

GREENBRIDGE FORGIVABLE LOAN AND SUBRECIPIENT AGREEMENT

THIS SECTION 108 FORGIVABLE LOAN AND SUBRECIPIENT AGREEMENT (this "Agreement"), dated for reference purposes _____, 2005, is entered into by and between the HOUSING AUTHORITY OF THE COUNTY OF KING, a Washington public body corporate and politic, hereinafter called "Borrower," and KING COUNTY, a Washington municipal corporation, hereinafter called "Lender."

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

- A. The Borrower is an important regional organization as it provides a broad range of federally and locally financed housing programs that serve a variety of housing needs in King County; and
- B. The Park Lake Homes Community was originally developed in the 1940's and during its useful life, served as affordable housing for King County residents at low to moderate income levels; and
- C. The Borrower has begun a major HOPE VI redevelopment and revitalization project of the existing Park Lake Homes public housing community to be known as Greenbridge in the unincorporated area of White Center; hereinafter referred to as the "Greenbridge"; and
- D. Greenbridge represents a complete redevelopment of the Park Lake Homes facility including new buildings, replacement of existing infrastructure including streets, water lines, sanitary sewers, storm drainage and other utilities; and
- E. Upon completion, Greenbridge will provide for 900 to 1,100 residential housing units in a mix of housing types that will serve existing Park Lake Homes residents as well as a mix of incomes; and
- F. In addition to housing, Greenbridge will include community-oriented uses, which will likely include a branch library, community center, youth and family facilities, Head Start and child care facility, Sheriff's office, and neighborhood level retail uses; and
- G. Greenbridge was planned pursuant to King County's Demonstration Ordinance (Ord. No. 14662) and serves as a pilot project to showcase innovative approaches to land development and incorporation of low-impact design and affordable housing; and
- H. Borrower was successful in securing a \$35 million federal Housing and Urban Development ("HUD") Hope VI grant to off-set the over-\$160 million anticipated project costs for Greenbridge; and

- I. In 2001 the County Executive committed \$10 million in county capital funds to demonstrate to HUD local commitment in the KCHA's Hope VI grant and redevelopment application, a local commitment that proved to be instrumental in KCHA receiving the Hope VI grant; and
- J. With the use of the Loan proceeds described below, Borrower intends to partially fund the costs of new infrastructure in Phase I of Greenbridge located in the unincorporated area of White Center and to fund the permitting and construction of the White Center Food Bank as more fully described in Exhibit A (hereinafter called the "Project"); and
- K. In Greenbridge, between nine hundred and one thousand one hundred (900-1,100) units of housing will be constructed of which at least four hundred will be rental units available to those families with less than sixty percent of the area median. No less than two hundred units will be built by private developers for home ownership, with a goal that twenty-five percent of those will be affordable to families below eighty percent of the area median; and
- L. This Greenbridge Forgivable Loan and Subrecipient Agreement partially fulfills the county' executive's \$10,000,000 commitment to the Borrower. The Project is consistent with the community development objectives of King County's consolidated housing and community development plan enacted by King County on November 19, 2004; and
- M. The proceeds of this loan will help the Borrower redevelop substandard housing, revitalize the White Center neighborhood, and provide an example of private investment and environmentally sustainable in-fill development in a economically depressed area of unincorporated King County; and
- N. Lender is willing to make the Loan to Borrower for the purposes hereinabove set forth, all upon the terms and conditions herein set forth; and
- O. Except for the Community Development Interim Loan made to KCHA and \$2 million in King County housing funds that will be awarded to Borrower, Lender makes no commitment to future support and assumes no obligation for future support of the activities contracted for herein, except as expressly set forth in this Agreement; and
- P. The King County 2005 Capital Improvement Project (CIP) budget includes an appropriation for debt service payments for the HUD Section 108 Loan used for the Project in the capital budgets of the King County Roads Division of the Department of Transportation, and the Water and Land Resources and Parks Divisions of the Department of Natural Resources and Parks. The Project is also included in the 6-year CIP plan; and

- Q. The Joint Recommendation Committee of the King County Consortium recognizes the significance of the Project and has therefore recommended that the Project receive priority funding; and
- R. Borrower plans to begin infrastructure development beginning in 2005 and therefore has a strong financial need to receive all county capital funds as soon as possible.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I

THE LOAN

- 1.1 The Forgivable Loan. In reliance upon Borrower's representations and warranties, and subject to the terms and conditions herein and in the Loan Documents, Lender hereby agrees to loan Borrower a sum of money not to exceed SIX MILLION SEVEN HUNDRED FIFTY THOUSAND NO/100 DOLLARS for the purposes set forth herein, which funds shall be received by Lender from the HUD Section 108 Loan and from no other source (the "Loan"). Borrower shall have the right to receive Loan funds from Lender only pursuant to the terms and conditions of this Agreement and in accordance with the Act, and then only to the extent Section 108 Loan funds are made available to Lender by HUD. Borrower shall promptly apprise Lender in writing of any condition known to it which may result in a delay or reduction of Section 108 Loan funds for the Project.
- 1.2 Predevelopment and Infrastructure Development Financing Only. The Loan is only to provide financing to the Borrower for costs of predevelopment, land, and infrastructure costs of the Project, and for permitting and construction costs for the White Center Food Bank.
- 1.3 Loan Documentation and Security. The Loan will be evidenced by this Agreement and by a Forgivable Promissory Note in the form attached hereto as Exhibit B (the "Promissory Note")
- 1.4 Expenditures of Loan Proceeds. The Loan proceeds may not be used for infrastructure expenditures that occurred prior to September 16, 2004. The Loan proceeds may not be used for the permitting and construction expenditures for the White Center food bank that occurred prior to January 1, 2005. Funds shall not be disbursed for the White Center food bank until a use agreement is in place authorizing required food center use of the facility for 15 years.

1.5 Loan Disbursal. The Borrower shall submit draw request(s) for disbursal of Loan Proceeds under this Agreement. Each request shall include the certifications identified in Section 1.5A(a) through (g) below with respect to the specific work for which reimbursement is sought. Lender acknowledges that upon its review and approval of the certifications it shall authorize the release the requested funds.

1.5A Draw Request Certifications:

- (a) The Borrower certifies that it has incurred Project costs for public infrastructure improvements located within Greenbridge or for the Project costs for the White Center Food Bank ;
- (b) The Borrower has submitted documentation that the Loan proceeds for which disbursal is sought have been expended for activities described in Exhibit A and that the expenditures are for work activity completed after the appropriate dates identified in Section 1.4 of this Agreement.
- (c) As to \$2,106,109 of the Loan proceeds, the Borrower has certified these Loan proceeds for the which disbursal is sought will be used for demolition required for road construction, design, right of way acquisition, construction, and construction management of public roadway improvements, including storm drainage within the road right of way, and associated costs for sidewalks, street lighting, street landscaping, and traffic signals. These expenditures must be lawful expenditures for which King County Road Funds may be used;
- (d) As to \$ 752,037 of the Loan proceeds, the Borrower has certified these Loan Proceeds for which disbursal is sought will be used for demolition required for park construction, planning, and construction management of parks located in unincorporated area King County and these parks will remain open to the general public. These expenditures must be lawful expenditures for which King County Real Estate Excise Tax II revenues may be used;
- (e) As to \$552,037 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursal is sought will be used for the design and engineering, necessary demolition, construction, and construction management of Storm Water Drainage facilities for the Project. These expenditures must be lawful expenditures for which King County Surface Water Management fees may be used;
- (f) As to \$2,839,817 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursal is sought will be used for design and engineering, demolition, construction, and construction management for any CDBG eligible infrastructure. These expenditures must be lawful expenditures for which King County current expense funds may be used.

