including legal advice and options for asserting repayment plan rights when receiving nonpayment eviction notices, consultation to determine a tenant's housing barriers, and ongoing representation to obtain rental assistance and to assert tenant rights during formal mediation prior to eviction proceedings beginning. The HJP's legal services will also assist clients to remove existing barriers to finding housing, such as outstanding legal financial obligations, prior evictions on their housing record, and vacating criminal records—all of which hamper low-income tenants from finding stable housing, even if the eviction process happens.

We also know that a dedicated program asserting the rights of low-income tenants and traditionally underrepresented minority groups positively impacts perceptions of government and community. When a tenant receives quality, effective legal representation, everyone involved experiences an environment of dignity and respect for the rule of law. But without legal representation to assert rights that a tenant may not even know exist, low-income tenants feel undervalued, overlooked, and forced to accept housing situations that perpetuate downward mobility.

Consequently, bolstering HJP's eviction prevention work is necessary to support race equity and systemic change, particularly in our local communities. Housing instability and eviction are civil rights issues, particularly in Pierce County. The most troubling result from the recent UW/Berkeley Evictions Study is the huge racial disparity of adults who faced eviction filings.

In Pierce County, 1 in 6 Black adults went through the eviction process in just the five years between 2013 and 2017 (that represents 18% of the total Black adult population, while about 7% of Pierce County's population is Black.) In King County over the same period, 1 in 11 Black adults had an eviction. In terms of racial group comparison, the study also found that, in Pierce County, the percentage of Black adults evicted far exceeded the number not only for whites, but for Latinx and Asian adults.

To illustrate HJP's prior casework on courtroom eviction defense and efforts to overcome barriers, the charts below present data for 164 clients served directly by our HJP during Washington's Eviction Moratorium between March 18, 2020 and December 31, 2020. "Served directly" means the client received legal aid or referral services from our staff. The numbers do not account for community members who attended an educational or outreach event. We estimate that at least 1,500 people benefitted from the HJP's twenty-three presentations on housing related issues between March and December of last year.

**City of Lakewood
ARPA Subrecipient
Information Response**

**Tacomaprobono
Housing Justice Project
Homelessness Prevention**



Race	Actual # of Clients*	% of Clients	Pierce County**
American Indian or Alaska Native	4	2.4%	1.8%
Asian	6	3.7%	7.1%
Black	33	20.1%	7.7%
Hispanic or Latino	13	7.9%	11.4%
Multi-Racial	14	8.5%	7.4%
Native Hawaiian or Pacific Islander	3	1.8%	1.8%
Other	10	6.1%	--
Unknown	9	5.5%	--
White (Non-Hispanic)	72	44.0%	74.3%
Grand Total	164	100.0%	--

Gender	Actual # of Clients*	% of Clients	Pierce County**
Female	120	73.2%	50.1%
Male	43	26.2%	--
Chose Not To Respond	1	0.6%	--
Grand Total	164	100.0%	--

Age at Intake	Actual # of Clients*	% of Clients	Pierce County**
0 - 17	0	0.0%	23.3%
18 - 29	42	25.6%	62.5%
30 - 39	48	29.3%	
40 - 49	38	23.2%	
50 - 59	21	12.8%	
60 - 69	10	6.1%	(65+) = 14.2%
70 - 79	4	2.4%	
80+	1	0.6%	
Grand Total	164	100.0%	--

City of Residence	Actual # of Clients*
Bonney Lake	4
Buckley	1
Burley	1
Eatonville	1
Gig Harbor	3
Graham	4
La Grande	1
Lake Tapps	2
Lakewood	22
Milton	3
Pacific	2
Parkland	5
Puyallup	22
Spanaway	13
Sumner	1
Tacoma	65
University Place	6
Unknown	8
Grand Total	164

* Actual number of clients directly served by the Housing Justice Project, March 17, 2020 – December 31, 2020. Does not account for clients reached through presentations, educational programming and other outreach.

** Per Pierce County Census Data, 2019

These charts show that—even during our Eviction Moratorium—our HJP has been on the front lines of fighting racial inequality by representing the BIPOC community. This matters.



Now that the Washington's Eviction Moratorium ended, we are experiencing a tidal wave of nonpayment eviction notices and the number of potential eviction cases will skyrocket. In Lakewood alone an estimated 4,600 tenants are at high risk of eviction for nonpayment of rent, the majority of which reside in racially diverse communities and may not have any knowledge of existing tenant rights to maintain housing. Even if generally aware of some tenant protections, without legal representation these tenants have almost no chance of effectively asserting these rights prior to facing formal eviction proceedings.

The roadblocks presented by mistrust of the legal system and specific systemic issues disproportionately affecting BIPOC communities, while already immensely difficult to cope with in daily life, are amplified by the circumstances of the pandemic. These include issues legal aid can address, such as legal financial obligations, criminal records, immigration status, outstanding warrants, domestic violence and many others which bar individuals from attempting proactive, positive steps even though they may prevent homelessness.

With Tacomaprobono, HJP clients have the added benefit of accessing additional program services as a function of normal program policy and operation; we know that most clients who experience one civil legal issue will likely have several more that need to be addressed. Tacomaprobono is positioned to help tenants facing housing issues by also helping those same tenants with family law issues, domestic violence, debt collection attempts, bankruptcy, and much more.

Expanded Outreach to BIPOC Communities

In addition, since this ARPA funding enhances our program's ability to provide outreach, information about tenant's rights, and access to justice to the community in general, and specifically to underserved and underrepresented communities, we have an opportunity to create new relationships, partnerships, and lines of communication within the Lakewood community.

We intend to continue efforts begun in 2020 to build the necessary trust through partnerships with organizations, groups, and individuals trusted by the diverse communities we need to reach. These will remain and continue to strengthen after the pandemic passes, which will ultimately have a positive effect on addressing the underlying legal aid crisis, including general legal education and awareness, as the level of access to services for the underserved and underrepresented is improved.

Conclusion

Tacomaprobono is committed to continuing to provide high-quality access to civil legal aid for Lakewood residents economically impacted by COVID-19, especially for members of our community facing barriers and traditionally underserved as a result of systemic racism. We appreciate your interest in our program and look forward to working together.



ATTACHMENT B: BUDGET

	2022 - 2023 TOTAL
Salaries, Wages & Benefits*	400,000.00
Office Supplies	5,000.00
Small Tools/ Equipment	10,000.00
Litigation Expenses	2,500.00
Communications	10,000.00
Travel & Training	2,500.00
Insurance	4,000.00
Rent & Occupancy	16,000.00
Indirect Costs	22,500.00
GRAND TOTAL	472,500.00

** Additional Salary Information:*

	2022	2023
Attorney	100,000	100,000
Paralegal	75,000	75,000
Support	25,000	25,000

City of Lakewood American Rescue Plan Act Subrecipient Call for Information

SUBRECIPIENT NAME: **Boys & Girls Clubs of South Puget Sound**

UBI No.: 600 103 775
Fed Tax ID No.: 91-0759832

SUBRECIPIENT Address: 3875 S 66th St, STE 101, Tacoma, WA 98409

SUBRECIPIENT Contact: Christy Garner
Main Contact Address: 3875 S 66th St, STE 101, Tacoma, WA 98409

Contact Email: garnerc@bgcsp.org
Contact Phone No. 253-502-4629

Project Title: Teen Engagement and Mental Health Supports for Lakewood Youth

Agreement Start Date: Click or tap to enter a date.

Agreement End Date: Click or tap to enter a date.

Total Agreement Amount: \$TBD

Account No.: **ARPA Special Revenue Fund**

Location and address where services will be provided or centered:

Gary and Carol Milgard Family HOPE Center/Lakewood Branch 10402 Kline St SW, Lakewood WA 98499

ARPA Category (See Attachment): Services to Disproportionately Impacted Communities

ARPA Expenditure Category (See Attachment): Services to Disproportionately Impacted Communities

Scope of Work: Please describe the activity(ies) your organization proposes that are ARPA-eligible. Please clarify whether they would benefit “disproportionately impacted communities” as defined in ARPA (See Attachment.) **Attach additional pages as needed.**

The activities outlined below will benefit disproportionately impacted low-income youth and families and communities of color in the Lakewood Community. 86.5% of Lakewood Club members are BIPOC with 74.9% low income, and the majority falling into very low income and extremely low income. Our teen program's purpose is to level the playing field for teens (ages 12 - 18) at our Lakewood Club to create equity throughout our community focusing on providing opportunities and experiences which enable all kids, especially those who need us most to be productive, engaged and caring members of our community. We do this through creating positive relationships with our youth development professionals (staff) who provide engaging and compelling programs in three high impact areas: Academic Success, Character & Leadership, and Healthy Lifestyles.

Teen Impact of COVID:

Teens are very socially driven. They were pulled from their social outlets not only at School but also sports, Clubs, and other extracurricular participation. As a society we focused on getting younger children back into the classrooms, back into child care so that parents can work. Due to age and ability this often left teens home and oftentimes alone (or leaving the teens doing the child care of younger siblings). What we also know is that the impact of cutting off the social interactions and services that got halted, our teens are now experiencing even more impactful mental health challenges and/or crises. Data is already showing that

suicide ideation of our teens is at an all time high. We are seeing teens experiencing more anxiety and panic attacks with returning to full day school. According to one study by the Harris Poll 7 in 10 teens are dealing with depression, anxiety or increased stress or a combination of the three, 64% believe that COVID will have a lasting impact on their generations mental health and 70% wish their school taught them more about mental health and coping strategies. We cannot ignore teen voices. We must equip them to live successful lives while experiencing mental health challenges and crises. Dianna's position as a Marriage and Family Therapist who works at the Boys & Girls Clubs of South Puget Sound allows for us to step into this role and introduce coping strategies and how to help not just themselves but also their peers, and family members. She is a trained facilitator of the teen Mental Health First Aid curriculum (tMHFA). This curriculum will allow teens to recognize and understand the signs and symptoms of mental health challenges as well as give them an action plan to help others. The training does an excellent job at ensuring that teens identify and connect with a caring adult so that they are not the only one helping others through these mental health challenges which is so important for our teens. Another focus of this curriculum is to destigmatize talking about mental health. Data tells us that this next generation of youth is aching for normalizing mental health challenges and crises. It is now our turn as adults to listen and provide safe, healthy, and accurate spaces and tools for teens around mental health. Our Boys & Girls Club is naturally built to step into that role. As we try to get back to normal in a safe manner in the Clubs we want to bring our teens back into our spaces. With this grant we can use Talk Saves Lives (a short but impactful suicide prevention message that also promotes how to help), tMHFA, late nights with fun, safe and appropriate teen only spaces/activities and a place outside of the home with a caring adult. Lastly as we offer these tools and spaces to discuss and learn about managing mental health wellness along with all the other pressures on teens we also are able to connect them to other community resources as needed.

Here is more information on our program delivery and how we intend to use these funds to address the impacts our teens have experienced due to COVID-19.

Lakewood Boys & Girls Club
Teen Engagement & Mental Health Support Needs
Sep, 2021-June, 2022

Teen Late nights:

This program is from 6:00-9:00 PM (goal is to offer 2x/month during the school year) and includes games, activities, snacks, and a meal provided by a local restaurant or prepared by our staff members. Teen Late Night encourages the development of youth in grades 6-12 by providing a safe environment, consistent adult involvement, and fun activities that foster excellence and a positive attitude. Specific activities focus on personal development including social skills, problem-solving techniques, communication skills, goal setting, and decision-making. They are designed to give young people the sense that they can achieve short- and long-term goals to lead a successful life. Health and fitness are an important part of Late Night. Activities such as sports tournaments and nutritious snacks encourage physical development and healthy lifestyles. Also, through recreational activities, Late Night participants have fun while acquiring self-confidence, a sense of fair play and skills in interpersonal relationships. Examples of Late Night social recreation activities may include skits and plays, dances, movies, games, fine arts projects, and karaoke.

The following trainings will be offered to teens at the Boys & Girls Club and will be facilitated by Dianna Sullivan who serves as our Director of Family Support. Dianna is a licensed marriage and family therapist that has been leading the Trauma-Informed Approach framework for our organization.

Mental Health Supports

Teen Mental Health First Aid:

Teaches high school students how to identify, understand and respond to signs of mental illnesses and substance use disorders among their friends and peers. The training gives students the skills to have supportive conversations with their friends and get a responsible and trusted adult to take over as necessary. It is designed to be delivered in schools or community sites in three interactive classroom sessions of 90 minutes each or six sessions of 45 minutes each.

Talk Saves Lives (Suicide Prevention):

Talk Saves Lives is an education program that provides participants with a clear understanding of this leading cause of death, including the most up-to-date research on suicide prevention, and what they can do in their communities to save lives. Participants will learn common risk factors and warning signs associated with suicide, and how to keep themselves and others safe.

- 1 Youth Serving Organization including inviting Lakewood Youth City Council
- 3 90 minute sessions with Youth
- 1 Lakewood High School
- 3 90 minute sessions with youth
- Increase access for teens by providing transportation for Schools not currently provided to Boys & Girls Clubs

Budget: Attach additional pages as needed.

See Attachment

Boys and Girls Clubs of South Puget Sound

Lakewood ARPA Budget

Expenses:

Salaries (list calc method: %, hrs, etc)

Regional Manager

3,060

Sr Program Leader

1,022

2 Program Leader

1,536

Family Support Director

9,495

Admin

1,125

Total Salaries

16,238 (calc'd)

Taxes & Employee Benefits (20%)

3,248 (calc'd)

Professional Fees (Drug screening, background checks, recruitment)

0

Program & Athletic Costs (Supplies, program costs, equipment, food, transportation)

7,300

Occupancy Expense (Space, utilities, security, maintenance)

6,210

Training & Development (Training, education, meetings)

550

Marketing & Public Relations

450

Other Exps (Dues, subscriptions, misc)

0

Admin Services Allocated to Programs

5,779 (calc'd)

Overhead

5,439 (calc'd)

Total Annual Expenses

45,214 (calc'd)

City of Lakewood American Rescue Plan Act Subrecipient Call for Information

SUBRECIPIENT NAME: YMCA of Pierce and Kitsap Counties

UBI No.: 278050816

SUBRECIPIENT Address: 4717 S. 19th St., Ste. 201
Tacoma, WA 98405

Fed Tax ID No.: 91-0565562

SUBRECIPIENT Contact: Jessie Palmer

Contact Email: jpalmer@ymcapkc.org

Main Contact Address: 4717 S. 19th St., Ste. 201
Tacoma, WA 98405

Contact Phone No. 253-905-0647

Project Title:

Agreement Start Date: Click or tap to enter a date.

Agreement End Date: Click or tap to enter a date.

Total Agreement Amount: \$TBD

Account No.: ARPA Special Revenue Fund

Location and address where services will be provided or centered:

Lakewood Family YMCA, 9715 Lakewood Dr. SW, Lakewood, 98499

ARPA Category (See Attachment): Addressing educational disparities, promoting healthy childhood environments, addressing health disparities and the social determinants of health, building stronger neighborhoods and communities

ARPA Expenditure Category (See Attachment): Public Health, Negative Economic Impacts, Services to Disproportionately Impacted Communities, Administrative

Scope of Work: Please describe the activity(ies) your organization proposes that are ARPA-eligible. Please clarify whether they would benefit “disproportionately impacted communities” as defined in ARPA (See Attachment.) **Attach additional pages as needed.**
Please see attached Scope of Work.

Budget: Attach additional pages as needed.

Please see attached Scope of Work.

Scope of Work – City of Lakewood ARPA Funding

In accordance with the City of Lakewood American Rescue Plan Act Subrecipient Agreement, the YMCA will deliver the following programs and services described in this Scope of Work, in alignment with the American Rescue Plan Act (ARPA) and the City of Lakewood's COVID-19 recovery strategy.

The Scope of Work outlines the programs and services that will be delivered by the YMCA, how benefit eligibility will be determined, the locations, the budget(s), schedules, key personnel, and requested funding to deliver the programs and services.

The YMCA will deliver the following programs and services described in the following table in FY2022 through FY2026.

Table 1. YMCA Programs and Services and Delivery Schedule

Name of Program/Service	Program Delivery:
Before and After School Child Care	Jan.-Jun.; Sept.-Dec.
Summer Day Camp	Mid-June through August
Summer Learning Academies	Mid-June through August
Little Learners/Early Learning	Jan.-Jun.; Sept.-Dec.
Water Safety/Swimming Lessons	Year-round
Youth Sports	Year-round
Arts Classes	Year-round
Gymnastics	Year-round
Leaders in Training/Teen Workforce Development	Year-round
Afterschool Club	Jan.-Jun.; Sept.-Dec.

These youth and teen programs and services were identified by the City of Lakewood as priority programs and services to be delivered in alignment with the ARPA funding guidelines and to help meet the needs of Lakewood residents.

The YMCA will use the City of Lakewood ARPA funding to offer financial assistance/scholarships to qualifying individuals and families to participate in programs and services. Individuals and families that are interested in participating in these programs and services can register in-person at the Lakewood Family YMCA community center, the YMCA's Child Care office (located at 1614 S. Mildred St., Ste. 1, Tacoma), or online at www.ymcapkc.org or over the phone.