- (g) As to \$500,000 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursement is sought will be used for the permitting; site improvements; and acquisition, construction management, and installation of a 3,700 square foot modular facility for the White Center food bank.

1.5B Loan Activity Completion Certifications:

By September 30, 2010, Borrower shall provide Lender with the following certifications:

- (a) The Borrower certifies that the Loan proceeds which were disbursed have been expended for eligible activities, as defined in 24 CFR 570.703;
- (b) The Borrower certifies that the Loan proceeds disbursed have been expended for public infrastructure improvements located within Greenbridge and the acquisition and construction for the White Center Food Bank.
- (c) Borrower certifies that the infrastructure improvements designed and constructed with disbursed Loan Proceeds, except for Food Bank expenditures indicated in 1.5 B (h) below; were constructed in accordance with the County approved development plans on file with the King County Department of Development and Environmental Services, File No. L04SR028.
- (d) As to \$2,106,109 of the Loan proceeds, the Borrower has certified these Loan proceeds disbursed were used for demolition required for road construction, design, right of way acquisition, construction, and construction management of public roadway improvements, including storm drainage within the road right of way, and associated costs for sidewalks, street lighting, street landscaping, and traffic signals. These expenditures must be lawful expenditures for which King County Road Funds may be used;
- (e) As to \$ 752,037 of the Loan proceeds, the Borrower has certified these Loan Proceeds which were disbursed were used for demolition required for park construction, planning, construction, and construction management of parks located in unincorporated area King County and these parks will remain open to the general public. These expenditures must be lawful expenditures for which King County Real Estate Excise Tax II revenues may be used;
- (f) As to \$552,037 of the Loan proceeds, the Borrower has certified these Loan proceeds which were disbursed were used for the design and engineering, necessary demolition, construction, and construction management of Storm Water Drainage facilities for the Project. These expenditures must be lawful expenditures for which King County Surface Water Management fees may be used;
- (g) As to \$2,839,817 of the Loan proceeds, the Borrower has certified these Loan proceeds which were disbursed were used for design and engineering, demolition,

construction, and construction management for any CDBG eligible infrastructure. These expenditures must be lawful expenditures for which King County current expense funds may be used.

- (h) As to \$500,000 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursement is sought will be used for the permitting, site improvements; and acquisition, construction management, and installation of a 3,700 square foot modular facility of the White Center food bank. Borrower shall also certify that the work has been completed in accordance with applicable building codes and permits, and that ownership of the building constructed has been transferred to the White Center Food Bank with the requirement set forth in Section 8.6 of this Agreement.

1.5C Lender acknowledges and agrees that the expense categories described in attached Exhibit A meet the requirements of the various sources of funding outlined in sections 1.5A(c), (d), (e), (f), and (g).

- 1.6 Loan Forgiveness. Borrower's obligation to repay Loan Proceeds disbursed in accordance with Section 1.5, shall be forgiven provided 1) the certifications required in Section 1.5 are true and accurate and 2) the Department of Development and Environmental Services has issued a final construction approval for Phase I of Greenbridge or Borrower certifies that all Park Projects described in Exhibit A have been completed, whichever is later.

- 1.7 Loan Repayment.

- (a) Any portion of the Loan not forgiven in accordance with Section 1.6 herein shall be due and payable by Borrower on September 30, 2010.

ARTICLE II

BORROWER'S REPRESENTATIONS AND WARRANTIES

In order to induce Lender to make the Loan, Borrower represents and warrants as follows, which representations and warranties shall be true and correct as of the execution hereof and shall survive the execution and delivery of this Agreement and the Note:

- 2.1 Organization of Borrower; Authority to Enter into Agreement. Borrower is a public body corporate and politic, duly formed and validly in existence pursuant to the laws of the State of Washington and authorized to transact business in the State of Washington. Borrower has the right and power to own the Project and Borrower has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and carry out the provisions of the Loan Documents. The execution, delivery and performance of this Agreement and the Loan Documents have been duly authorized by all necessary corporate action, and no other action of Borrower is required for the execution, delivery and performance of this Agreement or the Loan Documents. This Agreement and the Note

constitute or, if not yet executed or delivered, will when so executed and delivered constitute, valid and binding obligations of Borrower, each enforceable in accordance with their respective terms.

- 2.2 Nondiscrimination. During the performance of this Loan Agreement, Borrower shall not discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any other benefits under this Loan Agreement. Borrower shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, and Titles VI and VII of the Civil Rights Act of 1964.
- 2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Project in any court at law or in equity, or before or by any governmental or municipal authority which might adversely affect the ability of Borrower to perform its obligations hereunder or under any of the Loan Documents to which Borrower is a party.
- 2.4 Covenants, Zoning and Codes. Borrower will comply with all applicable environmental statutes and regulations to be complied with in connection with its ownership of the Project. To Borrower's knowledge, all permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or presently necessary for the ownership and operation of the Work, have been obtained, are valid, adequate and in full force and effect or will be obtained prior to the commencement of any activities for which a permit, consent, approval or authorization is necessary. To Borrower's knowledge, operation of the Project will in all respects conform to and comply with all applicable zoning, environmental protection, use and building codes, laws, regulations and ordinances.
- 2.5 Approval of Project. The Project, as described in Exhibit A hereto is a description of work Borrower intends to fund with the proceeds of this Loan. Exhibit A has been approved by Borrower and, to Borrower's knowledge, the Project has or will receive any required approvals as required by all governmental bodies or agencies having jurisdiction.
- 2.6 Compliance With Documents. As of the date hereof and until the Project is completed, Borrower is and will remain in full compliance with all of the terms and conditions of this Agreement, the Loan Documents, and no event of default has or shall have occurred and be continuing which, with the lapse of time or the giving of notice, or both, would constitute such an event of default under the foregoing.
- 2.7 Compliance with Community Development Block Grant and Section 108 Loan Guaranty Requirements.

- (a) This Agreement meets the requirements set forth in Community Development Block Grant Program (hereinafter "CDBG") Regulations at 24 CFR Part 570.503(b) to constitute a subrecipient agreement, the Project as described are consistent with the national objective for the CDBG Program specified at 24 CFR Part 570.208(a)(1), and this Agreement is consistent with the loan guarantee requirements at 24 CFR 570.700 et seq.
 - (b) Borrower will plan, design and construct the Project in compliance with the applicable requirements set forth in the CDBG regulations.
- 2.8 Borrower will comply with all mitigation requirements set forth in the Greenbridge Environmental Impact Statement, including the noise mitigation.
- 2.9 Incorporation of Representations and Warranties. The request by the Borrower for any disbursement of Loan proceeds under this Agreement shall constitute a certification by the Borrower that the aforesaid representations and warranties are true and correct as of the date of such request.