Benefit Eligibility Determination:

Individuals and households seeking or requesting this benefit will complete a four-question survey to determine which ARPA intended beneficiary category they are eligible: 1) being negatively/disproportionately impacted by COVID-19, 2) identifying as a Black, Indigenous, Person of Color (BIPOC), 3) low-income, or 4) residing in a qualified census tract (QCT).

For those seeking assistance under the qualification of disproportionately impacted by COVID-19, we will ask individuals or households to state how the COVID-19 pandemic has negatively impacted their livelihood, ensuring that it meets the definition provided in the Coronavirus Local Fiscal Recovery Fund.

For those seeking assistance as a Black, Indigenous, Person of Color (BIPOC), individuals/households will need to complete the Race and Ethnicity section of our registration application.

For those who live in a Qualified Census Tract (QCT) and seeking assistance, individuals/households will need to complete the Home Address section of our registration application. A YMCA staff person will verify the address is located within a City of Lakewood QCT.

For those seeking assistance under the qualification of low-income, we will verify household size and income using the current year Federal Poverty Guidelines and ensuring they do not exceed 150% of the Federal Poverty Level for the 48 Contiguous States.

Assistance to individuals and households meeting the above criteria will be provided in the form of financial assistance/scholarships that will be awarded on a sliding scale based on household size and income. Those demonstrating greater need will receive more financial/scholarship assistance. The determination for assistance will be recorded as part of their membership record and kept on-file.

The YMCA will apply the scholarship funding as a discount to the individual/household program or registration fees. All City of Lakewood ARPA funding will be in the control and possession of the YMCA and no public funding will be exchanged with any individual or household.

The YMCA will make awards to individuals and households who qualify and meet ARPA funding requirements on a first-come, first-served basis until all City of Lakewood ARPA funding has been depleted.

Our objective is to offer City of Lakewood ARPA funding to the broadest amount of individuals and households meeting the priority and targeted communities identified by the City.

Table 2. YMCA Programs and Services, City of Lakewood ARPA Funding, Targeted Beneficiaries – Typical Year

Name of Program/Service	ARPA Funding (Amount per year)	Targeted Beneficiaries (per year)
Before and After Child	\$30,000	40 children
Summer Day Camp	\$25,000	25 children
Summer Learning Academies	\$15,000	125 teens
Little Learners/Early Learning	\$12,500	25 children
Water Safety/Swimming Lessons	\$15,000	250 children
Youth Sports	\$5,000	100 children
Arts Classes	\$5,000	50 children
Gymnastics	\$5,000	20 children/teens
Leaders in Training/ Teen Workforce Development	\$10,000	25 teens
Afterschool Club	\$25,000	50 youth/teens

Table 3. YMCA Programs and Services, City of Lakewood ARPA Funding, 5-year Funding Period

Name of Program	FY2022	FY2023	FY2024	FY2025	FY2026	Totals
Child Care (Before/After)	30,000	30,000	30,000	30,000	30,000	150,000
Summer Day Camp	25,000	25,000	25,000	25,000	25,000	125,000
Summer Learning Academies	-	-	15,000	15,000	15,000	45,000
Little Learners/Early Learning	12,500	12,500	12,500	12,500	12,500	62,500
Water Safety/Swimming Lessons	15,000	15,000	15,000	15,000	15,000	75,000
Youth Sports	5,000	5,000	5,000	5,000	5,000	25,000
Arts Classes	5,000	5,000	5,000	5,000	5,000	25,000
Gymnastics	5,000	5,000	5,000	5,000	5,000	25,000
Leaders in Training/Teen Workforce Development	10,000	10,000	10,000	10,000	10,000	50,000
Afterschool Club	15,000	25,000	25,000	25,000	25,000	115,000
Totals	122,500	132,500	147,500	147,500	147,500	\$697,500

Timeline of the delivery of services:

The programs and services described in this Scope of Work will be offered in FY2022 through FY 2026 (January through December) according to the schedule in Table 1.

All programs and services offered at the Lakewood Family YMCA community center will be offered during the YMCA's normal business operation hours (as of the date of this agreement):

Sunday: Closed

Monday through Thursday: 5 a.m. to 9 p.m.

Friday: 5 a.m. to 7 p.m.

Saturday: 7 a.m. to 3 p.m.

All programs and services offered at our school outreach sites will be offered during school approved dates and times:

School year activities (September through June):

- Before and After School Child Care: offered Monday through Friday, from 6 a.m. until school starts, from school dismissal until 6 p.m.

Summer activities (June through August):

- Summer Day Camp: offered Monday through Friday, from 8 a.m. until 5 p.m., both in full and part-time options.
- Summer Learning Academies: offered Monday through Friday, from 9 a.m. until 2 p.m.

Locations of the delivery of services:

The programs and services described in this Scope of Work will be primarily offered at the Lakewood Family YMCA community center, located at 9715 Lakewood Dr. SW, Lakewood, 98499.

Child Care, Summer Day Camp, and Summer Learning Academies will be offered at YMCA outreach locations established in partnership and coordination with the Clover Park School District. Current program locations within the City are listed below:

Custer Elementary School, 7801 Steilacoom Blvd SW, Lakewood, 98498

Idlewild Elementary School, 10806 Idlewild Rd SW, Lakewood, 98498

Four Heroes Elementary School (new proposed location in FY2022), 9101 Lakewood Dr. SW, Lakewood, 98499

Dr. Claudia Thomas Middle School, 11509 Holden Rd SW, Lakewood, 98498

Promotion/Marketing of Services and County Funding:

The YMCA will work with the City of Lakewood to prepare a joint press release to announce the availability of these programs and services and the availability of funding. The YMCA will work with City of Lakewood to promote the availability of the ARPA funding at certain times during the year (e.g. in the spring to promote the availability of Summer Day Camp, in late summer to promote the availability of before/after school Child Care, etc.).

The YMCA will also promote the availability of these programs and services to its members and the public through its own marketing and promotional materials including weekly and monthly member e-mail newsletters, direct mail advertising (postcards, flyers, etc.), promoting the availability of these programs on its website and social media channels, promotion through partner agency communications, promoting these activities at public events and gatherings (e.g. YMCA open houses, community health fairs, school open houses, etc.), print and digital media advertising (e.g. The News Tribune, The Suburban Times, etc.), among other means.

In addition, the YMCA will work with its community partners to promote the availability of these programs and services to help identify and recruit participants meeting the ARPA funding guidelines. The YMCA has an existing, long-standing partnership with the Clover Park School District and will work with school district leadership, school principals, counselors, teachers, and parents to promote the availability of these services and activities to students, parents, and families. We will also work with the school district to coordinate bus transportation from the priority communities of Monta Vista, Tillicum, and Woodbrook to locations where services are offered.

The YMCA also has partnerships with key community agencies including Communities in Schools – Lakewood, the Boys and Girls Club of South Puget Sound, West Pierce Fire and Rescue, the Rotary Club of Lakewood, the Lakewood First Lions Club, among others that we can partner with to promote the availability of these programs and services.

We will make an intentional effort to work with past community partners to promote these programs and activities as well as work together to find new partnership opportunities to serve eligible residents. Past partners include Bates Technical College, Clover Park Technical College, Pierce College, St. Clare's Hospital, among others.

Key Personnel and Points of Contact:

Delivery of the programs and services described in this Scope of Work will be overseen by Toby Roberts, Executive Director of the Lakewood Family YMCA. Toby has more than 10

years' experience managing YMCA community centers, departments, programs, and service delivery.

Additional staff providing oversight of specific programs and services identified in this Scope of Work includes:

- Chris Spivey, Association Teen Director
- Holly Tedford, Executive Director, YMCA Child Care
- Kory Eggenberger, Senior Youth Program Director

The YMCA's central business office, located in Tacoma, will work with local key personnel to establish, collect, manage, and deliver all grant tracking and reporting requirements.

Points of Contact:

Contracting Officer:

Toko Thompson, Vice President Chief Financial Officer,
253-534-7812/tthompson@ymcapkc.org

Program Manager:

Toby Roberts, Executive Director,
253-460-8857/troberts@ymcapkc.org

Grant Reporting and Invoicing:

Jessie Palmer, Senior Association Development Director,
253-905-0647/jpalmer@ymcapkc.org

Requested Funding:

In addition to the direct programs and services that the YMCA will provide described in Tables 1-3, the YMCA is requesting 5% of the direct service costs for in-direct administrative support for the required documentation, record keeping, reporting, preparing cost reports and reimbursements requests, etc.

Table 4. Requested Funding

Funding:	FY2022	FY2023	FY2024	FY2025	FY2026	Totals
YMCA Youth Programs/Services	122,500	132,500	147,500	147,500	147,500	\$697,500
In-direct Admin Support	6,125	6,625	7,375	7,375	7,375	\$34,875
Total Requested Funding:	128,625	139,125	154,875	154,875	154,875	\$732,735

Coronavirus Local Fiscal Recovery Fund (CLFRF) established under the American Rescue Plan Act (ARPA)

ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.

Recipients (the City of Lakewood) may use Coronavirus State and Local Fiscal Recovery Funds to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Specific “expenditure categories” within the categories above are clarified in the attached list.

ARPA authorizes local governments to provide financial support to 3rd parties (other government units, non-profits, etc.) as “subrecipients” to in turn assist people and businesses.

CFR Compliance Requirements:

The following CFR policy requirements apply to this assistance listing:

31 CFR Part 35, as amended by the Interim final rule published May 17, 2021, at 26786 FR Vol. 86, No. 93; or otherwise subsequently amended by Final Rule.

2 CFR Subpart B, General provisions

2 CFR Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

2 CFR Subpart D, Post Federal; Award Requirements

2 CFR Subpart E, Cost Principles

2 CFR Subpart F, Audit Requirements

Subrecipient Initial Conditions

1. The City of Lakewood, WA will rely on subrecipient certification as a material representation in processing this America Rescue Plan Act (ARPA) grant.
2. The use of funds requested from the City of Lakewood's ARPA Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) allocation shall be used only to cover those costs that:
 - a. Have been incurred on March 3, 2021 or later
 - b. Comply with American Rescue Plan Act¹ and Department of Treasury Guidance² on eligible expenses
 - c. Any funds that cannot be expended for an eligible purpose per ARPA and official federal guidance shall be returned to the City of Lakewood.
3. The subrecipient shall retain documentation of all uses of the funds, including but not limited to invoices and/or sales receipts in a manner consistent with §200.333 *Retention requirements for records* of 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such documentation shall be provided to the City of Lakewood upon request and may be subject to audit by the State Auditor or by the federal government.
4. Funds received pursuant to a subrecipient's certification cannot be used for the same specific expenditures for which the subrecipient received any other emergency COVID-19 supplemental funding (whether state, federal or private in nature.)

“Disproportionately Impacted” Communities Expenditures

The pandemic has disproportionately impacted low-income families and communities of color and has exacerbated systemic health and economic inequities. Low-income and socially vulnerable communities have experienced the most severe health impacts. Coronavirus State and Local Fiscal Recovery Funds allow for a broad range of uses to address the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

Some services automatically qualify as eligible uses when provided in Qualified Census Tracts (QCTs), low-income areas designated by HUD; or to families in QCTs. Outside of these areas, recipient governments can also identify and serve households, populations, and geographic areas disproportionately impacted by the pandemic.

Treasury-identified and suggested uses of ARPA funds to benefit Disproportionately Impacted Communities include:

Addressing **educational disparities** exacerbated by COVID-19, including:

¹ <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

² <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds#:~:text=The%20American%20Rescue%20Plan%20Act,nonprofits%2C%20or%20aid%20to%20impacted>

- Early learning services;
- Increasing resources for high-poverty school districts;
- Educational services like tutoring or afterschool programs;
- Programs that address learning loss and keep students productively engaged;
- Supports for students' social, emotional, and mental health needs; and
- Summer camps, recreation, education and enrichment programs.

Promoting **healthy childhood environments**, including:

- Child care,
- Home visiting programs for families with young children, and
- Enhanced services for child welfare-involved families and foster youth.

Addressing health disparities and the social determinants of health, including funding:

- Community health workers,
- Public benefits navigators,
- Remediation of lead paint or other lead hazards,
- and Community violence intervention programs

Building stronger neighborhoods and communities, including:

- Supportive housing and other services for individuals experiencing homelessness,
- Development of affordable housing, and
- Housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity.

Programs or services that provide or facilitate **access to health and social services** and address health disparities exacerbated by the pandemic. This includes Community Violence Intervention (CVI) programs, such as:

- Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance; and,
- Capacity-building efforts at CVI programs like funding more intervention workers; increasing their pay; providing training and professional development for intervention workers; and hiring and training workers to administer the programs.

ATTACHMENT B

Proposed City Expenditures

Proposed City Expenditure	Expenditure Category	Expenditure Subcategory	Amount	5% direct admin. costs	Total
1. Municipal Court Technology	6. Revenue Replacement	6.1 Provision of Government Services	\$133,000	\$16,650	\$139,650
2. City Council Chambers Dias	6. Revenue Replacement	6.1 Provision of Government Services	\$125,000	\$6,250	\$131,250
3. City Hall HVAC Cooler System Replacement with Bipolar Ionization	6. Revenue Replacement	6.1 Provision of Government Services	\$500,000	\$25,000	\$525,000
4. Handwashing Stations at City Parks without Bathrooms	6. Revenue Replacement	6.1 Provision of Government Services	\$75,000	\$3,750	\$78,750
5. City Hall Reconfiguration	6. Revenue Replacement	6.1 Provision of Government Services	\$100,000	\$5,000	\$105,000
6. Lakewood Police Department Retention Bonus	6. Revenue Replacement	6.1 Provision of Government Services	\$637,500	\$31,875	\$669,375
Subtotal			\$1,570,500	\$88,525	\$1,649,025

1. Municipal Court Technology –

Total \$139,650 (Program Cost \$133,000 + 5% Direct Admin Cost \$6,650)

The Municipal Court is in need of video and audio replacement. In summary, the request is to: replace existing audio solution with new technology to include wireless microphones, handheld & lapel microphones; implement wireless content sharing providing real time collaboration during court proceedings utilizing an AirMedia presentation gateway solution; replace existing overhead speakers with new units to eliminate any overhead feedback or squeal; replace existing amplifiers, signal processors and mixing hardware; build the system around digital audio recordings software (currently For the Record 'FTR'); implement new video solution to include cameras, digital display screens, remote streaming capability along with local recording options; implement new video solution which provides enhanced streaming capability, numerous recording and archival options for long term storage of court proceedings & provide online; remote services and court proceedings for the public; add assistive listening technology; and comply with all state and federal guidelines pertaining to COVID-19.

2. City Council Chambers Dias –

Total \$131,250 (Program Cost \$125,000 + 5% Direct Admin Cost \$6,250)

Dais expansion in City Council Chambers to provide for social distancing due to COVID-19 pandemic as well as for as providing for space for AV equipment and working space to take notes, etc. Cost of \$125,000 covers \$15,000 for interior design, \$75,000 for construction, \$20,000 for technology changes at each station, \$10,000 for lighting over top of each station, and \$1,000 for permits.

3. HVAC Cooler System Replacement at City Hall with Bipolar Ionization –

Total \$525,000 (Program Cost \$500,000 + 5% Direct Admin Cost \$25,000)

Replace current HVAC air handler units on the roof (7 units) as they are due for replacement in a few years so it doesn't make sense to band aid them now with a bipolar system. This does not include boiler or chillers. Bipolar ionization (would be included in the update.)

4. Hand Washing Stations at City Parks without Bathrooms –

Total \$78,750 (Program Cost \$75,000 + 5% Direct Admin Cost \$3,750)

Hand washing stations at 5 Parks (Oakbrook, Active, Washington, Edgewater, and Wards Lake) without bathrooms at a cost of \$15,000 each.

5. City Hall Reconfiguration –

Total \$105,000 (Program Cost \$100,000 + 5% Direct Admin Cost \$5,000)

Provide funds for space expert regarding consolidation of City operations to 1st & 2nd floor (approximately 35,000 square feet). Requested funds provides for schematic (step 1) and includes the following: inventory of existing furniture, conferencing with city departments to determine needs/wants, prepare written program, schematic space planning, meetings with owner to refine space planning, survey of existing mechanical and electrical equipment, preliminary cost estimate, architect cost, structural engineer and interior design assessment to determine if it is viable and what structural changes are needed.

Funds do not cover construction documents and permitting (rough estimate for which is \$520,000) that would be based on step 1. Funds also do not cover the reconfiguration/construction for step 3, which are estimated at \$100-%150 per square foot.