ARTICLE III

CONDITIONS PRECEDENT TO LOAN CLOSING

Lender's obligation to enter into and perform its duties under this Agreement shall be subject to the full and complete satisfaction of the following conditions precedent:

- 3.1 Documents. Lender shall have received and approved fully executed originals of each of the following documents which shall have been duly authorized, executed (and, where appropriate, acknowledged), and delivered by the parties thereto: this Agreement, the Promissory Note, and any and all other related documents as Lender may deem reasonably necessary with respect to the Loan.
- 3.2 Evidence of Authority. Lender shall have received evidence satisfactory to it that Borrower and the persons signing on behalf of Borrower have the capacity and authority to execute and deliver Loan Documents on behalf of Borrower.

ARTICLE IV

INSURANCE REQUIREMENTS—GENERAL

- 4.1 (a) Insurance Required. By the date of execution of this Agreement, the Borrower shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by the Borrower, its agents, representatives, employees, and/or contractors. The Borrower or contractors shall pay the costs of

such insurance. The Borrower shall furnish separate certificates of insurance and policy endorsements from each contractor and require each contractor to furnish the same from its subcontractors as evidence of compliance with the insurance requirements of this Agreement.

The Borrower is responsible for ensuring compliance with all of the insurance requirements stated herein. Failure by the Borrower, its agents, employees, officers, or contractors to comply with the insurance requirements stated herein shall constitute a material breach of this Agreement.

Each insurance policy shall be written on an "occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval. If coverage is approved and purchased on a "claims made" basis, the Borrower warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Agreement termination, and/or conversion from a "claims made" form to an "occurrence" coverage form.

- (b) Risk Assessment by Borrower. By requiring such minimum insurance, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Borrower under this Agreement, nor shall such minimum limits be construed to limit the limits available under any insurance coverage obtained by the Borrower. The Borrower shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.
- (c) Minimum Scope of Insurance. Coverage shall be at least as broad as:
1. General Liability. Insurance Services Office form number (CG 00 01 Ed. 11-88 or its equivalent) covering COMMERCIAL GENERAL LIABILITY.
 2. Professional Liability, Errors, and Omissions Coverage. In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors, and Omissions coverage shall be provided. "Professional Services", for the purpose of this Agreement section, shall mean any services provided by a licensed professional or those services that require a professional standard of care.
 3. Automobile Liability. Insurance Services Office form number (CA 00 01 or its equivalent) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the appropriate coverage provided by symbols 2, 7, 8, or 9.
 4. Workers' Compensation. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable federal or "Other States" state law.

5. Stop Gap/Employers Liability. Coverage shall be at least as broad as the protection provided by the Workers' Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.
 6. Property Insurance. Insurance Services Office form number (CP 00 10 Ed. 10-90) covering BUILDING AND PERSONAL PROPERTY COVERAGE FORM and Insurance Services Office form number (CP 10 30 Ed. 10-90) CAUSES OF LOSS—SPECIAL FORM or project appropriate equivalent.
 7. Builder's Risk/Installation Floater. The Borrower shall procure and maintain during the life of the Agreement, or until acceptance of the Work by King County, which ever is longer, "All Risk" Builders Risk Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft and property in transit. The coverage shall insure for direct physical loss to property of the entire construction Work, for 100 percent of the replacement value thereof. The policy shall be endorsed to cover the interests, as they may appear, of King County, Owner, Borrower and subcontractors of all tiers with King County listed as a Named Insured.
- (d) Minimum Limits of Insurance—Capital Projects: The Borrower shall maintain limits no less than, for:
1. Commercial General Liability: \$1,000,000 combined single limit per occurrence by bodily injury, personal injury, and property damage; and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
 2. Professional Liability, Errors, and Omissions: \$1,000,000, Per Claim and in the Aggregate.
 3. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage if the use of motor vehicles is contemplated
 4. Workers' Compensation: Statutory requirements of the state of residency.
 5. Stop Gap /Employers Liability: \$1,000,000.
 6. Property Insurance: One hundred percent replacement value of funded structure.
- (e) Minimum Limits of Insurance—Building Construction Period. Prior to commencement of activities funded under this agreement and until funded activities are complete and approved by the Borrower, the Borrower shall cause the construction contractor and related professionals to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. The Borrower and County shall be a named as additional insureds on liability policies except Workers

Compensation and Professional Liability and as Named Insureds on Builders Risk policies. The cost of such insurance shall be paid by the Borrower and/or any of the Borrower's contractors. The Borrower/Contractor shall maintain limits no less than, for:

1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate
 2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
 3. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate
 4. Builder's Risk Insurance: One hundred percent replacement cost value.
 5. Workers Compensation: Statutory requirements of the State of residency.
 6. Stop Gap or Employers Liability Coverage: \$1,000,000.
- (f) Minimum Limits of Insurance—Services Agreements: The Borrower shall maintain limits no less than, for:
1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate
 2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
 3. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate
 4. Workers Compensation: Statutory requirements of the State of Residency.
 5. Stop Gap or Employers Liability Coverage: \$1,000,000.
- (g) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies shall not apply to the Borrower's liability to the County and shall be the sole responsibility of the Borrower.
- (h) Other Insurance Provisions. The insurance policies required in this Agreement are to contain, or be endorsed to contain, the following provisions:
1. All Liability Policies except Professional and Workers Compensation

(A) The County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Borrower/ in connection with this Agreement. Such coverage shall include Products-Completed Operations

(B) To the extent of the Borrower's/Contractor's negligence, the Borrower's/Contractor's insurance coverage shall be primary insurance as respects the Lender, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the Lender, its officers, officials, employees, or agents shall not contribute with the Borrower's insurance or benefit the Borrower in any way.

(C) The Borrower's insurance shall apply separately to each insured against whom claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

2. Property Coverage Policies

(A) The Lender shall be added to all Property Coverage Policies as a loss payee as its interests may appear

(B) The Lender shall be added as a Named Insured as their interests may appear to all Builders Risk policies

3. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days prior written notice has been given to the Lender.

(i) Acceptability of Insurers. Unless otherwise approved by the Lender, insurance is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests, with minimum surpluses the equivalent of Bests' surplus size VIII.

Professional Liability, Errors, and Omissions insurance may be placed with insurers with a Bests' rating of B+VII. Any exception must be approved by the Lender.

If, at any time, the foregoing policies shall fail to meet the above requirements, the Borrower shall, upon notice to that effect from the Lender, promptly obtain a new policy, and shall submit the same to the Lender, with appropriate certificates and endorsements, for approval.