6. Lakewood Police Department (LPD) Retention -

Total \$669,375 (Program Cost \$637,500 + 5% Direct Admin Cost \$31,875)

\$7,500 lump sum payment per officer (up to 85 officers) in exchange for a commitment to remain with the Police Department. The department is expecting a large number of police retirements to occur in the near future. A primary reason for this is that when the Police Department was established in 2004, many of the officers who were hired from other agencies had about the same number of years' experience – essentially, early to mid-career. Overtime has been used to maintain coverage recently; however, this is not the optimal solution. The department continues to aggressively recruit both new officers and lateral hires. The latter are slowing down. The department is moving as fast as possible per the state's civil service process. The City's recently implemented incentives to attract lateral hire applications and these proposed retention payments are needed to retain officers.



ATTACHMENT C

October 4, 2021

Bryan Sibley, ARPA Budget Manager / Policy Analyst
Pierce County Council
930 Tacoma Ave. South, Room 1046
Tacoma, WA 98402

Don Anderson
Mayor

Jason Whalen
Deputy Mayor

Mary Moss
Councilmember

Michael D. Brandstetter
Councilmember

Patti Belle
Councilmember

Linda Farmer
Councilmember

Paul Bocchi
Councilmember

John J. Caulfield
City Manager

Dear Mr. Sibley:

This letter is to communicate the City of Lakewood's proposed use of Pierce County American Rescue Plan Act (ARPA) funds for sewer extensions within the City's Tillicum neighborhood.

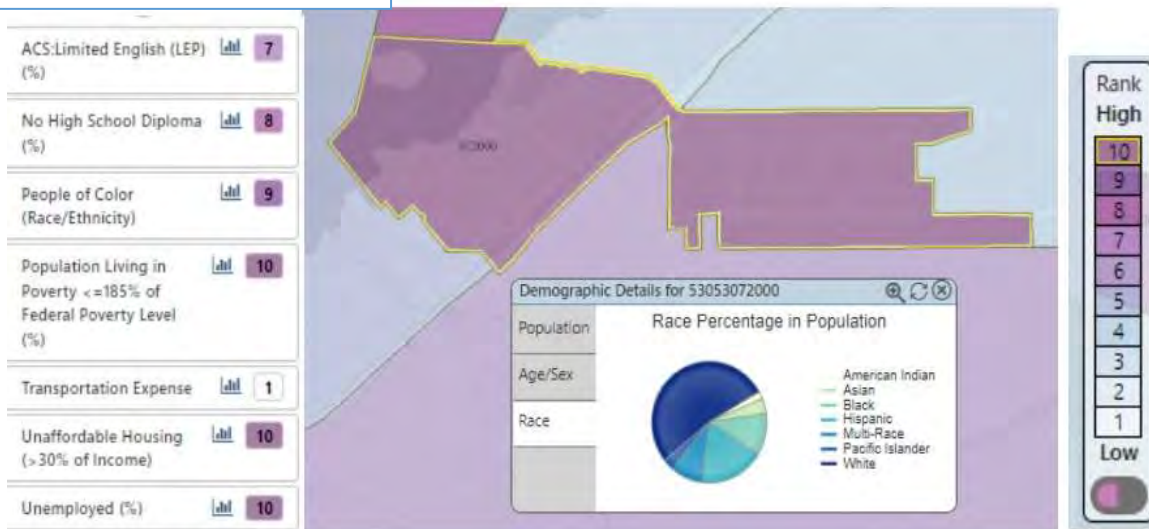
Since incorporation, Lakewood has consistently worked to update and expand the incomplete sewer system serving its residents and businesses. A portion of the City is still not sewered, but the backbone infrastructure has been built. The City collects a monthly fee from all residential and business properties connected to the Pierce County Sewer Utility infrastructure. This is in recognition of the impacts from septic systems in the Woodbrook and Tillicum neighborhoods of the City on the water quality of American Lake.

American Lake does not have a significant stream feeding fresh water into it; rather, it primarily relies on groundwater and local runoff contributions. Murray Creek drains to it from the south but the drainage basin is not large. There is one outlet, Sequelitchew Creek, which is controlled by a structure installed in the 1940s. This allows high flows to escape the pothole drainage lake and drain through JBLM and the Town of DuPont down to the Puget Sound.

The City has invested many millions of dollars since 2006 in the design and construction of sanitary sewer facilities in the Tillicum and Woodbrook neighborhoods. All sewer infrastructure improvements are connections to the Pierce County-owned and -operated countywide sewer system. The City has built the main system as well as multiple sewer extensions within these neighborhoods. As these systems are constructed, the City of Lakewood transfers ownership of the infrastructure to Pierce County.

Tillicum/Woodbrook is a HUD designated Qualified Census Tract (QCT) in Lakewood that is, by terms of the act, ARPA-eligible due to its population demographics.

Lakewood HUD “Qualified Census Tract”
720.00 Tillicum/Woodbrook



Source: [Washington Environmental Health Disparities Map](#)

As of 2021, there are 7 remaining sewer extension projects within the Tillicum and Woodbrook neighborhoods to be constructed:



Included below are the project names and estimated costs in 2021 dollars, totaling \$7,985M. The projects are listed in order by construction schedule so as to ensure the greatest number of connections in the least amount of time. If the County could not fund all projects for some reason, the City would request that the amount provided total 100% of some subset of the projects.

Project #	Description	Cost estimate (2021 Dollars)	Completion Date – NO ARPA Funds
1	Rose Road and Forest Road Sewer Extension	\$1,300,000	2023
2	Wadworth, Silcox and Boat Street Sewer Extension	\$1,700,000	2027
3	Grant Avenue and Orchard Street Sewer Extension	\$1,100,000	2028
4	Washington Avenue and West Thorne Lane Sewer Extension	\$1,700,000	2030
5	Grant Avenue and Lake Street Sewer Extension	\$960,000	2031
6	Washington Avenue and Lake Street Sewer Extension	\$700,000	2032
7	Boundary Street and Military Avenue Sewer Extension	\$525,000	2033
TOTAL		\$7,985,000	

Note: Recommended project groupings are color coded.

Further explanations of each project are attached hereto.

Without the requested ARPA funds, the projects are scheduled to be completed by 2033. ARPA funds would allow a much faster completion, to the good of Tillicum residents, as well as surface water and stormwater quality.

Thank you for your consideration of this request; the City of Lakewood stands ready to provide any additional information to assist with the County Council's decision to fund Lakewood sewer extensions with ARPA dollars.

Sincerely,

Paul A Bucich

Paul A. Bucich, Public Works
Engineering Department Director

Tiffany Speir

Tiffany Speir, ARPA Program Manager

	Lakewood Sewer Extension	With ARPA Support				No ARPA Support	
Project Number	Project Location	Year of Completion With ARPA Funding from Pierce County	Cost to Complete by Year Indicated in the Column to the Left.	Running Total Cost With ARPA	Year of Completion Without ARPA Funding from Pierce County	Cost to Complete by Year Indicated in the Column to the Left.	Running Total Cost Without ARPA
1	Rose Road and Forest Road Sewer Extension	2023	1,379,000	1,379,000	2023	1,379,000	1,379,000
2	Wadworth, Silcox and Boat Street Sewer Extension	2023	1,803,000	3,182,000	2027	2,030,000	3,409,000
3	Grant Avenue and Orchard Street Sewer Extension	2024	1,202,000	4,384,000	2028	1,353,000	4,762,000
4	Washington Avenue and West Thorne Lane Sewer Extension	2024	1,857,000	6,241,000	2030	2,218,000	6,980,000
5	Grant Avenue and Lake Street Sewer Extension	2025	1,080,000	7,321,000	2031	1,290,000	8,270,000
6	Washington Avenue and Lake Street Sewer Extension	2025	788,000	8,109,000	2032	969,000	9,239,000
7	Boundary Street and Military Avenue Sewer Extension	2026	608,000	8,717,000	2033	749,000	9,988,000

****Assumes 3% inflation per year.**

Project #: 311.0006
Project Name: Rose Rd. & Forest Rd. Sewer Extension

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Portland Ave./Rose Rd. intersection approximately 1,050 feet northwest to the 15400 block of Rose Rd.; from the 8900 block of Forest Rd. approximately 480 feet north and west to the intersection of Forest and Rose; and from Portland Ave./Forest Rd. intersection approximately 720 feet to the 15200 block of Fern St. Total new sewer line footage is 2,250 feet. The roads will be restored after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 59 residential properties. 46 of the properties are single family. 13 of the properties have multiple dwelling units ranging from 2 to 4 units per property. Total number of dwelling units for the 59 properties is 81.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2022	2023	2024	2025	2026	Total LTD 2026
Fund 204 Sewer Project Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital	71,250	946,650				1,017,900
Fund 401 Surface Water Management	23,750	341,850	-	-	-	365,600
Grants - Secured	-	-	-	-	-	-
Grants - Anticipated	-	-	-	-	-	-
Private Utilities (Water/Sewer)	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Unfunded	-	-	-	-	-	-
Total Funding Sources	\$ 95,000	\$ 1,288,500	\$ -	\$ -	\$ -	\$ 1,383,500

Project Costs	2022	2023	2024	2025	2026	Total LTD 2026
Engineering	\$ 95,000	\$ -		\$ -	\$ -	\$ 95,000
Construction	-	1,243,500	-		-	1,243,500
Construction Engineering	-	45,000	-		-	45,000
Total Project Costs	\$ 95,000	\$ 1,288,500	\$ -	\$ -	\$ -	\$ 1,383,500

Impact on Operating Funds	2022	2023	2024	2025	2026	Total LTD 2026
Revenue Increase/(Decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-	-	-	-	-
Net M&O Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project #: 311.0007
Project Name: Wadsworth, Silcox & Boat St. Sewer Extension

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Portland Ave./Wadsworth St. intersection approximately 630 feet north and west to the 15100 block of Boat St.; extend a force main from the 15100 block of Silcox Dr. approximately 420 feet to the Boat St./Wadsworth St. intersection; install a pump station in the 15100 block of Silcox Dr. right of way; extend sewer main from the Portland Ave./W. Thorne Ln. intersection approximately 840 feet to the 15000 block of Silcox Dr.; extend sewer main from the 15000 block of Boat St. approximately 250 feet to the Boat St./Silcox Dr. intersection; extend sewer from the W. Thorne Ln./Silcox Dr. intersection approximately 720 feet to the 14300 block of W. Thorne Ln.; extend sewer from the W. Thorne Ln./Woodlawn St. approximately 300 to the 14800 block of Woodlawn St. Total new sewer line footage is 2,740 feet of gravity line and 420 feet of force main. The roads will be restored after the sewer lines are installed. Once the sanitary sewer system is operational it will make service available to 60 residential properties and 1 commercial property (Bill's Boathouse). 40 of the properties are single family. 20 of the properties have multiple dwelling units ranging from 2 to 8 units per property. Total number of dwelling units for the 61 properties is approximately 122.

The current timing of the project is to design it in 2026 and build it in 2027. Construction costs are estimated to be \$1,400,000, which includes \$50,000 for construction engineering.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2026	Total LTD 2026
Fund 204 Sewer Project Debt Service		\$ -
Fund 312 Sanitary Sewer Connection Capital	\$ 70,000	70,000
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	-	-
Total Funding Sources	70,000	70,000

Project Costs	2026	Total LTD 2026
Engineering	\$ 70,000	\$ 70,000
Construction	-	-
Construction Engineering	-	-
Total Project Costs	\$ 70,000	\$ 70,000

Impact on Operating Funds	2026	Total LTD 2026
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -

Project #: 311.0008
Project Name: Grant Ave. & Orchard St. Sewer Extension

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Grant Ave./ Orchard St. intersection approximately 850 feet northeast to the 14800 block of Grant Ave.; from the Grant Ave./Berkeley St. intersection approximately 380 feet southwest to the 15500 block of Grant Ave; from Grant Ave./Orchard St. intersection approximately 340 feet to the 8400 block of Orchard St; and from the Orchard St./Union Ave. intersection approximately 310 feet northwest to the 8300 block of Orchard St. Total new sewer line footage is 1,880 feet. The roads will be restored after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 28 properties. 18 of the properties are single family. 9 of the properties have multiple dwelling units ranging from 2 to 6 units per property. 1 property contains the child care center located on the grounds of Tillicum Elementary. Total number of dwelling units for the 28 properties is 39.

The current timing of the project is to design it in 2027 and build it in 2028.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2028	
Fund 204 Sewer Project Debt Service	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital		-
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	965,000	965,000
Total Funding Sources	\$ 965,000	\$ 965,000

Project Costs	2028	
Engineering	\$ 50,000	\$ 50,000
Construction	865,000	865,000
Construction Engineering	50,000	50,000
Total Project Costs	\$ 965,000	\$ 965,000

Impact on Operating Funds	2028	
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -

Project #: 311.0009
Project Name: Washington Ave. & W. Thorne Ln. Sewer Extension

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Washington Ave./ Berkeley St. intersection approximately 2,150 feet northeast to the 14800 block of Washington Ave.; from the Grant Ave./W. Thorne Ln. intersection approximately 390 feet southwest to the 14800 block of W. Thorne Ln.; and from W. Thorne Ln./Union Ave. intersection approximately 500 feet north to the 14900 block of W. Thorne Ln. Total new sewer line footage is 3,040 feet. The roads will be restored after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 60 properties. 34 of the properties are single family. 18 of the properties have multiple dwelling units ranging from 2 to 14 units per property. 1 property contains the Tillicum Community Center, 7 properties are commercial. Total number of dwelling units for the 60 properties is 120.

The current timing of the project is to design it in 2029 and build it in 2030.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2030	
Fund 204 Sewer Project Debt Service	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital	-	-
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	1,520,000	1,520,000
Total Funding Sources	\$ 1,520,000	\$ 1,520,000

Project Costs	2030	
Engineering	\$ 60,000	\$ 60,000
Construction	1,400,000	1,400,000
Construction Engineering	60,000	60,000
Total Project Costs	\$ 1,520,000	\$ 1,520,000

Impact on Operating Funds	2030	
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -

Project #: 311.0010
Project Name: Grant Ave & Lake St. Sewer Extension

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Spruce St./Grant Ave. intersection approximately 1,340 feet southwest to the 14700 block of Grant Ave.; and from the Grant Ave./Lake St. intersection approximately 360 feet southeast to the 8500 block of Lake St. Total new sewer line footage is 1,700 feet. The roads will be repaved after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 28 properties. 24 of the properties are single family. 3 of the properties have multiple dwelling units ranging from 2 to 8 units per property. 1 property contains a fire station. Total number of dwelling units for the 28 properties is 37.

The current timing of the project is to design it in 2030 and build it in 2031.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2031	
Fund 204 Sewer Project Debt Service	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital		-
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	850,000	850,000
Total Funding Sources	\$ 850,000	\$ 850,000

Project Costs	2031	
Engineering	\$ 35,000	\$ 35,000
Construction	780,000	780,000
Construction Engineering	35,000	35,000
Total Project Costs	\$ 850,000	\$ 850,000

Impact on Operating Funds	2031	
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -

Project #: 311.0011
Project Name: Washington Ave & Lake St Sewer Ext

Eden Account #:

Project Description & Justification:

The project will extend existing sanitary sewer mains from the 14400 block of Washington Ave. approximately 950 feet southwest to the 14700 block of Washington Ave.; and from the Union Ave./Lake St. intersection approximately 300 feet northwest to the 8300 block of Lake St. Total new sewer line footage is 1,250 feet. The roads will be repaved after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 30 properties. 20 of the properties are single family. 10 of the properties have multiple dwelling units ranging from 2 to 16 units per property. Total number of dwelling units for the 30 properties is 72.

The current timing of the project is to design it in 2031 and build it in 2032.

Operational Impact:

Once the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2032	
Fund 204 Sewer Project Debt Service	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital		-
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	625,000	625,000
Total Funding Sources	\$ 625,000	\$ 625,000

Project Costs	2032	
Engineering	\$ 25,000	\$ 25,000
Construction	575,000	575,000
Construction Engineering	25,000	25,000
Total Project Costs	\$ 625,000	\$ 625,000

Impact on Operating Funds	2032	
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -

Project #: 311.0012
Project Name: Boundary St. & Military Ave. Sewer Ext

Project Description & Justification:

The project will extend existing sanitary sewer mains from the Boundary St./Portland Ave. intersection approximately 630 feet northwest to the end of Boundary St. public right of way; and from the Boundary St./Military Ave. intersection approximately 300 feet southwest to the 15600 block of Military Ave. Total new sewer line footage is 930 feet. The roads will be repaved after the sewer lines are installed. Once the sanitary sewer system is operational this will make service available to 58 properties. 57 of the properties are single family. 1 property have 12 unit apartment. Total number of dwelling units for the 58 properties is 69. Pierce County Sewer has not supported hooking up this development to public sewer in the past due to the type of private sewer system that was installed when the development was constructed.

The current timing of the project is to design it in 2032 and build it in 2033.

Operational Impact:

If the sanitary sewer lines are constructed the system will be turned over the Pierce county for operation and maintenance. Prior to properties connection up to the sewer system they will be subject to the City's sewer availability charges.

Funding Sources	2033	
Fund 204 Sewer Project Debt Service	\$ -	\$ -
Fund 312 Sanitary Sewer Connection Capital	-	-
PWTF Loan-secured	-	-
Grants - Secured	-	-
Grants - Anticipated	-	-
Private Utilities (Water/Sewer)	-	-
Interest Earnings	-	-
Unfunded	465,000	465,000
Total Funding Sources	\$ 465,000	\$ 465,000

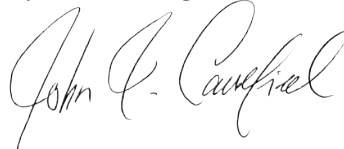
Project Costs	2033	
Engineering	\$ 20,000	\$ 20,000
Construction	425,000	425,000
Construction Engineering	20,000	20,000
Total Project Costs	\$ 465,000	\$ 465,000

Impact on Operating Funds	2033	
Revenue Increase/(Decrease)	\$ -	\$ -
Expenditure Increase/(Decrease)	-	-
Net M&O Impact	\$ -	\$ -



TO: Mayor and City Councilmembers

FROM: Tho Kraus, Deputy City Manager
David Bugher, Assistant City Manager/Community & Economic Development Director
Bill Adamson, SSMCP Project Manager
Becky Newton, Economic Development Manager

THROUGH: John J. Caulfield, City Manager 

MEETING DATE: November 22, 2021

SUBJECT: Purchase and Sale Agreement to acquire 2916 107th Street SW located in the JBLM North Clear Zone (Assessor's Tax Parcel No 000490081)

This memorandum is divided into four parts.

Part 1 - summation of the current program status.

Part 2 - purchase and sale agreement basics.

Part 3 - important dates.

Part 4 - financial contributions from the Army Environmental Command, Washington State, Lakewood, and Pierce County.

Part 1 - Synopsis: One of the City's longstanding priorities has been to acquire lands within the Joint Base Lewis McChord (JBLM) North Clear Zone (NCZ). A partner in this process has been Pierce County. Between the two public agencies we have enjoyed some modest success with this endeavor. The overall goal has been to address encroachment, promote public safety, and potentially protect JBLM from possible future Base Realignment and Closure (BRAC) actions. Over the years, the City and County have worked with several willing property owners. Currently, the City has been focusing its efforts on acquiring the Tactical Tailor real property at 2916 107th Street SW. To-date, the property acquisition process has been straightforward. Until now.

To acquire Tactical Tailor property, it requires that Army Environmental Command (AEC)¹, the Washington State Department of Commerce (DOC), Pierce County, and the City of Lakewood to pool their collective resources to effectuate a purchase and sale agreement, and close by December 12, 2021. However, each of the partners have their own timelines and restrictions for the use of their respective funds.

¹ AEC is a subordinate agency of the United States Army Installation Management Command (IMCOM).

The “easy” partners are Pierce County and the City of Lakewood. All that is required is a written assurance that each agency will commit dollars at the time of escrow; this is currently in process. Further, Lakewood proposes to recoup its dollars towards the purchase price with a lease-back arrangement with Tactical Tailor over a three-year period. The leaseback is built-in to the purchase and sale agreement, to which the owner of Tactical Tailor has no objection, but the City is waiting for AEC approval of the lease-back provision.

AEC proposes to use two different sources of grants that collectively become a contribution through the Army Compatible Use Buffer (ACUB) Program. But, they have restrictions on the use of the funds. Funds cannot be used for relocation or demolition. The City is waiting for AEC approval to allow the purchase price to exceed fair market value. The City proposes to exceed fair market value by subsuming relocation costs into the purchase and sale agreement. This proposal is under review by AEC, although verbally, in the past, they have indicated this has never been done using ACUB funds. The City is waiting on final confirmation on both the above FMV purchase price and the lease-back agreement which we anticipate will come in the Notice to Proceed for Acquisition.

Also, AEC, at first, was not so keen on the use of a lease-back option. Their initial reaction is that if the City were to use this approach, AEC wants the funds to be set aside for acquisition of other NCZ properties. But once again, AEC verbally has indicated that this is not a major concern. The City is waiting on final confirmation regarding the lease-back provisions.

AEC has changed the Notice to Proceed (NTP) date. Originally scheduled for November 12, 2021, it has now been moved to the last week in November, or the first week in December. Without the NTP approved, the City cannot request an advancement of funds.

At the federal level, one of the fundamental problems is that no agency has attempted to use this type of financial strategy for ACUB program funds. What has been proposed is one-of-a kind; the current rules on acquisition do not fit the situation. To AEC’s credit, they have been allowing for simultaneous parallel review, rather than a linear approach. Nevertheless, we are behind schedule.

Moving on to Washington State, DOC has its own set of grant restrictions, and they do not necessarily align with AEC’s. Currently, DOC accepts relocation expenditures as long as it is shown as a separate line item, and is not a part of the appraised value determination. There was a follow-up meeting with DOC on November 16, 2021. We came to an agreement on several topics.

- We agreed to change the grantee from SSMCP to the City of Lakewood.
- We agreed to close out the current contract and write a new contract for the balance of the project (Tactical Tailor purchase). The revised agreement would remove language referring to relocation. Again, no objection from the City; this also potentially satisfies one of AEC’s concerns. A revised contract was submitted the next day, November 17, 2021, and executed by the City Manager.

Getting to alignment with timelines and restrictions has proven to be difficult. Not having the NTP is causing delays. Inasmuch as possible, DOC would expedite a payment request. However, we have yet to setup escrow because we have not received the AEC NTP.

One final complication, when or if we receive the NTP, not sure of the date funds would be wired into escrow. The federal contract indicates that it would take up to 60-days.

In sum, here are the challenges,

1. City does not have a NTP.
2. Until the NTP is obtained, the City cannot draw down on federal (or state) funds.
3. An escrow account has not been established.
4. The December 12, 2021 date was set by AEC. It is unknown whether or not this date can be amended. Even so, we run into problems with the appraisal, which by December 23, 2021, will be a year old.
5. AEC has not commented in writing on the City's proposal to subsume relocation into the purchase and sale agreement.
6. AEC has not commented in writing on the lease-back arrangement.

Part 2 - Purchase and sale agreement basics:

Seller: 107th Street Building, LLC (Casey R. Ingels, CEO and Manager). Mr. Ingels executed the agreement on January 26, 2021. Please see attachment.

Buyer: City of Lakewood, WA.

Proposal: Purchase of real property located at 2916 107th Street SW, Lakewood, WA. Assessor's tax Parcel: 5000490081. Includes a two-story warehouse and attached building/office sales front.

Purchase price: \$7,360,000 which includes relocation costs at \$900,000.

Manner of payment: Paid in cash or immediately available funds at closing.

Closing date: The 30th day following the buyer's written notice to Seller of satisfaction of the Due Diligence Condition set forth in Section 5.4 of the purchase and sale agreement.

This is standard language; the Due Diligence Condition has already been met, so it is possible to close sooner than the 30-days.

DOC state advance is straightforward. Not so, the federal advance. According to contract documents, 60-days is required, but since we have no NTP, the starting date to request an advance is unknown.

Lease agreement: Base rent is \$18,000 per month for the first 24 months with adjustments to reflect cost of living beginning on the 25th month.

Base rent does not include utilities, taxes, such as leasehold tax, assessments, other fees, insurance premiums, etc. Does not include tenant reimbursements to the City's landlord's casualty and liability insurance.

Assumes 36-months lease-back beginning January 2022 through December 2024.

Part 3 - Important dates:

November 12, 2021	Original date of NTP; date was moved forward.
November 29, 2021 – December 3, 2021	Revised NTP date.
December 6, 2021	City Council authorizes the city manager to execute purchase and sale agreement subject to conditions.
December 12, 2021 (Sunday)	Scheduled date to execute the purchase and sale agreement. (This date was set by AEC.)
December 22, 2021	After this date, the underlying appraisal is over one year old. AEC and COM may allow the City to continue to use the current appraisal, but after January 2022, this option will not be made available. A new appraisal would be required which would substantially raise the purchase price.
UNKNOWN DATE	Formal request to advance funds was supposed to have been on November 12, 2021, but has been delayed. City is waiting on a new NTP date.
UNKNOWN DATE	City has requested the DOC to advance funds as well; however numerous actions/documents are required. In order for the City to receive grant funds, need: closing statement; A-19 form that matches closing statement; and escrow account. City would need to further request in advance five-days prior to closing. At that point, two items required to close the sale, executed contract purchase and sale agreement, and documentation of funding.

Part 4 – Financials

Please see attachment.

Note on financial document: Lease-back agreement includes adjustments in base rent, based on the Consumer Price Index for Urban Wage Earners and Clerical Workers. The City's Economic Development Manager provided an estimate of 2.12 percent in 2024, and 2.17 percent in 2025.

NCZ (North Clear Zone) - Tactical Tailor Purchase

Sources & Uses Schedule	1-Time Property Acquisition	Federal vs State & Local		Lease-Back & Related Revenue			
		Federal	Other Sources	"Ongoing" Lease-Back Revenue	Year 1 12 Months Jan-Dec 2022	Year 2 12 Months Jan-Dec 2023	Year 3 12 Months Jan-Dec 2024
Sources:							
Federal Grant ⁽¹⁾	\$ 4,558,683	\$ 4,558,683	\$ -	-	\$ -	\$ -	\$ -
REPI (Readiness and Environmental Protection Integration) Grant	541,317	541,317	-	-	-	-	-
Subtotal - Federal Grants	5,100,000	5,100,000	-	-	-	-	-
State Grant	1,258,133	-	1,258,133	-	-	-	-
Pierce County Grant	530,000	-	530,000	-	-	-	-
Subtotal - State & Local Grants	1,788,133	-	1,788,133	-	-	-	-
Lease-Back - Base Rent Revenue For Interfund Loan Repayment ⁽²⁾	553,536	-	553,536	553,536	184,512	184,512	184,512
Lease-back - For Appraisals, Legal Fees, Due Diligence	12,742	-	12,742	12,742	12,742	-	-
Lease-back - Remaining Available Balance	-	-	-	86,301	18,746	31,488	36,067
Subtotal Leaseback	566,278	-	566,278	652,579	216,000	216,000	220,579
Not Included in Base Rent - Leasehold Tax	-	-	-	71,074	23,691	23,691	23,691
Not Included in Base Rent - Landlord's Casualty & Liability Insurance	-	-	-	35,016	10,579	11,637	12,801
Subtotal - Leaseback	-	-	-	106,091	34,270	35,328	36,492
Total Sources	\$ 7,454,411	\$ 5,100,000	\$ 2,354,411	\$ 758,670	\$ 250,270	\$ 251,328	\$ 257,071
Uses:							
Purchase of Tactical Tailer Property	7,360,000	5,100,000	2,260,000	-	-	-	-
Due Diligence Activities	30,911	-	30,911	-	-	-	-
New Updated Appraisal	3,500	-	3,500	-	-	-	-
Legal Fees (request to proceed for acquisition)	55,000	-	55,000	-	-	-	-
Legal Fees (projected to complete transaction)	5,000	-	5,000	-	-	-	-
Leasehold Tax ⁽²⁾	-	-	-	71,074	23,691	23,691	23,691
Landlord's Casualty & Liability Insurance ⁽²⁾	-	-	-	35,016	10,579	11,637	12,801
Interfund Loan Repayment ⁽²⁾	-	-	-	553,536	184,512	184,512	184,512
Total Uses	\$ 7,454,411	\$ 5,100,000	\$ 2,354,411	\$ 659,627	\$ 218,782	\$ 219,840	\$ 221,004
Sources Over/(Under) Uses	\$ -	\$ -	\$ -	\$ 99,043	\$ 31,488	\$ 31,488	\$ 36,067

(1) Per Grant Award/Contract 2019-148 Section 8.6 Advance Payment - Key Points:

- Option is available, though must request advance funds at least 60 days prior to date needed for closing on parcels.
- Requests need supporting documentation" property identification/name, estimated closing date, acreage, location/priority area property appraisal, amount of Army funding requested, nature of interest being acquired, and benefit to mission.
- Limited to the minimum amount needed and be timed to be as close as is administratively feasible to the actual disbursements required.
- Within 60 days of spending, must submit reconciliation of advance funds to actual spending and also submit in the annual report.
- Deposit funds in interest bearing account unless not expecting to earn more than \$500 per year on federal cash balance or not feasible
- City has Federal Cash Advance Policy in place prior to receiving funds per 2 CFR 200 Uniform Grant Guidance.

- Assumes federal funds will be used directly for property acquisition.
- All other costs will be paid by State and Local funds.

(2) Lease-Back Revenue

- Assumes City keeps 100% for the NCZ program for future purchases of property and other costs.
- Base rent is \$18,000 per month for the first 24 months with adjustments to reflect cost of living beginning with the 25th month. Base rent does not include utilities, taxes such as property/leasehold, assessments and other fees and charges required to be paid, insurance premiums, etc. and will be paid/maintained by tenant.
- Base rent also does not include Tenant reimbursements to the City for Landlord's Casualty and Liability Insurance.

- Assumes 36 months lease-back beginning July 1, 2021 and ending June 30, 2024 based on rent rate schedule below.

	2022	2023	2024	2025
Monthly Rent	\$ 18,000	\$ 18,000	\$ 18,382	\$ 18,780
Annual Rent	\$ 216,000	\$ 216,000	\$ 220,579	\$ 225,366
Total Cum Rent	\$ 216,000	\$ 432,000	\$ 652,579	\$ 877,945
CPI Increase Est	-	-	2.12%	2.17%

**REAL ESTATE
PURCHASE AND SALE AGREEMENT**

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REAL ESTATE
PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is made and entered as of the later of the Parties' signatures below (the "Effective Date"), by and between 107th STREET BUILDING, LLC, a Washington limited liability company ("Seller") and CITY OF LAKEWOOD, a Washington municipal corporation ("Buyer") (individually a "Party" and collectively the "Parties").

R E C I T A L S:

A. Seller is the owner of improved real property having a street address of 2916 107th Street South, Lakewood, Washington 98499, which property is legally described on **Exhibit A** attached hereto and incorporated herein by this reference (the "Property").

B. Buyer is a governmental entity but is acquiring this property without exercising its power of eminent domain. Seller is a willing but not obligated seller, and this transaction is deemed by the Parties to be an "arms-length" transaction and voluntary sale.

C. In order to afford Seller a reasonable time to find a new location for the operation of Seller's business, the Parties intend for Seller to remain in possession of the Property, pursuant to a lease agreement to be executed by the Parties at Closing (the "Lease").

D. Seller desires to sell the Property, and Buyer desires to purchase the Property on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the Parties agree as follows:

ARTICLE I.
AGREEMENT TO SELL AND PURCHASE

Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase and accept the Property from Seller on the terms and conditions expressly set forth in this Agreement.

ARTICLE II.
PURCHASE PRICE

2.1 Purchase Price. The Purchase Price for the Property shall be Seven Million Three Hundred Sixty Thousand Dollars (\$7,360,000.00).

2.2 Manner of Payment. The Purchase Price shall be paid in cash or immediately available funds at Closing.

ARTICLE III.
DESIGNATION OF ESCROW AGENT/DEPOSIT

3.1 Designation of Escrow Agent. Upon execution of this Agreement, Buyer will open an escrow with Puget Sound Title Company, 5350 Orchard Street West, University Place, WA 98467 (the "Title Company").

3.2 Deposit. Within three (3) business days after the date of the Parties' mutual execution of this Agreement, Buyer shall deposit with Escrow Agent the sum of Fifty Thousand Dollars (\$50,000.00) in cash or by check payable to the Title Company ("the Deposit"). The Deposit shall be credited against the Purchase Price at Closing. If Closing does not occur, the Deposit will be disposed of as provided in either Section 3.3 or Section 3.4 below, as applicable.

3.3 Disposition Upon Termination for Failure of a Condition – Refund to Buyer. If this Agreement or the transaction described herein is terminated prior to Closing pursuant to any section hereof granting Buyer the right to terminate or any section stating that, on termination the Deposit shall be refunded to Buyer, then Escrow Agent is instructed to and shall, within three (3) business days after receipt of written notice from Buyer demanding the Deposit, deliver the Deposit to Buyer.

3.4 Termination for Buyer's Default or After Waiver or Satisfaction of Conditions – Delivery to Seller. If this Agreement is terminated due to Buyer's default or pursuant to any section hereof stating that upon termination the Deposit shall be delivered to Seller, then Escrow Agent is instructed to and shall within three (3) business days after receipt of written notice from Seller demanding the Deposit, deliver the Deposit to Seller (less any amount due for cancellation of escrow and/or title order).

ARTICLE IV.
TITLE TO PROPERTY

4.1 Title Review; "Permitted Exceptions". No later than the Parties' mutual execution of this Agreement, Buyer shall order a preliminary commitment for title insurance from the Title Company naming Buyer as the insured in the amount of the Purchase Price (the "Title Commitment") and request a copy of the Title Commitment and copies of all documents of record referred to in the Schedule B Special Exceptions to be delivered to Buyer. Buyer and/or Buyer's counsel may review the Title Commitment and such other matters of title as Buyer may elect to examine, and Buyer shall notify Seller of any objections Buyer may have to the title, in accordance with the procedure outlined below:

4.1.1 Buyer's Notification. Not later than ten (10) days after the later of the Effective Date or Buyer's receipt of the Title Commitment, Buyer shall deliver written notification to Seller of Buyer's approval or disapproval of the Title Commitment, which notification shall list each exception in Schedule B thereof to which Buyer objects ("Buyer's Notification"); provided, however, that regardless of whether Buyer delivers Buyer's Notification, Seller agrees that all monetary encumbrances or liens shall be paid or discharged by Seller on or before Closing. Except for any such monetary encumbrances or liens, any exceptions not objected to or disapproved by Buyer in writing shall be deemed Permitted Exceptions.