- (j) Verification of Coverage. The Borrower shall furnish the Lender with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the Lender prior to the commencement of activities associated with the Agreement. The Lender reserves the right to require complete, certified copies of all required insurance policies at any time.
- (k) Subcontractors. The Borrower shall require its contractors to include all subcontractors as insureds under its policies or shall furnish separate certificates of insurance and policy endorsements from each subcontractor. Insurance coverages provided by contractors/subcontractors, as evidence of compliance with the insurance requirements of this Agreement, shall be subject to all of the requirements stated herein.
- (l) Municipal or State Agency Provisions. If the Borrower is a municipal corporation or an agency of the State of Washington and is self-insured for any of the above insurance requirements, a certification of self-insurance shall be provided for the self-insured requirements and attached hereto and be incorporated by reference and shall constitute compliance with this Section. If the certificate of self-insurance does not cover all mandatory requirements, the Borrower shall provide separate certificates and endorsements that document coverage.

ARTICLE V

CONDITIONS PRECEDENT TO FORGIVABLE LOAN ADVANCE

Lender's obligation to make the initial advance of Loan funds pursuant to the terms hereof shall, in addition to compliance with the terms of Article III hereof, be subject to receipt of the following documents and satisfaction of the following conditions precedent:

- (a) Receipt by Lender of any other documents and assurances as it may reasonably request which are required by HUD or any federal, state or county regulatory agency which requests Lender to provide such documents or assurances.
- (b) Lender shall have received notice from HUD's Fiscal Agent that the Section 108 loan proceeds are available for disbursement.
- (c) Prior to any Loan Advance, Borrower shall provide Lender with a CDBG Program Voucher invoice accompanied by copies of supporting documents. Within 21 business days Lender shall review the invoice, and if the invoice is adequate, approve the Loan Advance, and authorize HUD's Fiscal Agent to disburse Loan proceeds to KCHA.

ARTICLE VI

BORROWER'S LOAN COVENANTS

Borrower covenants and agrees as follows:

- 6.1 General. From and after the date hereof and so long as any amount remains unpaid on the Promissory Note, or for so long as any commitment exists to extend credit hereunder, Borrower covenants and agrees that it will:
- (a) Promptly complete the Project by September 30, 2010 and submit to the Lender the required documentation for disbursements of Loan proceeds.
 - (b) Preserve and keep in full force and effect its existence as a public housing authority and retain an ownership interest in the Project and
 - (c) Obtain and maintain the insurance required herein.
- 6.2 Change to Project. So long as any portion of the Loan remains unpaid and not forgiven, there shall be no material change of Project without the prior written approval of Lender and, to the extent that such approvals may be required, the appropriate governmental authorities.
- 6.3 Compliance with Laws. Borrower's use of the proceeds of the Loan shall comply with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.
- 6.4 Call Provision. In addition to, and not in any way to be deemed any limitation upon, Lender's right to demand repayment of the Loan at any time, Lender may call any unforgiven portion of the Loan immediately due and payable if at any time during the term of the Loan without Borrower's prior written approval, but with 120 days notice to Borrower.
- (a) Borrower sells, transfers or assigns all or substantially all of the property improved with Loan Proceeds, whether voluntarily or involuntarily, or by the operation of law, without the consent of the Lender, except that the following shall not give rise to any call right of Lender: sales, transfers or assignments to 1) non-profit housing organizations or community service providers, 2) for-sale housing developers, or 3) private partnerships or limited liability companies seeking Low-Income Housing Tax Credits, who through regulatory agreements have agreed to provide housing or services in accordance with KCHA's HOPE VI Revitalization Plan agreement with the U.S. Department of Housing & Urban Development, pursuant to HUD Grant #WA 19URD002I101, as amended, or

(b) Borrower fails to complete the Project by September 30,2010.

Upon the occurrence of any of the foregoing, Lender may declare an Event of Default hereunder and exercise its rights and remedies pursuant to Article VI.

- 6.5 Inspections. Lender and its representatives shall have the right at all reasonable times during regular business hours (and at any time in the event of an emergency) to inspect the Project to determine that the same is in conformity with the Agreement and all laws, ordinances, rules and regulations applicable to Borrower's use of the Loan funds. Lender shall have the further right, from time to time and upon reasonable notice to Borrower, to inspect Borrower's books and records relating to Borrower's use of the Loan funds. Without limiting the foregoing, Borrower shall permit Lender to examine and copy all books, records and other papers relating to Borrower's use of the Loan funds to insure Borrower's compliance with the Act and applicable provisions of 24 CFR Part 570.
- 6.6 Notify Lender of Litigation or Complaints. Borrower shall promptly notify Lender in writing of all litigation or possible litigation affecting Borrower or any part of the Project which might materially and adversely affect Borrower's performance of its obligations under the Promissory Note or the Loan Documents, and of all complaints or charges made by any governmental authority affecting the Project or Borrower which may require changes in the Project.
- 6.7 Indemnify Lender. Borrower shall indemnify and hold Lender, its elected and appointed officials and any employees thereof, harmless from all liability for any actual or alleged damage or injury of whatsoever nature arising out of or in any way connected with the Project or arising out of Borrower's breach of the provisions of this Agreement, including the cost of defense thereof using counsel approved by Lender. Lender may commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto or the Project, and Borrower shall pay all of the Lender's costs and expenses incurred thereby on demand. **Borrower waives, solely with respect to Lender, its immunity under RCW Title 51, Industrial Insurance. Borrower acknowledges that this waiver has been specifically negotiated and that Lender would not enter into this Agreement absent this waiver.** This section shall survive execution, delivery and performance of this Agreement, the Promissory Note and the Loan Documents. Borrower shall indemnify and hold harmless Lender and its officials and employees from any and all liability, loss, damage, costs and expenses resulting from any failure by Borrower to comply, as a subrecipient, with any federal requirement or to document such compliance as required by law.
- 6.8 Further Assistance. Borrower will at any time and from time to time upon request of Lender take or cause to be taken any action, execute, acknowledge, deliver or record any further documents, opinions, or other instruments or obtain such additional insurance as Lender is required to do or obtain by HUD or other federal, state or county regulatory agency.

6.9 Use of CDBG Funds.

- (a) Borrower shall purchase supplies and services for activities under this Agreement in compliance with Section 3, Housing and Urban Development Act of 1968, as amended.
- (b) Funds loaned to Borrower hereunder shall not be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund any contractor or subrecipient during any period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR Part 24.
- (c) Relocation and Acquisition. Borrower represents and warrants that it has taken and shall take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project and shall comply with all applicable requirements of the federal Uniform Relocation Act and regulations thereunder, 49 CFR Part 24; 24 CFR Section 570.606, and shall maintain complete and accurate records demonstrating such compliance.
- (d) Borrower certifies that any CDBG Program Income, as defined in 24 CFR 570.500, will be used by Borrower only for CDBG Eligible Activities.

6.10 Procurement Standards

- (a) Borrower shall comply with OMB Circular No. A-110, Attachment O, Paragraph g. Failure of the Borrower to comply with the applicable requirements set forth within the foregoing regulations shall be a breach of this Agreement.
- (b) In advertising for employees, goods or services for the activities under this Agreement, Borrower shall comply with all relevant federal requirements.
- (c) In awarding contracts pursuant to this Agreement, Borrower shall comply with all applicable requirements of local and state law for awarding contracts, including, but not limited to, procedures for competitive bidding, contractor's bonds, and retained percentages (RCW 60.28.010).