4.1.2 Seller's Response. Seller shall have seven (7) days after receipt of Buyer's Notification to deliver written notice to Buyer ("Seller's Response") identifying those title exceptions, if any, to which Buyer objected in Buyer's Notification which Seller agrees, in addition to monetary encumbrances or liens, to cause to be removed from the Title Policy (hereinafter defined) on or before Closing. The absence of a Seller's Response within the time herein provided shall constitute Seller's notice to Buyer of Seller's election not to remove any such exceptions, other than monetary encumbrances or liens. On or before the Closing Date, Seller shall remove those title exceptions that Seller has stated in Seller's Response it intends to remove and all monetary encumbrances or liens.

4.1.3 Buyer's Right to Terminate. If Seller does not notify Buyer in Seller's Response that Seller will remove all exceptions disapproved by Buyer, then Buyer shall have the right to terminate this Agreement upon written notice given to Seller no later than ten (10) days after Buyer's receipt of Seller's Response, or ten (10) days after Seller's Response was due, if no Seller's Response is provided, whichever is later. If Buyer terminates this Agreement on such basis, the provisions of Section 3.3 shall apply. If Buyer does not give written notice of termination within the time period provided in this Subsection 4.1.3, then all title exceptions disclosed on the Title Commitment, other than monetary encumbrances or liens, not agreed by Seller to be removed from the Title Policy at or prior to Closing shall be included as part of the Permitted Exceptions.

4.1.4 New Exceptions. The procedure for Buyer's Notification and Seller's Response and Buyer's Right to Terminate as provided in Subsections 4.1.1 and 4.1.2 above shall apply to any title exceptions that first appear after Buyer's receipt of the Title Commitment, except that if the time period for delivery of any notice extends beyond the Closing Date, such period shall expire on the Closing Date; *provided*, however, that if a new title exception first appears at any time within ten (10) days prior to the scheduled Closing Date, and if Buyer objects thereto and Seller gives notice of its election to remove the same, then at Seller's option, if necessary, the Closing Date shall be extended for up to ten (10) additional business days to permit Seller to take the actions necessary to cause the Title Company to deliver the Title Policy at Closing without such New Exception.

4.1.5 Effect of Seller's Failure to Cause Exceptions to be Removed. If Seller shall fail to remove on or before Closing any Title Exception required to be removed hereunder, then Buyer shall have the right either (a) to terminate this Agreement and to receive a full refund of the Deposit, or (b) to proceed to Closing and to accept title to the Property subject to such title exceptions, in which case such additional exceptions shall be included among the Permitted Exceptions.

4.2 Title Not Insurable. If title is not insurable at Closing subject only to the Permitted Exceptions determined in accordance with this Agreement, Buyer may (a) elect to proceed to Closing despite such non-insurability, thereby accepting any such matters as Permitted Exceptions, or (b) terminate this Agreement and receive a refund of the Deposit.

4.3 Deed. Title shall be conveyed at Closing by Statutory Warranty Deed, subject only to the Permitted Exceptions, in the form attached hereto as **Exhibit B** and incorporated herein by this reference (the “Deed”).

ARTICLE V. CONDITIONS

5.1 Due Diligence Condition. Buyer’s obligation to purchase the Property is contingent upon Buyer determining, in its sole and absolute discretion, that it is satisfied with its investigation of all aspects of the Property, including, but not limited to, value, condition, marketability, title matters, environmental conditions, zoning, land use, and all other factors and conditions which Buyer considers relevant to its contemplated use of the Property, and the feasibility of its prospective purchase and ownership thereof (the “Due Diligence Condition”).

5.2 Property Information; Disclosure Statement. Within five (5) business days following the Parties’ mutual execution of this Agreement, Seller shall deliver to Buyer all of the following information pertaining to the Property in Seller’s possession: (a) copies of all appraisals, surveys, plans and specifications, permits and applications, wetlands studies, soils and engineering reports; (b) copies of any and all leases, contracts, and agreements affecting the Property; (c) copies of any and all documents relating to the environmental condition of the Property, including any Hazardous Substances investigations, surveys or analysis of any aspect of the Property; and (d) copies of any and all citations and notices received from any governmental agency or entity claiming or asserting any non-compliance of the Property with any applicable laws (the “Property Information”). If this transaction fails to close for any reason, Buyer shall promptly return the Property Information to Seller. Buyer waives the requirement that Seller deliver to Buyer a Real Property Disclosure Statement as required by RCW 64.06.013 (the “Disclosure Statement”); *provided*, however, that if the answers to any of the questions in the section entitled “Environmental” would be “yes,” Buyer does not waive receipt of the “Environmental” section of the Disclosure Statement, and Seller shall deliver to Buyer the “Environmental” section of the Disclosure Statement fully completed within five (5) business days following the Parties’ mutual execution of this Agreement.

5.3 Right of Access. Buyer and its officers, agents, employees and designees shall be afforded access and entry onto and into the Property during the Contingency Period for inspection and investigation, to perform appraisals and surveys, and to conduct such additional studies, tests and inspections as Buyer may elect in order to fully investigate the Property. Any excavation, drilling, or other invasive testing conducted by Buyer or its consultants or contractors in accordance with accepted industry practices, and to the extent practicable, Buyer will cause the Property to be promptly repaired and restored to a condition reasonably comparable to that existing immediately preceding such action, at Buyer’s expense.

5.4 Contingency Period. Buyer shall have the period ending at 9:00 p.m. on the thirtieth (30th) day following the Effective Date (the “Contingency Period”) to determine Buyer’s satisfaction of the Due Diligence Condition; provided, however, that Buyer may, upon written notice given to Seller prior to the expiration of the Contingency Period, elect to extend the Contingency Period for a period not to exceed fifteen (15) days. This Agreement shall terminate, and the Deposit shall be

refunded to Buyer, unless Buyer gives written notice to Seller on or before the expiration of the Contingency Period, as the same may be extended, that the Due Diligence Condition has been satisfied. If such notice is timely given, the Due Diligence Condition shall be deemed satisfied.

ARTICLE VI. CONDITIONS TO CLOSING

6.1 Buyer's Conditions. In addition to any conditions provided in other provisions of this Agreement, Buyer's obligation to purchase the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.1.1 Compliance by Seller. Seller shall have performed and complied with all of the covenants, agreements, obligations and conditions required hereunder to be performed and complied with by Seller on or before the Closing Date.

6.1.2 Correctness of Representations and Warranties. The representations and warranties of Seller as expressly set forth in this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if those expressly stated representations and warranties had been made on and as of the Closing Date, unless Seller shall have provided written notice to the Buyer to the contrary and shall have given Buyer the opportunity to terminate or withdraw from this transaction at or prior to Closing.

6.1.3 Title Policy. The Title Company shall be prepared to issue the Title Policy subject only to the Permitted Exceptions.

6.1.4 Seller's Deliveries. Seller shall have delivered all of Seller's Deliveries to Escrow Agent on or before the Closing Date.

6.2 Seller's Conditions. In addition to any conditions provided in other provisions of this Agreement, Seller's obligation to sell the Property is subject to the fulfillment prior to Closing of each of the following conditions:

6.2.1 Compliance by Buyer. Buyer shall have performed and complied with all of the covenants, agreements, obligations and conditions required hereunder to be performed and complied with by Buyer on or before the Closing Date.

6.2.2 Correctness of Representations and Warranties. The representations and warranties of Buyer stated in this Agreement shall be true and correct on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date, unless Buyer shall have provided written notice to Seller to the contrary and has given Seller the opportunity to terminate or withdraw from this transaction at or prior to Closing).

6.2.3 Buyer's Deliveries. Buyer shall have delivered all of Buyer's Deliveries to Escrow Agent on or before the Closing Date.

ARTICLE VII.
DAMAGE AND DESTRUCTION AND CONDEMNATION

7.1 Risk of Physical Loss. Risk of physical loss to the Property shall be borne by Seller prior to the Closing Date and, subject to the terms of the Lease, by Buyer thereafter. In the event that any material portion of the Property shall be damaged by fire, flood, earthquake or other casualty, Buyer may, at its option, elect not to acquire the Property by giving written notice of its intent not to purchase within the earlier of the Closing Date or the date that is thirty (30) days after notice has been given to Buyer of any such event. If Buyer elects to terminate this transaction as a result of such damage, then this Agreement shall be terminated and the Deposit shall be refunded to Buyer.

7.2 Condemnation. In the event that, prior to the Closing Date, any governmental entity shall have commenced any actions of eminent domain or similar type proceedings to take any portion of the Property, Buyer shall have the option either to (i) elect not to acquire the Property or (ii) complete the acquisition of the Property, in which event Buyer shall be entitled to all the proceeds of such taking.

ARTICLE VIII.
CLOSING

8.1 Closing Date. Closing shall take place in the offices of Escrow Agent on the "Closing Date," which the Parties hereby agree shall be the thirtieth (30th) day (or such earlier day as the Parties may mutually agree upon in writing) following Buyer's written notice to Seller (if any) of satisfaction of the Due Diligence Condition, as set forth in Section 5.4, above; *provided*, however, that if such day falls on a Saturday, Sunday, legal holiday, as defined in RCW 11.16.050, or day when the County recording office is closed, the Closing Date shall be the next following business day.

8.2 Deliveries to Escrow. The Parties shall deliver the following documents and funds to the Escrow Agent not later than 12:00 o'clock, Noon, Pacific Time, on the business day immediately preceding the Closing Date:

8.2.1 By Seller. Seller shall deliver the following original documents and agreements, duly executed and acknowledged by Seller ("Seller's Deliveries"):

- (a) the Deed;
- (b) a real estate excise tax affidavit executed by Seller in a form required by law;
- (c) FIRPTA Affidavit;
- (d) A Lease substantially in the form attached as Exhibit E hereto; and
- (e) any and all such other documents or agreements consistent with the terms of this Agreement as may be required by Escrow Agent or the Title Company to close this transaction.

8.2.2 By Buyer. Buyer shall deliver to Escrow Agent, for delivery to Seller and/or recording the following funds and deliver or execute and acknowledge as required the following documents (“Buyer’s Deliveries”):

- (a) a real estate excise tax affidavit in the amount of the Purchase Price;
- (b) cash or immediately-available funds in the amount of the Purchase Price plus Buyer’s Closing Costs, with credit for the Deposit and any other items of credit agreed to by Seller or as provided in this Agreement (“Buyer’s Funds”);
- (c) the Lease; and
- (d) any and all other documents, funds and agreements consistent with the terms of this Agreement as required by Escrow Agent or the Title Company to close this transaction.

8.3 Seller’s Closing Costs. In connection with and at the Closing, Seller shall pay Seller’s own attorneys’ fees.

8.4 Buyer’s Closing Costs. In connection with and at the Closing, Buyer shall pay the premium for the Title Policy, including sales tax thereon, the cost of any special endorsements requested by Buyer, and the incremental cost for extended coverage; the cost of any survey required for extended title coverage (if not previously paid); the Escrow Agent’s fee, the costs of recording the Deed; and Buyer’s own attorneys’ and consultants’ fees.

8.5 Prorations. All prorations shall be made as of the Closing Date on the basis of the actual days of the month in which the Closing Date occurs. Seller shall be responsible for all expenses of the Property applicable to the period prior to the Closing Date and, subject to Seller’s obligations as Tenant for expenses under the Lease, Buyer shall be responsible for the expenses of the Property applicable to the period from and after the Closing Date. If any expenses are not determinable on the Closing Date, at the earliest possible opportunity following the Closing Date, Seller and Buyer shall make any final adjustments. The following prorations shall apply:

8.5.1 Taxes. Escrow Agent shall prorate real property taxes and assessments on the Property as of the Closing Date for the current fiscal year based on the most current official real property tax information available from the office of the Pierce County Assessor or other assessing authorities.

8.5.2 Utility Costs and Deposits. Buyer and Seller waive the services of Escrow Agent in administering the disbursement of funds necessary to pay utility charges. Seller shall remain responsible following Closing for all water, gas, sewer, electric and other utilities serving the Property (collectively, “Utilities”) pursuant to the Lease.

8.6 Closing. “Closing” shall be deemed to have occurred when the Deed has been recorded, the Purchase Price (adjusted for credits and debits to Seller’s account made in accordance

with this Agreement) has been delivered to Seller, and all actions have been completed as necessary for the Title Company to deliver the Title Policy to the Buyer in the normal course of the Title Company's business.

8.7 Escrow Instructions. Each of the Parties may provide Escrow Agent with additional closing instructions, provided that such instructions do not contradict the terms of this Agreement. In absence of and/or in addition to any such instructions, the provisions of this Agreement are intended by Seller and Buyer to constitute their joint closing instructions to Escrow Agent.

ARTICLE IX. POSSESSION

Seller shall have the right to remain in possession of the Property following Closing pursuant to the Lease.

ARTICLE X. REPRESENTATIONS AND WARRANTIES OF SELLER

10.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing Date, that:

10.1.1 Organization. Seller is a Washington limited liability company, having paid all applicable licenses and fees.

10.1.2 Authority. Seller has the full right, title, authority and capacity to execute and perform this Agreement and to consummate the transactions contemplated herein.

10.1.3 Non-Foreign. Seller is not a foreign person, non-resident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder. At Closing, Seller shall deliver to Buyer a certificate of non-foreign status in form required by the Income Tax Regulations and reasonably acceptable to Buyer.

10.1.4 Litigation. There is no litigation pending, or, to Seller's knowledge, threatened, against Seller before any court or administrative agency which relates to the Property or which might result in Seller's being unable to consummate this transaction.

10.1.5 No Conflict. Neither the execution of this Agreement nor the consummation by Seller of the transactions contemplated hereby shall (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any agreement or instrument to which Seller is a party; (ii) violate any restriction to which Seller is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Seller is aware.

10.1.6 Hazardous Substances. Except as disclosed in any environmental reports or studies included in the Property Information, Seller has no knowledge of any generation,

storage, transportation, release, deposits, spill, use, placement or disposal on, in, under or from the Property or any properties adjacent thereto of any Hazardous Substances in violation of any Hazardous Substances laws, and there is not currently, nor has there been in the past, any proceeding or inquiry by any governmental body with respect thereto. Except as disclosed in any environmental reports or studies included in the Property Information as set forth in Section 5.2, above, Seller has no knowledge of the Property now nor in the past having or containing any underground storage tanks or Hazardous Substances. Seller agrees to and shall indemnify, defend (with counsel reasonably satisfactory to Buyer), and hold Buyer harmless from and against any and all claims, losses, liabilities, damages, fines, penalties, cleanup costs and expenses (including reasonable attorneys' fees and consultants' costs) arising from the presence of Hazardous Substances on the Property prior to the Closing Date.

10.1.7 Assessments. Seller has no knowledge of any pending special assessments, improvement districts or condemnation actions except as may be shown on the Preliminary Commitment.

As used herein, the term, "to Seller's knowledge," or similar terms referring to "Seller's knowledge," means the knowledge possessed by Seller, based on Seller's reasonable review of Seller's books and records related to the Property.

10.2 Survival. All of the representations and warranties of Seller contained herein shall survive the Closing Date.

ARTICLE XI. REPRESENTATIONS AND WARRANTIES OF BUYER

11.1 Representations and Warranties of Buyer. Buyer and the person executing this Agreement on behalf of Buyer hereby represent and warrant, as of the Effective Date and as of the Closing Date, that:

11.1.1 Organization. Buyer is a Washington municipal corporation.

11.1.2 Authority. Buyer has full right, title, authority and capacity to execute and perform this Agreement and to consummate all of the transactions contemplated herein, and the individual(s) who on Buyer's behalf execute and deliver the Agreement and all documents to be delivered to Seller hereunder are and shall be duly authorized to do so and have the full authority to bind Buyer to this Agreement.

11.1.3 Litigation. There is no litigation pending or, to Buyer's knowledge, threatened, against Buyer before any court or administrative agency which might result in Buyer's being unable to consummate this transaction.

11.1.4 No Conflict. Neither the execution of this Agreement nor the consummation by Buyer of the transactions contemplated hereby shall (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default, or result in a termination of any agreement or instrument to which Buyer is a party; (ii) violate any restriction to which Buyer

is subject; or (iii) constitute a violation of any applicable law or legal requirement of which Buyer is aware.

As used herein, the term, "to Buyer's knowledge," or similar terms referring to "Buyer's knowledge," means the actual knowledge possessed by Mr. John Caulfield, Buyer's City Manager, based on his reasonable review of Buyer's books and records.