6.11 Administrative Requirements. Borrower shall comply with the policies, guidelines and requirements of 24 CFR Part 85.20, Standards for Financial Management.

6.12 Activities benefiting low and moderate income persons. Lender has received a HUD Section 108 Loan Guarantee for the Projects identified in Exhibit A. Borrowers activities must comply with the requirements in 570.208(a) and benefit low and moderate income persons.

- 6.13 Compliance with Endangered Species Act. The United States Department of Housing and Urban Development (HUD), through its Community Development Block Grant (CDBG) program, has granted this Loan to Lender. Consequently, pursuant to 16 U.S.C. §1536 of the Endangered Species Act (ESA), HUD must insure that any action it funds is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of any endangered or threatened species' critical habitat. Lender has been informed that species listed as threatened pursuant to the ESA occur in the general area of the Property. Borrower has disclosed to Lender that it intends to demolish the existing buildings on the Property prior to repayment of the Loan. In order to analyze any possible effects the demolition activities might have on listed species, Borrower must prepare a Biological Assessment that will analyze whether the demolition activities might have an effect on listed species. After the Borrower has prepared the Biological Assessment, Borrower and Lender will consult with the Services on this Project. Section 7(d) of the ESA prohibits the commitment of irreversible or irretrievable resources by the Borrower or Lender until the Section 7 consultation process has been concluded. Therefore, Borrower, its agents and/or the seller of the Property may not engage in any demolition, grading, clearing, or construction activities on the Property prior to the completion of the Section 7 consultation. If Borrower, its agents and/or the seller of the Property engage in any demolition, grading, clearing or construction activities on the Property prior to the completion of the Section 7 consultation, Lender will demand immediate repayment of the Loan, including any interest that is due.
- 6.14 Compliance with the National Historic Preservation Act. If at any time during the construction phase, any contractors for the Project encounter archaeological materials, Borrower covenants and warrants to Lender that a professional archaeologist will be called immediately to evaluate the materials and develop a mitigation plan if appropriate. This covenant shall also be included in the RFP and the deed transferring the Property to the Private Developer as a covenant running with the land.
- 6.15 Record-Keeping Requirements and Site Visits. Borrower shall maintain, for at least six (6) years after completion of all work under this Agreement, the following:
- (a) Records of employment, employment advertisements, application forms, and other pertinent data, records and information related to employment, applications for employment or the administration or delivery of services or any other benefits under this Agreement; and
 - (b) Records, including written quotes, bids, estimates or proposals submitted to the Borrower by all businesses seeking to participate on this Project, and any other information necessary to document the actual use of and payments to subcontractors and suppliers in this Agreement, including employment records.
 - (c) The Lender may visit, at any time, the site of the work and the Borrowers office to review the foregoing records. The Borrower shall provide every assistance requested by the Lender during such visits. In all other respects, the Borrower shall make the

foregoing records available to the Lender for inspection and copying upon request. In addition, the Borrower shall comply with all record keeping requirements set forth in any applicable federal rules, regulations or statutes.

ARTICLE VII

DEFAULT AND REMEDIES

7.1 Event of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

- (a) Any default by Borrower in the repayment of any indebtedness owing to Lender for any purpose or reason, which indebtedness is not paid when due.
- (b) Any breach by Borrower of any of the non-monetary covenants and conditions of this Agreement, which breach is not cured to Lender's satisfaction within thirty (30) working days from the Borrower's receipt of notice from Lender of such breach, provided, that in the event of a non-monetary breach or default by Borrower which is outside of the control of Borrower and which cannot be cured within said thirty (30) working days, Borrower shall have commenced to cure its breach or default within said thirty (30) working days and thereafter diligently proceeds to cure its breach or default. Notwithstanding anything to the contrary contained herein, any breach or default by Borrower of any applicable laws, ordinances, rules, regulations or executive orders applicable to Lender, Borrower or Borrower's use of the Loan funds shall immediately constitute an Event of Default hereunder.
- (c) Any representation, warranty or disclosure made to Lender by Borrower proves to be materially false or misleading as of the date when made, whether or not such representation or disclosure appears in this Agreement.
- (d) Any material deviation in the operation of the Project without the approval of Lender which deviation is not corrected or substantially corrected within thirty (30) working days after receipt of written notice thereof from Lender to Borrower.
- (d) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Borrower's property is filed by or against Borrower which is not dismissed within forty-five (45) days, or if Borrower makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Borrower and is not discharged within forty-five (45) days.
- (e) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law is filed by or against Borrower within ninety-one (91) days after Borrower has repaid the Loan in full. In such an event, Lender shall have the

absolute right to draw upon the Direct Pay Letter of Credit to the extent of any payments made within ninety-one (91) days of filing a petition in bankruptcy or for reorganization or any arrangement under any bankruptcy or insolvency law, regardless of the fact that Borrower has previously paid the Loan in full, provided that within a reasonable time thereafter Lender shall pay over to the trustee or bankruptcy estate the funds previously paid to Lender by Borrower to the extent that the Direct Pay Letter of Credit is drawn upon under this subparagraph. Notwithstanding the foregoing, in the event Borrower has repaid the Loan in full from funds received from a third party, institutional lender, then Lender shall immediately return the Direct Pay Letter of Credit to the issuer thereof.

7.2 Remedies. Upon the occurrence of an Event of Default, Lender may, at its option and without prior demand or notice take any of the following actions:

- (a) Immediately terminate any further advance of Loan funds hereunder.
- (b) In the event that any of the certifications submitted by Borrower under Sections 1.5 and 1.6 are not true, declare all sums advanced pursuant to such certification immediately due and payable.
- (c) In the event Borrower has breached the representations and warranties identified in Article II, seek injunctive relief or such damages as may be proximately caused by the breach.

All remedies of Lender provided for herein and in any other Loan Document are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice Lender in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, Lender realizes all amounts owed to it under such Loan Documents.

ARTICLE VIII

SUBRECIPIENT REQUIREMENTS

8.1 Borrower acknowledges that it is a Subrecipient (as defined in the Act) for the Work activities described in Exhibit A. The provisions in this section shall survive the termination of this Agreement.

8.2 Statement of Work.

Borrower will design and construct the public infrastructure described in Exhibit A.

Borrower will also construct the 3,700 sq. ft. modular building for the White Center Food Bank as described in Exhibit A.

8.3 Program income.

KCHA shall report all program income when received and anticipated to the Manager of the King County Community Development Block Grant Program.

- (a) KCHA shall report all program income when received and anticipated to the Manager of the King County Community Development Block Grant Program.
- (b) Any CDBG Program Income, as defined in 24 CFR Part 570.504, received by Borrower may be retained by the Borrower as a Subrecipient, provided all CDBG program income is expended for Borrower proposed expenses that are approved by Lender and that represent an eligible Community Development Block Grant expense.
- (c) If the Borrower does not comply with the requirements in Section 8.3(a) Borrower shall return to Lender all CDBG Program Income. Borrower and Lender agree that the following comprise CDBG Program Income for this Project:
 - (1) Principal payments;
 - (2) Any additional proceeds from the borrower's disposition by sale or long-term lease of the property purchased or improved with CDBG funds, if those proceeds exceed the amount in (i) above; and
 - (3) Repayment of any amounts specified in Paragraph 6.1 (h);
- (d) If the Lender authorizes the Borrower to retain the Program Income to continue or benefit a project(s), the Borrower shall comply with all provisions of this Agreement in expending any Program Income. These duties in this section shall not be diminished or extinguished by the termination of this Agreement.

8.4 Compliance with federal and state law.

Borrower's use of the proceeds of the Loan and the Work shall comply with all applicable laws, ordinances, rules and regulations, and executive orders of federal, state and county or municipal governments or agencies, including but not limited to:

Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 United States Code et seq.) and regulations at 24 CFR Part 1;

Public Law 90-284, which is the Fair Housing Act (42 United States Code 3601-3620);

Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p.652; 3 CFR, 1980 Comp., p. 307) and regulations at 24 CFR Part 107;

Section 109 of the Housing and Community Development Act of 1974, as amended, and regulations at 24 CFR Part 8 and 24 CFR Part 146;

Section 110(a) of the Housing and Community Development Act of 1974, as amended, and regulations at 24 CFR Part 70;

Section 202(a) of the Flood Disaster Protection Act of 1973 (42 United States Code 4106) and regulations at 44 CFR Parts 59 through 79;

The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 United States Code 4601-4655) and regulations at 49 CFR Part 24;

Section 104(d) of the Housing and Community Development Act of 1974, as amended;

24 CFR Part 5; and those provisions of 24 CFR Part 85 and OMB Circular A-87 that are specified at 24 CFR Part 502(a).

8.5 Records.

- (a) The Borrower shall maintain accounts and records, including personnel, property, financial, and Project records and other such records as may be deemed necessary by the Lender to ensure proper accounting for all funds provided under this Agreement and compliance with all terms and conditions set forth in this Agreement.
- (b) Records required to be maintained in subsection (a) above shall be maintained for a period of six (6) years after the completion of the Project.
- (c) The Borrower shall inform the Lender in writing of the location, if different from the Borrower address set forth in this Agreement, of the aforesaid books, records, documents, and other evidence and shall notify the Lender in writing of any changes in location within ten (10) working days of any such relocation.
- (e) Exceptions to the six (6) year retention period are as follows: Records that are the subject of audit findings shall be retained by Borrower until such findings have been resolved.
- (f) Financial records shall identify adequately the source and application of all funds provided under this Agreement, in accordance with the provisions of 24 CFR Part 85, Subpart C Financial Administration, and the U. S. Office of Management and Budget

Circular A-87. These records shall contain information pertaining to authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

8.6 Reversion of Assets.

Upon completion of the Project, the Borrower shall transfer to the Lender any unexpended CDBG funds provided under this Agreement and on hand at the time of termination and any accounts receivable attributable to the use of CDBG funds provided under this Agreement. Borrower agrees that infrastructure and White Center food bank facilities constructed with CDBG funds will be used in accordance with the CDBG national objectives in 24 CFR 570.208 until at least fifteen years after the date of Project completion, or borrower will pay to lender additional funds if any calculated as follows: the current fair market value of the property less any portion attributable to expenditures of non-CDBG funds, and less any principal payments made pursuant to this Agreement. When Borrower transfers ownership of the White Center Food Bank building to the White Center Food Bank, Borrower shall incorporate this requirement in the transfer documents and provide King County a copy of such agreements.

8.7 Suspension or Termination for Convenience.

In accordance with 24 CFR Part 85.44, this Agreement may be terminated by the Lender, in whole or in part, for convenience. If Borrower materially fails to comply with the terms of this Agreement, Lender may suspend this Agreement in accordance with 24 CFR Part 85.43.

ARTICLE IX

MISCELLANEOUS

9.1 No Waiver. No waiver of any default or breach by Borrower hereunder shall be implied from any failure by Lender to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Lender to, or of, any act by Borrower requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

9.2 Successors and Assigns. This Agreement is made and entered into for the sole protection and benefit of Lender and Borrower, their successors and assigns, and no other person or persons shall have any right of action hereunder. The terms hereof shall inure to the benefit

of the successors and assigns of the parties hereto; provided, however, that the Borrower's interest hereunder cannot be assigned or otherwise transferred without the prior consent of Lender.

- 9.3 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service or registered or certified, first class mail, return receipt requested. The addresses may be changed by notice to the other party given in the same manner as provided above. If notice is given by mail, it shall be deemed received on the earlier of: (i) receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Borrower: King County Housing Authority
600 Andover Park West
Seattle, WA 98188

Attn: Deborah Gooden, Greenbridge General Manager

If to Lender: Office of Business Relations and Economic Development
Bank of America Tower, Suite 2000
MSBOA-EX-2000
701 Fifth Avenue
Seattle, Washington 98104

Attn: Manager, Economic Development Program

and

King County Housing and Community
Development Program
Community Services Division
Exchange Building
821 Second Avenue, Suite 500
Seattle, WA 98104-1598
Attn: Director

- 9.4 Time. Time is of the essence hereof.

- 9.5 Amendments. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by Lender and Borrower.

- 9.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

- 9.7 Number and Gender. When the context in which the words are used in this Agreement indicate that such is the intent, words in the singular number shall include the plural and vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances.
- 9.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.
- 9.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the County of King, except to the extent federal law applies.
- 9.10 Survival of Warranties. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and of the Loan Documents and the making of the Loan hereunder and continue in full force and effect until the obligations of Borrower hereunder and the indebtedness evidenced by the Promissory Note have been fully paid and satisfied.
- 9.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.
- 9.12 Attorneys' Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.
- 9.13 Conflict of Interest. No member, official or employee of Lender shall have any personal interest, direct or indirect, in the subject matter of this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is interested, whether directly or indirectly.
- 9.14 Duplicate Originals. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original, provided, that each original shall constitute one and the same agreement.
- 9.15 Assignment or Transfer of Interest; Successors. Borrower shall not assign its rights or obligations under this Agreement, without the express written agreement of Lender. Lender's grant of consent to such assignment shall not waive its right to consent to future assignments. Subject to the restriction in the previous sentence, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9.16 Audit Requirements.

- (a) Borrower shall comply, at its own expense, with all applicable requirements under the federal Single Audit Act Amendments of 1996 and regulations now or hereafter adopted thereunder, including without limitation federal OMB Circular A-133. The audit shall comply with the requirements of generally accepted auditing standards "GAAS"; GAO's Standards for Audits of Governmental Organizations, Programs, Activities, and Functions; and OMB Circular A-133, as amended, and as applicable.
- (b) Each audit report shall include at a minimum:
 - 1. An opinion on financial statements and a schedule of financial assistance; and
 - 2. A report on a supplemental schedule showing the balances of each account maintained for the Funds and the cash deposited and disbursed therefrom, and the Loans outstanding made from each such account;
 - 3. A report on the study and evaluation of the organization's internal control structure.
- (c) Additional audit or review requirements which may be imposed on Lender by HUD will be passed on to Borrower and Borrower will be required to comply with any such requirements.