11.2 Survival. All of the representations and warranties of Buyer contained herein shall survive the Closing Date.

ARTICLE XII. NOTICES

All notices, approvals, or other communications required or permitted hereunder to be given shall be in writing, and shall be personally delivered, delivered by nationally recognized overnight courier, mailed by first class mail, postage prepaid, or delivered or sent by fax or email to the Parties as set forth below. Notices shall be deemed effective (i) if delivered by overnight courier or by personal delivery, then on the date of delivery; (ii) if mailed, on the earlier of actual delivery or on the third business day after posting in the United States mail, postage prepaid, or (iii) if given by fax or email, when sent; *provided*, that if a notice sent via fax or email is sent on a day other than a business day, the notice shall be deemed effective on the first business day after being sent. At the request of either Party, or the Closing Agent, the Parties will confirm facsimile or email transmitted documents by signing an original document.

If to Seller: 107th Street Building, LLC
 Attn: Casey R. Ingels
 2916 107th Street S,
 Lakewood, WA 98499-1636
 Phone: (253)341-0252
 Email: Casey@Tacticaltailor.com

If to Buyer: City of Lakewood
 Attn: John Caulfield, City Manager
 6000 Main Street SW
 Lakewood, WA 98499
 Email: JCaufield@Cityoflakewood.us

with a copy to: Kinnon Williams
 Foster Garvey
 1111 Third Avenue, Suite 3000
 Seattle, WA 98101
 Email: kinnon.williams@foster.com

ARTICLE XIII
BROKERAGE COMMISSIONS

Each Party represents to the other that no brokerage commission, finder's fee, acquisition fee or like payment arises through such Party with regard to the sale or lease of the Property. Each Party shall defend and indemnify the other Party and hold the other Party harmless from and against any claim, liability, loss or expense for any brokerage commission, finder's fee, acquisition fee, or like payment asserted against the indemnified Party arising out of any agreement entered into by the indemnifying Party in connection with this Agreement, or otherwise arising through the indemnifying Party. The obligations of the Parties under this Section shall survive Closing.

ARTICLE XIV.
DEFAULT AND REMEDIES

14.1 Buyer's Remedies. In the event Seller fails to perform any act required to be performed by Seller pursuant to this Agreement on or before the Closing, then Buyer shall execute and deliver to Seller written notice of such breach, which notice shall set forth complete information about the nature of the breach. Seller shall have a period of ten (10) days to cure such breach and the Closing Date shall be extended accordingly to permit Seller to cure such breach, if necessary. If such breach remains uncured beyond the ten (10) day period described above, then Buyer's sole and exclusive remedy shall be either: (i) to cancel this Agreement, in which event the Deposit shall be returned to Buyer, and Seller shall reimburse Buyer for its out-of-pocket expenses incurred pursuant to Sections 5.1 and 5.3 of this Agreement, or, in the alternative, (ii) to seek specific performance of this Agreement. The foregoing shall not limit any rights of Buyer to be indemnified by Seller, or to receive attorneys' fees and costs as provided in this Agreement with respect to the breach by Seller of any express obligation to indemnify Buyer expressed in this Agreement, regardless of whether occurring before or after Closing.

14.2 SELLER'S REMEDIES – LIQUIDATED DAMAGES. IN THE EVENT OF A DEFAULT BY BUYER UNDER ANY OF ITS COVENANTS, REPRESENTATIONS, WARRANTIES OR OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT SELLER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT AS LIQUIDATED DAMAGES, AS ITS SOLE REMEDY. THE PARTIES AGREE IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES SUSTAINED BY SELLER IN THE EVENT OF BUYER'S FAILURE TO COMPLETE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT AND THAT, UNDER THE CIRCUMSTANCES EXISTING AND KNOWN AS OF THE DATE OF THIS AGREEMENT, THE AMOUNT OF THE DEPOSIT REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES SELLER WILL INCUR IN SUCH EVENT AND NOT A PENALTY. THE FOREGOING WILL NOT LIMIT ANY RIGHTS OF SELLER TO BE INDEMNIFIED BY BUYER, OR TO RECEIVE ATTORNEY'S FEES AND COSTS AS PROVIDED IN THIS AGREEMENT WITH RESPECT TO THE BREACH BY BUYER OF ANY EXPRESS OBLIGATION TO INDEMNIFY SELLER EXPRESSED IN THIS AGREEMENT. THE PARTIES HAVE ENTERED THEIR INITIALS IN THE SPACE HERE PROVIDED TO FURTHER EVIDENCE THEIR READING, APPROVAL OF AND AGREEMENT WITH THE FOREGOING STATEMENT.

Buyer's Initials

Seller's Initials

14.3 Waiver of Trial by Jury. Seller and Buyer each hereby expressly waive any right to trial by jury of any claim, demand, action, cause of action, or proceeding arising under or with respect to this Agreement, or in any way connected with or related to, or incidental to, the dealings of the Parties hereto with respect to this Agreement or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort, or otherwise. To the extent they may legally do so, Seller and Buyer hereby agree that any such claim, demand, action, cause of action, or proceeding shall be decided by a court trial without a jury and that any Party hereto may file an original counterpart or a copy of this Section with any court as written evidence of the consent of the other Party or Parties hereto to waiver of its or their right to trial by jury. Buyer and Seller further acknowledge and agree that this provision has been expressly negotiated and agreed upon between them and is for their mutual benefit.

ARTICLE XV.
VOLUNTARY NATURE OF TRANSACTION

The Parties acknowledge and agree that Buyer's acquisition of the Property pursuant to this Agreement is a voluntary, arms-length transaction between a willing seller and willing buyer, neither being compelled to buy or sell.

ARTICLE XVI.
CLAIM FOR RELOCATION EXPENSE

Due to the voluntary nature of the transaction no relocation expenses will be paid by the City of Lakewood. Further, it is agreed that the negotiated purchase price which exceeds the latest appraisal commissioned by Lakewood by approximately 15% represents the fair market value of the property and constitutes fair and reasonable consideration for Seller to waive any potential claim for relocation expenses or other claims known or unknown allowed under State or Federal law and by execution of this agreement Seller does hereby waive any such claims. The provisions of this Article XVI shall survive Closing.

ARTICLE XVII.
MISCELLANEOUS

17.1 Attorneys' Fees. In the event of any litigation brought to enforce or interpret or otherwise arising out of this Agreement, the substantially prevailing Party therein shall be entitled to an award of its fees and costs, including attorneys' fees, incurred therein, in the preparation therefor, and on any appeal or rehearing thereof.

17.2 Counterparts. This Agreement and any amendments hereto may be executed in one or more identical counterparts, and such counterparts, when taken together, shall constitute one and the same instrument.

17.3 Time. Unless otherwise specified in this Agreement, any period of time measured in days in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified time period. If the last day is a Saturday, Sunday or legal holiday, as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. "Business day" means any day that is not a Saturday, Sunday, or legal holiday. Time is of the essence of each provision of this Agreement.

17.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue in any action to enforce this Agreement shall be in the superior court of Pierce County, Washington.

17.5 Binding Effect. This Agreement shall be binding upon and to inure to the benefit of each of the Parties hereto and each Party's respective successors and assigns.

17.6 Survival of Provisions. The covenants, representations, agreements, terms and provisions contained herein shall survive the Closing and shall not be deemed to have merged with or into the Deed.

17.7 Exhibits. The Exhibits hereto are made a part of and incorporated into and made an express part of this Agreement.

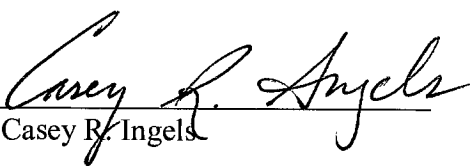
17.8 Further Acts. The Parties shall execute and deliver such further instruments and documents, and take such other further actions, as may be reasonably necessary to carry out the intent and provisions of this Agreement.

17.9 Entire Agreement. This Agreement embodies and constitutes the entire understanding between the Parties hereto with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

EXECUTED by each Party as of the date next to that Party's signature.

SELLER:

107th STREET BUILDING, LLC,
A Washington limited liability company

By: 
Casey R. Ingels

Its: CEO and Manager

Date: JANUARY 26, 2021

BUYER:

CITY OF LAKEWOOD,
a Washington municipal corporation

By: _____

John C. Caulfield

Its: City Manager

Date: _____

EXHIBITS

Exhibit A	Legal Description
Exhibit B	Form of Deed
Exhibit C	Seller's Closing Certificate
Exhibit D	Buyer's Closing Certificate
Exhibit E	Lease Agreement

EXHIBIT A
LEGAL DESCRIPTION

LOTS 8, 17 AND 18 OF WOODWORTH INDUSTRIAL PARK, AS PER PLAT RECORDED
NOVEMBER 21, 1991 UNDER RECORDING NO. 9111210332, RECORDS OF PIERCE
COUNTY AUDITOR;
TOGETHER WITH ALL CORRESPONDING UNDIVIDED INTERESTS IN TRACT A;
SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON.

ASSESSOR'S TAX PARCEL NO 5000490081

EXHIBIT B
FORM OF DEED

[See attached]

Recording requested by and
when recorded mail to:

Kinnon Williams
Foster Garvey
1111 Third Avenue, Suite 3000
Seattle, WA 98101

Grantor: 107th Street Building, LLC

Grantee: City of Lakewood

Legal Description: This page, below

Assessor's Tax Parcel ID# 500049-0081

Reference Nos. of Documents

Released or Assigned: N/A

STATUTORY WARRANTY DEED

THE GRANTOR 107th STREET BUILDING, LLC, a Washington limited liability company, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, conveys and warrants to CITY OF LAKEWOOD, a Washington municipal corporation, as GRANTEE, the real property situated in the County of Pierce, State of Washington legally described as follows:

LOTS 8, 27 AND 18 OF WOODWORTH INDUSTRIAL PARK, AS PER PLAT
RECORDED NOVEMBER 21, 1991 UNDER RECORDING NO. 9111210332, RECORDS
OF PIERCE COUNTY AUDITOR;

This conveyance is subject to the exceptions identified on Exhibit A attached hereto and incorporated herein by this reference.

DATED: _____, 2021.

107th STREET BUILDING, LLC,
a Washington limited liability company

By: _____

Print Name: _____

Its: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF PIERCE)

I CERTIFY that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that ____ signed this instrument, on oath stated that ____ was authorized to execute this instrument and acknowledged it as the _____ of 107th STREET BUILDING, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

(Print name)
NOTARY PUBLIC in and for the
State of Washington, residing at

My appointment expires: _____

Exceptions to Deed

EXHIBIT C
SELLER'S CLOSING CERTIFICATE

THIS SELLER'S CLOSING CERTIFICATE (this "Certificate") is made and given as of _____, 2021, by 107th STREET BUILDING, LLC, a Washington limited liability company ("Seller") to and for the benefit of the CITY OF LAKEWOOD, a Washington municipal corporation ("Buyer"), as follows:

RECITALS

- A. Pursuant to the terms of that certain Real Estate Purchase and Sale Agreement dated as of _____, 2021 (the "Agreement") Seller agreed to sell to Buyer and Buyer agreed to buy the Property described in the Agreement.
- B. Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement; and
- C. The Agreement requires, *inter alia*, as a condition to Buyer's obligations under the Agreement, Seller shall each execute and deliver this Certificate to Buyer at Closing.

CERTIFICATE

NOW, THEREFORE, in consideration of the foregoing recitals, the purchase and sale of the Property and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby certifies and agrees as follows:

1. The foregoing recitals are true and incorporated into this Certificate the same as though re-stated herein full.
2. Seller hereby re-states, acknowledges and confirms the continuing validity as of the date hereof and the enforceability and reasonableness of and right of Buyer to rely upon each and all of Seller's Representations and Warranties as contained in Section 10.1 of the Agreement, none of which has been modified, amended, qualified, limited, restricted, withdrawn, revoked, canceled, or in any other way made ineffective or inapplicable.

EXECUTED AND DELIVERED as of the date first stated above.

SELLER:

107th STREET BUILDING, LLC,
a Washington limited liability company,

By: _____
Name: _____
Title: _____

EXHIBIT A TO SELLER'S CLOSING CERTIFICATE

Legal Description:

LOTS 8, 17 AND 18 OF WOODWORTH INDUSTRIAL PARK, AS PER PLAT
RECORDED NOVEMBER 21, 1991 UNDER RECORDING NO. 9111210332,
RECORDS OF PIERCE COUNTY AUDITOR;

SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON.

EXHIBIT D
BUYER'S CLOSING CERTIFICATE

THIS BUYER'S CLOSING CERTIFICATE (this "Certificate") is made and given as of _____, 2021, by the CITY OF LAKEWOOD, a Washington municipal corporation ("Buyer") to and for the benefit of 107th STREET BUILDING, LLC, a Washington limited liability company ("Seller"), as follows:

RECITALS

- A. Pursuant to the terms of that certain Real Estate Purchase and Sale Agreement dated as of _____, 2021 (the "Agreement") Seller agreed to sell to Buyer and Buyer agreed to buy the Property described in the Agreement.
- B. Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement; and
- C. The Agreement requires, *inter alia*, as a condition to Seller's obligations under the Agreement, Buyer shall each execute and deliver this Certificate to Seller at Closing.

CERTIFICATE

NOW, THEREFORE, in consideration of the foregoing recitals, the purchase and sale of the Property and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer hereby certifies and agrees as follows:

1. The foregoing recitals are true and incorporated into this Certificate the same as though re-stated herein full.
2. Buyer hereby re-states, acknowledges and confirms the continuing validity as of the date hereof and the enforceability and reasonableness of and right of Seller to rely upon each and all of Buyer's Representations and Warranties as contained in Section 11.1 of the Agreement, none of which has been modified, amended, qualified, limited, restricted, withdrawn, revoked, canceled, or in any other way made ineffective or inapplicable.

IN WITNESS WHEREOF, Buyer has executed this Agreement as of the date first set forth hereinabove.

BUYER:

CITY OF LAKEWOOD
a Washington municipal corporation

By: _____
Name: _____
Title: _____

EXHIBIT A TO BUYER'S CLOSING CERTIFICATE

Legal Description

LOTS 8, 17 AND 18 OF WOODWORTH INDUSTRIAL PARK, AS PER PLAT
RECORDED NOVEMBER 21, 1991 UNDER RECORDING NO. 9111210332,
RECORDS OF PIERCE COUNTY AUDITOR;

SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON.

EXHIBIT E
LEASE AGREEMENT

[See attached]

LEASE AGREEMENT

Between

CITY OF LAKEWOOD

“LANDLORD”

AND

107th STREET BUILDING, LLC

“TENANT”

**Tactical Tailor Building
2916 107th Street South
Lakewood, WA 98499**

DATED: _____, 2021

LEASE AGREEMENT

THIS LEASE AGREEMENT (“**Lease**”), effective as of _____, 20____ (the “**Effective Date**”), is by and between the CITY OF LAKEWOOD, a Washington municipal corporation (“**Landlord**”), and 107th STREET BUILDING, LLC, a Washington limited liability company (“**Tenant**”) (individually a “**Party**” and collectively the “**Parties**”).

RECITALS:

A. Pursuant to Real Estate Purchase and Sale Agreement dated _____, 2021 (the “**Purchase Agreement**”), Landlord purchased from Tenant the following described real property as of the Effective Date:

LOTS 8, 17 AND 18 OF WOODWORTH INDUSTRIAL PARK, AS PER PLAT RECORDED NOVEMBER 21, 1991 UNDER RECORDING NO. 9111210332, RECORDS OF PIERCE COUNTY AUDITOR;

SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON
(the “**Premises**”).

B. Improvements on the Premises include a 2-story warehouse and attached office building/sales front (the “**Building**”) used and occupied by Tenant for the operation of a manufacturing and retail business known as “Tactical Tailor.”

C. Pursuant to the Purchase Agreement, the Parties agreed to enter into a lease of the Premises to Tenant upon closing subject to and in accordance with the provisions hereof.

NOW, THEREFORE, in consideration of the Purchase Agreement and the mutual covenants and agreements contained herein, the Parties agree as follows:

ARTICLE 1 LEASE OF PREMISES, TERM, RENT, USE, SECURITY

1.1 Lease of Premises. Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, subject to and in accordance with the terms, covenants, and agreements contained herein. Tenant was the prior owner of the Premises, is in possession of the Premises, has fully inspected the Premises, and accepts the same in its “AS IS, WHERE IS” condition, without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements. Tenant further acknowledges that Landlord has not made any representation or warranty (express or implied) with respect to the habitability, condition or suitability of the Premises, or the improvements thereon, for Tenant’s purposes or any particular purpose.