9.17 Conflict of Interest; Consultants.

- (a) No officer, agent, employee, consultant or elected or appointed official of Lender or of any sub-recipient receiving CDBG funds (as defined in 24 CFR Parts 92 and 570, respectively) who exercises or has exercised any functions or responsibilities with respect to activities assisted by CDBG funds or who is in a position to participate in a decision making process or gain inside information with respect to these activities, shall obtain any financial interest or benefit, for himself or herself or those with whom he or she has family or business ties, in the activity funded under this Agreement or in any contract or subcontract or agreement with respect thereto or the proceeds thereof; nor shall (s)he for one year after completion of his or her tenure with Lender or such sub-recipient obtain any such financial interest or benefit. KCHA shall incorporate in all such contracts or subcontracts a provision prohibiting any such interest.
- (b) In the procurement of supplies, equipment, construction or rehabilitation and services, KCHA shall ensure compliance with the provisions of 24 CFR Section 84.42 KCHA shall incorporate in all contracts or subcontracts using CDBG Funds a provision prohibiting any conflict of interest prohibited by this subsection.
- (c) No Loan Proceeds may be used to pay or to provide reimbursement for payment of the

salary of a consultant at more than the daily equivalent of the rate paid for level IV of the federal Executive Schedule, unless specifically authorized by law.

9.18 Lender's Recycled Product Procurement Policy

- (a) Borrower shall use recycled paper for the production of all printed and photocopied documents related to the fulfillment of this Agreement and shall ensure that, whenever possible, the cover page of each document printed on recycled paper bears an imprint identifying it as recycled paper.
- (b) If the cost of recycled paper is more than 15% higher than the cost of non- recycled paper, Borrower may notify the Agreement Administrator, who may waive the recycled paper requirement. Borrower shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical in the fulfillment of this Agreement.
- (c) Borrower shall use recycled paper for the production of all printed and photocopied documents related to the fulfillment of this Agreement and shall ensure that, whenever possible, the cover page of each document printed on recycled paper bears an imprint identifying it as recycled paper.
- (d) If the cost of recycled paper is more than 15% higher than the cost of non- recycled paper, Borrower may notify the Agreement Administrator, who may waive the recycled paper requirement. Borrower shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical in the fulfillment of this Agreement.

9.19 Duration of Agreement. Except as otherwise provided in this agreement, the terms of this Agreement shall be in effect from the date of execution until September 30, 2010 unless extended to a later date or terminated earlier, pursuant to the terms and conditions of the Agreement.

9.20 Environmental Justice. Borrower shall comply with Executive Order 12898 requiring identification and mitigation, as appropriate, of disproportionately high and adverse human health or environmental impacts of programs, policies and activities on minority and/or low-income populations.

9.21 Borrower Agreement to Repay. Borrower agrees that it is financially responsible for and will repay Lender all indicated amounts following a HUD audit exception related to the Project which occurs due to the negligence, intentional act, and/or failure, for any reason, to comply with the terms of this Agreement by Borrower its officers, employees, agents, and/or representatives. This duty to repay Lender shall survive the termination of this Agreement and the repayment or forgiveness of the Loan.

9.22 Construction. This agreement has been reviewed and revised by legal counsel for both parties, and no presumption or rule that ambiguity shall be construed against the party drafting the document shall apply to the interpretation or enforcement of this agreement.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the date first written above by and through their duly authorized representatives.

LENDER

BORROWER

KING COUNTY, a Washington
municipal corporation

HOUSING AUTHORITY OF THE
COUNTY OF KING, a Washington public
body corporate and politic

By: _____
Ray Moser,

By: _____
Stephen J. Norman

Its: Economic Development Manager for
King County Office of Business Relations
Economic Development

Its: Executive Director

Approved as to form:

Attest:

Norm Maleng, King County
Prosecuting Attorney

Its: _____

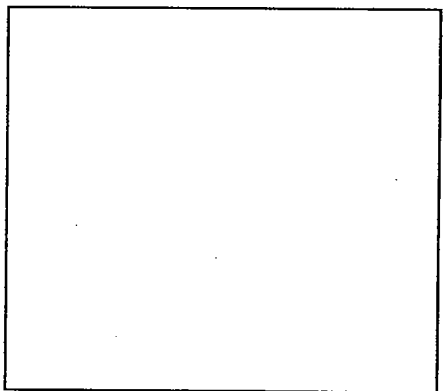
By: _____
Sr. Deputy Prosecuting Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment are the persons whose true signatures appear on this document.

On this ____ day of _____, 2005, before me personally appeared _____, to me known to be the _____, of KING County, a municipal corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

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



Notary Public in and for the State of Washington,
residing at _____
My commission expires: _____

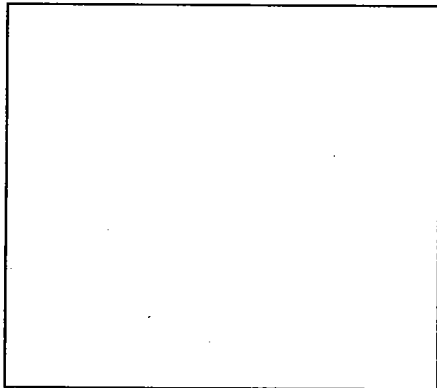
[Type or Print Notary Name]

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that the persons appearing before me and making this acknowledgment are the persons whose true signatures appear on this document.

On this _____ day of _____, 2004, before me personally appeared _____ and _____, to me known to be the _____ and _____, respectively, of THE HOUSING AUTHORITY OF THE COUNTY OF KING, the public body corporate and politic that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

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



(Use This Space for Notarial Seal Stamp)

Notary Public in and for the State of Washington,
residing at _____
My commission expires: _____

[Type or Print Notary Name]

Exhibit A
Description of Greenbridge Projects
to be Funded by the King County
HUD Section 108 Guaranteed Loan

This document describes the projects and cost categories to be funded by the King County HUD Section 108 Guaranteed Loan ("108 Loan") in the overall amount of \$6.75 million to the King County Housing Authority ("KCHA") for the Greenbridge HOPE VI redevelopment of Park Lake Homes I.

Purpose of County Funding: The projects and costs funded by the County through this loan are designed to achieve two objectives for the KCHA Greenbridge project:

1. They comprise an important \$6.75 million component of overall project permanent financing, estimated to total \$165 million.
2. County funds are a critically important financing source to the Greenbridge project to assist in meeting significant site clearance and infrastructure development costs that occur before the availability of many of the other permanent financing sources associated with the construction of rental housing and the sale of homeownership lots. The County's \$6.75 million, combined with a portion of the \$35 million grant from the HUD HOPE VI program, are the only significant grant funding sources to help pay for approximately \$37 million in site development costs.