1.2 Use. Tenant shall use and occupy the Premises solely for offices and as a manufacturing, storage and distribution facility for the sale of military, law enforcement, and outdoor clothing, accessories, and gear, and for no other purpose without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. Tenant further agrees that in using the Premises and conducting its business therein, Tenant will comply with the requirements of all applicable federal, state, county and municipal laws, ordinances, rules, and regulations, including the Americans With Disabilities Act (collectively "**Law**") and with any directive, order or certificate of occupancy relating to the Premises issued pursuant to any Law by any public officer or officers, and will make and pay for all modifications to the Premises required thereby. Tenant covenants that it will not use or permit to be used any part of the Premises for any dangerous, noxious or offensive trade or business and will not cause or maintain any nuisance in, at, or on the Premises.

1.3 Term and Termination. The term of this Lease (the "**Term**") and Tenant's obligation to pay Rent shall commence on the Effective Date (also referred to herein as the "**Commencement Date**") and terminate on the last day of the sixtieth (60th) full calendar month thereafter (the "**Termination Date**"); provided, however, that Tenant may, upon at least sixty (60) days' prior written notice given to Landlord at any time during the Term (the "**Termination Notice**"), elect to terminate this Lease, in which event this Lease shall terminate on the termination date set forth in Tenant's Termination Notice, as if such date were originally set forth as the Termination Date in this Lease.

1.4 Base Rent. Tenant covenants and agrees to pay to Landlord, Base Rent for the first twenty-four (24) months of the Lease Term, including any partial month at the commencement of the Term, in the amount of \$18,000.00 per month.

Commencing on the first day of occupancy and on the first day of the same month of each calendar year thereafter, the monthly Base Rent specified in this Section 1.4, above, shall be adjusted to reflect any increases in the cost of living as follows:

(a) As used herein, the term "**Price Index**" means the "**Revised Consumer Price Index for Urban Wage Earners and Clerical Workers**" (or, if that Index is no longer published or is revised, a successor or substitute index appropriately adjusted), published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average.

(b) As used herein, the term "**Base Index**" means the Price Index for the month immediately preceding the fourteen (14) month period prior to the year for which monthly Base Rent is being determined (or, if there be no index for said month, then for the month having the next preceding published Price Index).

(c) In the event that the Price Index for the twelfth month succeeding the Base Index month referred to above (or, if there is none, then for the month having the next succeeding published Price Index) is greater than the Base Index, then the monthly Base Rent payable during the year for which Base Rent is being adjusted shall each be

increased to an amount ("**Adjusted Base Rent**") which is equal to the product reached by multiplying (i) the amount of the monthly installment of monthly Base Rent payable as of the adjustment date by (ii) a fraction, the numerator of which is the Price Index for the month referred to above in this Subsection (c) and the denominator of which is the Base Index. In no event, however, shall the monthly Base Rent for any period be less than the monthly Base Rent payable for the month immediately preceding the adjustment. Tenant covenants and agrees to pay such monthly Base Rent amount, as adjusted, in advance, on or before the first day of each calendar month, and without demand, offset, or deduction of any kind.

1.5 Net Lease. This Lease shall be deemed and construed to be an absolutely net Lease, and under no circumstances or conditions, whether now existing or hereafter arising, shall Landlord be required to make any payment of any kind whatsoever or be under any other obligation or liability hereunder with respect to the Premises, including the payment of utilities, taxes or insurance, or to perform or pay for any repairs or maintenance.

1.6 "Rent." The term "**Rent**" as used in this Lease shall mean all Base Rent, utilities, taxes, assessments and other fees and charges required to be paid hereunder, premiums for insurance coverage required to be maintained hereunder, payments required to satisfy liens and encumbrances placed on or against the Premises by Tenant, costs and charges for all maintenance and repair to be paid by Tenant during the entire Term of this Lease, as well as all other charges and amounts owed by Tenant pursuant to this Lease. Rent for any partial month during the Term shall be prorated based on a 30-day month. All Rent shall be due the first of the month prior to each month of occupancy.

1.7 Late Charge; Less than Full Payment. If Landlord does not receive any sums payable by Tenant under this Lease within five (5) days of their due date, Tenant shall pay Landlord in addition to the amount due, for the cost of collecting and handling such late payment, an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount. In addition, all delinquent sums payable by Tenant to Landlord and not paid within five days of the due date shall, at Landlord's option, bear interest at the rate of twelve percent (12%) per annum, or the highest rate of interest allowable by law, whichever is less (the "**Default Rate**"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. Unless otherwise expressly agreed in writing by Landlord, Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment.

1.8 Security. On or before the Commencement Date, Tenant shall deliver to Landlord a security deposit in the amount of Eighteen Thousand Dollars (\$18,000.00) (the "**Security Deposit**"). Landlord's obligations with respect to the Security Deposit are those of a debtor and not of a trustee, and Landlord may commingle the Security Deposit with its other funds. If Tenant breaches any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the Security Deposit to the payment of any sum in default and any damage suffered by Landlord as a result of Tenant's breach, it being expressly understood that the security deposit shall not be considered as a measure of Tenant's

damages in case of default by Tenant. In such event, Tenant shall, within five (5) days after written demand therefor by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the Security Deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required hereunder.

ARTICLE 2 UTILITIES

2.1 Utilities. Tenant shall pay as and when due all charges for water, electricity, gas, heat, sewage disposal, air conditioning, telephone, cable and all other utility services supplied to or used on the Premises. Landlord shall not be responsible for providing any utilities to the Premises. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and Rent shall not abate as a result thereof. The maintenance, operation and repair of the utility system within the Premises, including the connections to the utility distribution systems, shall be the responsibility of Tenant and shall be paid for by Tenant.

ARTICLE 3 TAXES AND ASSESSMENTS

3.1 Payment. In addition to Base Rent, Tenant shall pay to Landlord the leasehold excise tax payable pursuant to Ch. 82.29A RCW. Tenant shall also pay, no later than ten (10) days prior to the due date, all other taxes relating to any part of the Premises during the Term of this Lease or any part thereof, including (i) any form of personal property tax or assessment imposed on any personal property, fixtures, furniture, tenant improvements, equipment, inventory, or other items, and all replacements, improvements, and additions to them, located on the Premises, whether owned by Landlord or Tenant, and (ii) any special assessments, water and sewer charges, other governmental charges, or other charges, fees, costs and expenses incident to the Premises from which Landlord is not exempt, if any. Upon Landlord's request, Tenant shall furnish Landlord proof of payment thereof within five (5) days after the date on which payment of such tax, assessment, charge, cost or expense is to be paid. If any taxes paid by Tenant cover any period of time before or after the expiration of the term, Tenant's share of those taxes paid will be prorated to cover only the period of time within the fiscal year during which this Lease was in effect, and Landlord shall promptly reimburse or credit Tenant to the extent required, or Tenant shall make payment to Landlord, as appropriate. If Tenant fails to timely pay any taxes, Landlord may pay them, and Tenant shall repay such amount to Landlord upon demand, together with interest thereon.

ARTICLE 4
INSURANCE, RISK

4.1 Tenant's Liability Insurance and Property Damage Insurance. Tenant shall carry and maintain, at Tenant's sole cost and expense, a policy of commercial general liability insurance with limits of not less than Two Million Dollars (\$2,000,000.00) per occurrence and Four Million Dollars (\$4,000,000.00) annual aggregate, insuring against any and all liability of the insured for bodily injury, personal injury, sickness or death, and property damage, or arising from the maintenance, use or occupancy of the Premises, and umbrella coverage of not less than Five Million Dollars (\$5,000,000.00). All such insurance shall specifically insure the performance by Tenant of the indemnity agreement contained in Section 8.1 hereof as to liability for injury to or death of persons and loss of or damage to property. Said insurance shall name Landlord and any other person or entity requested by Landlord as additional insureds, and shall provide that Landlord and such parties, although named as insureds, shall nevertheless be entitled to recovery thereunder for any loss suffered by them, their agents, servants and employees by reason of Tenant's negligence. Said insurance shall be primary insurance as respects Landlord and such parties and not participating with any other available insurance.

4.2 Tenant's Casualty Insurance. In addition. Tenant shall maintain and carry 100% replacement cost insurance covering any improvements constructed in the Premises by Tenant, Tenant's trade fixtures, furnishings, equipment, merchandise and other personal property from time to time in or about the Premises providing protection against any peril included within the coverage termed by the insurance industry as "special form" or equivalent. The proceeds of such insurance shall, so long as this Lease remains in effect, be used to repair or replace the property damaged or destroyed.

4.3 Workers' Compensation. Tenant shall carry and maintain workers' compensation insurance in form and amounts as required by Law.

4.4 Policy Form. All policies of insurance shall be in such form and issued by such insurers authorized to do business in the State of Washington, as approved by Landlord, which approval shall not be unreasonably withheld. Upon issuance, and thereafter upon renewal of each such policy, a duplicate original of the policy or the renewal, as appropriate, together with proof of payment of the premium thereon, shall be delivered to Landlord by or on behalf of Tenant, within fifteen (15) days after issuance or before expiration of such policy or renewal, as the case may be. All insurance policies shall contain deductibles only in amounts approved by Landlord in writing. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of Rent hereunder.

4.5 Landlord's Casualty and Liability Insurance. Landlord shall obtain and keep in force during the Term a policy or policies of insurance covering loss or damage to the Building, providing protection against all perils included within the coverage termed by the insurance

industry as “special form” or equivalent. Tenant shall, within thirty (30) days following Landlord’s billing therefor, reimburse Landlord for the premiums or other amounts incurred for the casualty insurance coverage carried by Landlord. Landlord shall procure such commercial liability and property damage insurance and such other insurance as in its sole discretion it deems reasonable and necessary for its protection with regard to its ownership of the Premises.

4.6 Waiver of Subrogation. Notwithstanding any other term or provision hereof, Landlord and Tenant mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against, but only to the extent insured against under, and in the amount actually received from, their respective property and casualty insurance policies, including any extended coverage and endorsements thereto; provided, however, that this paragraph shall not be applicable to the extent it would have the effect of invalidating any insurance coverage of Landlord or Tenant. Both Parties agree to exercise their best efforts to obtain a subrogation waiver from their respective insurance carriers and both Parties agree to give notice to their respective insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease. This waiver shall include losses falling within the deductible amounts to any such policies, but shall not include apply to the extent of liabilities exceeding the limits of such policies.

4.7 Risk of Loss. All property in or about the Premises shall be there at the sole risk of Tenant. Landlord shall not be liable for, and Tenant waives all claims for damages to persons or property sustained by Tenant or of others located on the Premises, or for loss of or damage to persons or property resulting from fire, explosion, riots, civil disturbances, wind, earthquakes, or, from falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Premises or from the pipes, appliances, air conditioning equipment, heating equipment, plumbing works, or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature. Such waiver includes loss or damage from burst, stopped or leaking water, gas, sewer or other pipes or conduits or plumbing fixtures; or from any failure of or defect in electrical lines, circuit or facility, or resulting from any accident in or about the Premises. Landlord shall not be liable for any damage caused by occupants of adjacent property, or the public, or caused by operations in construction of any private, public or quasi-public work. Tenant shall keep and store its property in and shall use and enjoy the Premises at its own risk.

ARTICLE 5 DAMAGE OR DESTRUCTION

5.1 Damage or Destruction. Tenant shall promptly give Landlord written notice of any fire or other casualty causing damage to the Building. If the Building is partially damaged but not rendered untenable by fire or other insured casualty, then Landlord shall, except as set forth below, diligently restore the Premises and this Lease shall not terminate. The Building shall not be deemed untenable if less than ten percent (10%) of the floor area of the Building is damaged.

5.2 Landlord’s Termination Rights. Landlord may, in its sole discretion, but shall have no obligation to restore the Building (a) if more than ten percent (10%) of the floor area of the

Building is damaged, (b) if the casualty is uninsured or insurance proceeds are not available to pay the entire cost of such restoration, (c) if Tenant, either prior to the date of the casualty, or at any time prior to Landlord's substantial completion of the restoration, shall have delivered to Landlord its Termination Notice, as set forth in Section 1.2, above, (d) if Landlord reasonably determines that the restoration work cannot be substantially completed within six (6) months from the date of the casualty, or (e) if the damage occurs during the last six (6) months of the Lease Term. In any of the foregoing events, Landlord may, by written notice given to Tenant within sixty (60) days following the date of the casualty, elect either to restore the Building, in which event this Lease shall continue in full force and effect, or to terminate this Lease and keep the insurance proceeds.

5.3 Tenant's Termination Rights. If, within sixty (60) days after Landlord's receipt of notice of the casualty, Landlord fails to notify Tenant of its election to restore the Building, or if Landlord shall have elected to restore the Building but shall not have substantially completed such restoration within six (6) months of the date of the casualty event, then Tenant may also elect to terminate the Lease upon thirty (30) days' written notice given to Landlord; *provided*, however, that any such termination shall be void, and this Lease shall continue in full force and effect, if Landlord substantially completes restoration of the Building within such 30-day period.

5.4 Landlord's Restoration Work; Rent Abatement. If Landlord restores the Building under this Section, Landlord shall proceed with reasonable diligence to complete the work, and monthly Base Rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a Base Rent abatement only if the damage or destruction of the Premises did not result from, or was not contributed to, by the act, fault or neglect of Tenant, or Tenant's officers, contractors, licensees, subtenants, agents, servants, employees, guests, invitees or visitors. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises.

5.5 Tenant's Property. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or on any furnishings, fixtures, equipment, merchandise or other personal property or appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same. Unless this Lease is terminated as set forth herein, all proceeds from insurance on account of such damage or destruction shall apply to the repair, restoration or rebuilding of the Building, except that any insurance proceeds from policies carried by Tenant for interruption of Tenant's business, or for Tenant's improvements, furnishings, fixtures, equipment, merchandise or other personal property or appurtenances of Tenant, and shall be payable to Tenant and, so long as this Lease shall not have been terminated, used to restore or replace such items.

ARTICLE 6
REPAIRS AND MAINTENANCE; WASTE; HAZARDOUS SUBSTANCES

6.1 Care of Premises. Tenant covenants, at Tenant's sole cost and expense, to take good care of the Premises, including but not limited to the Building, landscaped areas, sidewalks and curbs, driveways, walkways and parking areas, and all other improvements thereon, whether now or hereafter erected, and to keep the same in good order and condition, and, except for any repairs or restoration necessitated by fire or other casualty that are Landlord's responsibility pursuant to Article 5, above, to make promptly all necessary repairs, interior and exterior, structural and non-structural, and equal in quality and class to the original work, ordinary wear and tear excepted. When used in this Section, the term "repairs" shall include alterations, replacements and renewals. Tenant covenants to keep the Premises, including but not limited to the roof of the building, sidewalks, walks and stairways thereon or leading thereto, and all parking areas in a clean and orderly condition and free of dirt, rubbish, snow and ice, and to keep free, open and unfrozen all drainage, pipes and plumbing situated on or in the Premises.

6.2 Waste. Tenant covenants not to do or suffer any waste or damage, disfigurement or injury to the Premises.

6.3 Access. Tenant shall permit Landlord, its agents and employees, access to the Premises at reasonable times and upon reasonable notice for inspection, or to make repairs, additions or alterations; provided, however, this Section shall not be construed as an agreement by Landlord to make any such repairs, additions or alterations.

6.4 Hazardous Substances.

6.4.1 Covenants. Tenant shall not generate or dispose of any Hazardous Substance upon the Premises, or permit or suffer others to do so. Tenant shall not release any Hazardous Substance upon or from the Premises, or permit or suffer others to do so. Tenant shall not use, handle, possess or store any Hazardous Substance upon the Premises, or permit or suffer others to do so, except as required by the normal operation of Tenant's permitted business operations. In connection with any use of any Hazardous Substance in, on or about the Premises, Tenant shall at all times comply fully with all applicable Law and use all due care. Tenant shall not, under any circumstances, cause or permit any Hazardous Substance to be placed in the drains or sewer system or to come into contact with the Premises or any portion thereof in a manner that permits such substance to adhere to or penetrate the same. Tenant shall immediately notify Landlord in writing of any Hazardous Substance spills or releases upon the Premises and any environmental notices, inspections, regulatory orders, fines, penalties, liens or actions in connection with any actual or alleged generation, disposal, release, use or other presence of any Hazardous Substance upon the Premises. Tenant shall also immediately deliver to Tenant a copy of any written materials received by Tenant in connection therewith.

6.4.2 Remediation. Tenant shall, at its sole cost and expense, promptly remove or clean up any Hazardous Substance introduced onto the Premises by Tenant or with its permission or at its sufferance. Such removal or cleanup shall comply with the requirements of all applicable

governmental agencies and authorities and shall be satisfactory to Landlord. If Tenant's removal or cleanup efforts are not appropriate and sufficient under the circumstances in Landlord's opinion, acting reasonably, Landlord may, but shall not be required to, enter upon the Premises and perform or cause to be performed, the removal or cleanup for Tenant's account. Upon written demand by Landlord to Tenant, Tenant shall pay any and all costs incurred by Landlord in connection with such entry and removal or cleanup.

6.4.3 Indemnity. Tenant hereby indemnifies and saves Landlord harmless from and against any and all losses, damages, claims, liabilities, demands, liens, fines, penalties, lawsuits or other proceedings and any and all costs or expenses, including Landlord's attorney's fees, of any nature whatsoever arising in any way out of the actual or alleged presence upon the Premises of any Hazardous Substance as of the Commencement Date or introduced during the Term of this Lease. If any claim or demand is made against Landlord by reason of any matter as to which Tenant is required hereunder to indemnify Landlord, Tenant shall, upon notice from Tenant defend the same at Tenant's expense through legal counsel reasonably satisfactory to Landlord. Tenant's indemnity obligations contained in this Section shall survive the expiration or sooner termination of this Lease.

6.4.4 Hazardous Substance. As used in this Lease, the term "Hazardous Substance" shall mean: any substance or material defined or designated as a hazardous, dangerous or toxic waste, a hazardous or toxic material, a hazardous, toxic, or radioactive substance, an inflammable or explosive material, an infectious waste or a substance known to cause cancer or reproductive toxicity, or other similar term, as defined or provided in any federal, state, or local environmental law, ordinance, rule or regulation presently in effect or that may be promulgated in the future, as such laws, ordinances, rules and regulations may be amended from time to time.

ARTICLE 7 CHANGES AND ALTERATIONS BY TENANT

7.1 Rights of Tenant. Tenant shall have the right at any time and from time to time during the Term of this Lease to make such improvements, changes or alterations, structural or otherwise, to the Premises or any portion thereof as Tenant may determine necessary or desirable for the uses permitted under Section 1.2 hereof, provided that:

(a) Tenant shall first have obtained Landlord's written consent thereto, which consent, subject to Landlord's approval of the plans and specifications therefor, shall not be unreasonably withheld; and

(b) All repairs, improvements, changes or alterations to the Premises made by Tenant (other than trade fixtures) shall immediately upon termination of the Lease, inure to the benefit of and become the property of Landlord without payment therefor by Landlord, or at the option of Landlord shall be removed by Tenant and the Premises restored in the manner provided upon removal of trade fixtures and equipment pursuant to Section 10.1 hereof.

7.2 Mechanic's Liens. Tenant shall pay and discharge any mechanic's or materialman's lien,

or any other lien against the Premises or Landlord's interest therein, claimed in respect to labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to or upon the request of Tenant or of a contractor hired by or at the request of Tenant on Tenant's behalf. Tenant may contest any lien claim, upon furnishing to Landlord such bond or other indemnification for the final payment and discharge thereof, together with costs and expenses of defense, as Landlord may reasonably require.

7.3 Trade Fixtures and Signs. Tenant shall be permitted to maintain and place on the Premises business identification signs and directional signs for automobile and pedestrian traffic. Such signs, and any trade fixtures of Tenant, shall remain the property of Tenant, provided that upon the removal of any such signs, fixtures or equipment Tenant shall be responsible for the repair of all damage to any part of the Premises occasioned by their installation or removal.

ARTICLE 8 INDEMNIFICATION AND RELEASE

8.1 Indemnity. Tenant shall indemnify, defend (using legal counsel reasonably acceptable to Landlord) and save Landlord harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including Landlord's reasonable attorney's fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to any property arising out of or in connection with (i) Tenant's or its employees', agents' or contractors' occupation, use or improvement of the Premises, (ii) Tenant's breach of its obligations hereunder, or (iii) any negligence or willful misconduct of Tenant or of any officer, agent, employee, invitee, or licensee of Tenant in or about the Premises. This indemnity shall survive termination or expiration of this Lease. The foregoing indemnity covers actions brought by Tenant's own employees and it is specifically and expressly intended to constitute a waiver of Tenant's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide Landlord with a full and complete indemnity from claims made by Tenant and its employees. Tenant shall promptly notify Landlord of casualties or accidents occurring in or about the Premises. LANDLORD AND TENANT ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS SECTION WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

Landlord's initials

Tenant's initials

8.2 Limitation on Indemnity. In compliance with RCW 4.24.115, all provisions of this Lease pursuant to which Landlord or Tenant (the "**Indemnitor**") agrees to indemnify the other (the "**Indemnitee**") against liability for damages arising out of bodily injury to persons or damage to property relating to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Premises, (i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee, its agents or employees, and (ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or

the Indemnitee's agents or employees, and (b) the Indemnitor or the Indemnitor's agents or employees, shall apply only to the extent of the Indemnitor's negligence; provided, however, the limitations on indemnity set forth in this Section shall automatically and without further act by either Landlord or Tenant be deemed amended so as to remove any of the restrictions contained in this Section no longer required by then-applicable Law.

8.3 Definitions. As used in any section of this Lease establishing indemnity or release of Landlord, "Landlord" shall include Landlord, its officers, agents, employees and contractors, and "Tenant" shall include Tenant, its officers, agents, employees, and contractors.

ARTICLE 9 ASSIGNMENT AND SUBLETTING

9.1 Prohibition. Tenant may not assign this Lease or sublet the Premises or any part thereof (collectively a "**Transfer**") without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. Any such consent shall not be deemed a consent to any subsequent Transfer. No assignment shall relieve Tenant from liability under this Lease. As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant for the payment of Rent and performance of all terms of this Lease. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption instruments.

9.2 Operation of Law. This Lease shall not be assignable by operation of law, and in the event of any such assignment, Landlord may, at its option, terminate this Lease. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorney's fees, upon demand of Landlord. If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change(s) in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

9.3 Transfer of Landlord's Interest. This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, except for any retained security deposit or prepaid Rent, and Tenant shall attorn to the transferee.

ARTICLE 10
SURRENDER OF POSSESSION; HOLDING OVER

10.1 Surrender. Tenant covenants that upon the expiration or sooner termination of this Lease, Tenant will surrender to Landlord the entire Premises, together with all keys thereto and all improvements, changes, and alterations thereto and replacements thereof (other than Tenant's personal property and trade fixtures) in the condition existing as of the Commencement Date, except for reasonable wear and tear and any damage or destruction by fire or casualty resulting in termination of the Lease. Tenant shall remove all personal property and trade fixtures from the Premises, and Tenant covenants and agrees promptly and at its own cost and expense to repair any damage caused by such removal. If Tenant shall fail to do so, Landlord shall be entitled, but shall not be required, to remove all personal property situated therein and to place the same in storage at a public warehouse at the risk and expense of Tenant.

10.2 Holding Over. If without a written extension of this Lease, Tenant remains in possession of the Premises following the expiration or sooner termination of this Lease, and if Rent is accepted, such occupancy and Rent shall operate to extend the term of this Lease on a month-to-month basis, unless other terms of such extension are executed in writing signed by the parties. If the occupancy continues without Landlord's consent either after expiration of the Lease, or after termination of an agreed-to monthly extension, Tenant shall pay to Landlord as liquidated damages for occupancy during such holdover period only, 150% of the amount of the Rent at the highest rate specified in the Lease for the time Tenant retains possession of the Premises or any part thereof.

ARTICLE 11
ESTOPPEL CERTIFICATE

11.1 Estoppel Certificate. Tenant shall from time to time, within five (5) days after written request from Landlord, execute, acknowledge and deliver a statement certifying: (i) that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease as so modified, is in full force and effect (or specifying the ground for claiming that this Lease is not in force and effect), (ii) the dates to which the Base Rent has been paid, and the amount of any Security Deposit, (iii) that Tenant is in possession of the Premises, and paying Base Rent on a current basis with no offsets, defenses or claims, or specifying the same if any are claimed, (iv) that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord or Tenant which are pertinent to the request, or specifying the same if any are claimed, and (v) certifying such other matters, and including such current financial statements, as Landlord may reasonably request, or as may be requested by Landlord's current or prospective lenders, insurance carriers, auditors, and prospective purchasers. Any such statement may be relied upon by any such parties. If Tenant shall fail to execute and return such statement within the time required herein, Tenant shall be deemed to have agreed with the matters set forth therein, and Landlord acting in good faith shall be authorized as Tenant's agent and attorney-in-fact to execute such statement on behalf of Tenant (which shall not be in limitation of Landlord's other remedies).

ARTICLE 12
DEFAULT

12.1 Default. The occurrence of any one or more of the following events shall constitute a “**Default**” by Tenant and shall give rise to Landlord’s remedies set forth in Section 12.2 below: (i) failure to make when due any payment of Rent, unless such failure is cured within three (3) business days after notice from Landlord; (ii) failure to observe or perform any term or condition of this Lease other than the payment of Rent (or the other matters expressly described herein), unless such failure is cured within any period of time following notice expressly provided with respect thereto in other Sections hereof, or otherwise within a reasonable time, but in no event more than thirty (30) days following notice from Landlord (provided, if the nature of Tenant’s failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure promptly within such period and thereafter diligently pursues its completion); (iii) failure to cure immediately upon notice thereof any condition which is hazardous, interferes the operation of the Premises, or may cause the imposition of a fine, penalty or other remedy on Landlord; (iv) abandonment and vacation of the Premises (failure to occupy and operate the Premises for ten (10) consecutive days while in monetary default under this Lease shall conclusively be deemed an abandonment and vacation); or (v) Tenant’s filing by or for reorganization or arrangement under any Law relating to bankruptcy or insolvency (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); or (vi) Tenant’s insolvency or failure, or admission of an inability, to pay debts as they mature. The notice and cure periods provided herein are intended to satisfy any and all notice requirements imposed by Law on Landlord and are in lieu of, and not in addition to, any notice and cure periods provided by Law; provided, Landlord may elect to comply with such notice and cure periods provided by Law. In the event of Tenant’s Default, and in addition to any other amounts or remedies that Landlord may be entitled to, Landlord shall be entitled to recover from Tenant Landlord’s costs and reasonable attorney fees incurred in enforcing this Lease or otherwise arising from Tenant’s Default. The times set forth herein for the curing of Defaults by Tenant are of the essence of this Lease.

12.2 Remedies. If a Default occurs, Landlord shall have the rights and remedies hereinafter set forth to the extent permitted by Law, which shall be distinct, separate and cumulative with and in addition to any other right or remedy allowed under any Law or other provision of this Lease:

12.2.1 Landlord may terminate Tenant’s right to possession without termination of this Lease, or Landlord may terminate this Lease and Tenant’s right to possession, at any time following a Default; provided, no act of Landlord other than giving notice to Tenant with express statement of termination shall terminate this Lease or Tenant’s right to possession. Acts of maintenance or the appointment of a receiver on Landlord’s initiative to protect Landlord’s interest under this Lease shall not constitute a termination of Tenant’s right to possession. Upon termination of Tenant’s right to possession, Landlord shall have the right to reenter the Premises and recover from Tenant in addition to any other monies provided herein or at Law: (a) the Worth of the unpaid Rent that had been earned by Landlord at the time of termination of Tenant’s right to possession; (b) the Worth of the amount of the unpaid Rent that would have

been earned after the date of termination of Tenant's right to possession through the date that is six (6) months following the date of termination of Tenant's right to possession; and (c) all other expenses incurred by Landlord on account of Tenant's Default. The "Worth" as used for item (a) above is to be computed by allowing interest at the Default Rate. The Worth as used for item (b) above is to be computed by discounting the amount of Rent at the discount rate of the Federal Reserve Bank of San Francisco at the time of termination of Tenant's right of possession.

12.2.2 In the event of any such reentry by Landlord, Landlord may, at Landlord's option, require Tenant to remove any of Tenant's property located on the Premises. If Tenant fails to do so, Landlord shall not be responsible for the care or safekeeping thereof and may remove any of the same and place the same in storage in a public warehouse or elsewhere, at the cost, expense and risk of Tenant with authority to the warehouseman to sell the same in the event that Tenant shall fail to pay the cost of transportation and storage. In any and all such cases of reentry Landlord may make any repairs in, to or upon the Premises which may be necessary, desirable or convenient, and Tenant hereby waives any and all claims for damages which may be caused or occasioned by such reentry or to any Premises in or about the Premises or any part thereof.

12.2.3 Landlord may bring suits for amounts owed by Tenant hereunder or any portions thereof, as the same accrue or after the same have accrued, and no suit or recovery of any portion due hereunder shall be deemed a waiver of Landlord's right to collect all amounts to which Landlord is entitled hereunder, nor shall the same serve as any defense to any subsequent suit brought for any amount not therefor reduced to judgment. Landlord may pursue one or more remedies against Tenant and need not make an election of remedies.

12.3 Right of Landlord to Perform. If Tenant shall at any time fail to make any payment or perform any other act on its part to be made or performed under this Lease, Landlord may, but shall not be obligated to, and without notice or demand, and without waiving or releasing Tenant from any obligation of Tenant under this Lease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith to pay expenses and employ counsel. All sums so paid by Landlord and all expenses in connection therewith, together with interest thereon at Default Rate per annum from the date of such payment, shall be deemed additional Rent hereunder and be payable to Landlord on demand and at the time of any payment of Rent thereafter becoming due, and Landlord shall have the same rights and remedies for the non-payment thereof as in the case of default in the payment of Rent.

ARTICLE 13 NOTICES

13.1 Notices. Except as expressly provided herein to the contrary, every notice or other communication between the parties shall be in writing and effective only if served personally, or by national overnight courier service, or United States certified mail, return receipt requested, postage prepaid, to the parties at the addresses set forth below:

If to Landlord: City of Lakewood
Attn: John Caulfield, City
6000 Main Street
Lakewood, WA 98499

With a copy to: Foster Garvey
Attn: Kinnon Williams
1111 Third Avenue, Suite 3000
Bellevue, WA 98004

If to Tenant: 107th Street Building, LLC
Attn: Casey R. Ingels
2916 107th Street S
Lakewood, WA 98499

or at such other address or addresses as Tenant or Landlord may from time to time designate by notice given as above provided. Every notice or other communication hereunder shall be deemed to have been given as of the third business day following the date of such mailing (or as of any earlier date evidenced by a receipt from such national overnight courier service or the United States Postal Service) or immediately if personally delivered.

ARTICLE 14 GENERAL

14.1 Interpretation. This Lease shall be interpreted and governed in accordance with the laws of the State of Washington. If any term provision or condition of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, provision or condition of this Lease shall be valid and enforced to the fullest extent permitted by law. The failure of Landlord or of Tenant to insist upon strict performance of any of the covenants and agreements of this Lease, or to exercise any of the options herein conferred shall not be construed as a waiver or relinquishment of any such covenant, agreement or option herein, but the same shall be and remain in full force and effect.

14.2 Quiet Enjoyment. So long as Tenant pay the Rent and performs all other obligations of Tenant under this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through, or under Landlord.

14.3 Captions. The captions as used in this Lease are for convenience and reference purposes only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

14.4 Binding Effect. Subject to the limitations against assignment and subletting, as set forth in Article 9 hereof, the terms, provisions and conditions of this Lease shall be binding upon and

inure to the benefits of Landlord and Tenant and their respective successors in interest, grantees, devisees, heirs and/or assigns.

14.5 Usages. Whenever the singular number is used in this Lease and where required by the context the same shall include the plural and the masculine and feminine genders shall include the feminine, masculine and neuter genders. Unless otherwise expressly defined, the term “including” shall mean “including, but not limited to.”

14.6 Time of the Essence. Time is and shall be of the essence of each term, provision and condition of this Lease.

14.7 Construction. Each term and each provision of this Lease performable by Tenant shall be construed to be both a covenant and a condition.

14.8 Relationship Between Parties. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent, or partnership, joint venture or any other association between Landlord and Tenant, and no provisions in this Lease and no acts of the Parties hereto shall be deemed to create any relationship between the Parties hereto other than Landlord and Tenant.

14.9 Attorney's Fees. In the event either Party employs an attorney to enforce any part of this Lease or to maintain or defend any claim or cause of action arising out of or relating to this Lease, including an appeal, the prevailing Party shall be entitled to recover from the other, and the other shall pay, all reasonable attorneys' fees and costs incurred by the prevailing Party, whether or not a lawsuit or action is commenced. Costs shall include expert fees, travel, meals and lodging expenses and all other expenses reasonably necessary to the enforcement of this Lease.

14.10 Authority of Parties. Each person signing this Lease on behalf of a Party represents and warrants to the other Party that the Party on whose behalf such person is signing has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery this Lease shall be binding upon and enforceable against such Party upon signing.

14.11 Counterparts. This Lease may be executed in one or more identical counterparts, and such counterparts, when taken together, shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

LANDLORD:

CITY OF LAKEWOOD

By: _____
John C. Caulfield
Its: City Manager

TENANT:

107th STREET BUILDING, LLC

By: _____
Casey R. Ingels
Its: CEO and Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this _____ day of _____, 2021, before me personally appeared JOHN C. CAULFIELD, to me known to be the CITY MANAGER of the CITY OF LAKEWOOD, the Washington municipal corporation that executed the within and foregoing instrument, and acknowledged 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 he was authorized to execute said instrument on behalf of said municipal corporation.

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

(Print Name)
NOTARY PUBLIC in and for the
State of Washington, residing at

My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this _____ day of _____, 2021, before me personally appeared CASEY R. INGELS, to me known to be the CEO and MANAGER of 107th STREET BUILDING, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said limited liability company.

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

(Print Name)
NOTARY PUBLIC in and for the
State of Washington, residing at

My appointment expires _____