PROJECT LISTINGS AND COST ESTIMATES

Projects for King County Section 108 Loan expenditures are grouped by major project activity eligible for expenditure of Section 108 loan proceeds, which include parks, roads, surface water management, and a food bank project. The list does not represent all projects at Greenbridge. Actual total costs of the overall project may vary from current estimates, but Section 108 expenditures for each major activity group, e.g. Roads, Surface Water Management, Parks, and Food Bank activity are fixed; and the amounts to be charged to each County repayment source for the Section 108 Loan are also fixed.

Parks Projects:

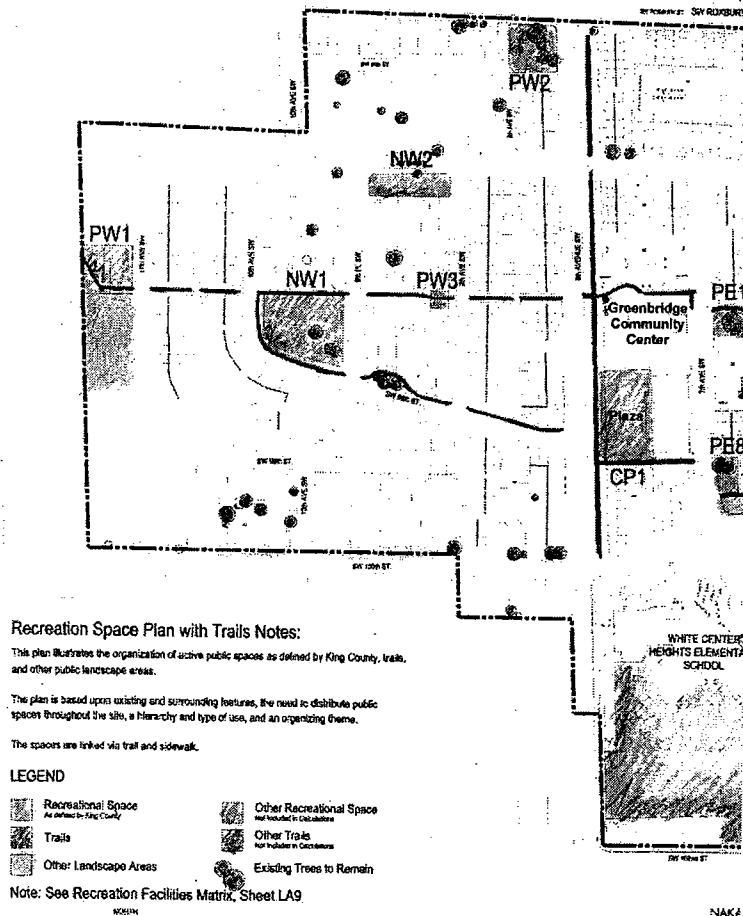
Overall Parks Projects Budget: \$5,435,211
108 Loan Expenditure of Total Budget: \$ 752,037
108 Repayment Source: Parks Department, REET funds
Estimated dates of expenditure: 2004 through 2006
Eligible Costs for 108 Loan Expenditures: Design and engineering, demolition, construction, parks infrastructure, park furniture, play equipment, landscaping in any of the eligible parks listed below, and construction management.

	NW1	NW2	PW2	PLAZA	Center	TOTAL
Art, Architecture & Eng.	\$32,395	\$11,415	\$14,112	\$60,340	\$338,368	\$456,629
Demolition	\$69,728	\$24,570	\$30,374	\$60,818		\$185,490
Construction	\$452,509	\$203,662	\$377,846	\$693,874	\$3,065,202	\$4,793,092
	\$554,632	\$239,647	\$422,331	\$815,031	\$3,403,570	\$5,435,211

Project Description:

The Greenbridge Master Plan calls for a well-coordinated parks and trails system (Map 1 and more) that associates parks with neighborhood residential development as well as with the community heart at 8th Ave. SW where the Community Center, and Plaza are located, and with off-site trails and natural areas to the east and west. The Greenbridge development team includes five artists who will be designing art for the parks described herein. Parks also include play structures, pea patch gardens, and other amenities. Shown below is the parks plan that corresponds to the table above and the individual project descriptions that follow Map 1.

**Map 1
Phase 1
Park
System**



**Individual Park Projects Eligible for Section 108 Loan Proceeds Expenditures Up to
a Total of \$752,037**

Section 108 Loan proceeds may be spent on any or all of the following projects all located at Greenbridge:

Project Title: Parcel W6 Community Park – (Project NW1)
Estimated Project Budget: \$554,632
Project Timeline: 2005-2006

This community park is located in the southern half of parcel W6, bordered by 10th Place NW on the west, SW 99th Street on the south, and 9th Place SW on the east. The park is planned to include 17 pea patch garden plots, 4 picnic tables, five park benches, two play structures, a central art installation, the east-west trail and more.

Project Title: Parcel W9 Pocket Park – (Project NW2)
Estimated Project Budget: \$239,647
Project Timeline: 2005-2006

This pocket park is located on the north end of parcel W9 and is bordered by SW 97th St. on the north, 9th Place SW on the west, and 9th Ave. SW on the east. This park is planned to include two play elements and a rotating play structure, three game tables, and a hard surface play area with an artistic theme.

Project Title: Entry Park – (Project PW2)
Estimated Project Budget: \$422,331
Project Timeline: 2005-2006

The entry park is located at the northeast corner of parcel W7 on the southwest corner of the intersection of SW Roxbury Street and 8th Ave. SW. The park includes a concrete gathering terrace leading to a grass lawn and is surrounded by significant retained trees.

Project Title: Plaza
Estimated Project Budget: \$815,031
Project Timeline: 2005-2006

The plaza is a 22,790 sq. ft. community gathering place next to the Greenbridge Community Center, adjacent to the project's main street 8th Ave. SW and surrounded on the east and south by residential and mixed-use buildings. The Plaza is the center point of the trail system and incorporates public art. It lies over surface water management vault CV3.

Project Title: Greenbridge Community Center
Estimated Project Budget: \$3,403,570
Project Timeline: 2004-2006

The Greenbridge Community Center project involves the rehabilitation of the Jim Wiley Community Center, a 22,558 sq. ft. indoor facility incorporating a large gymnasium, community-meeting rooms, classrooms, youth play areas, and non-profit organization offices. The Community Center will house the Boys & Girls Club, Neighborhood House social services, and other community support facilities. Rehabilitation includes extensive reconfiguration of interior spaces, HVAC system upgrades, new entry and pedestrian ways, and extensive façade improvements that correspond to exterior trails, pathways, and the adjacent plaza.

Roads Projects

<i>Project Title:</i>	Greenbridge Phase 1 Roads	
<i>Overall Roads Project Budget:</i>		\$6,960,369 ¹
<i>108 Loan Expenditure of Total Budget:</i>		\$4,945,926
	<i>108 Repayment Sources & Amounts</i>	
1.	Roads Department	\$2,106,109
2.	Community Development Block Grant	\$1,500,000
3.	CX funds via King County Housing Opportunity Fund	<u>\$1,339,817</u>
	Total	\$4,945,926

Project Timeline: 2005

Eligible Costs for 108 Loan Expenditures:

Permits, design, demolition, grading, paving, curbs, gutters, sidewalks, street lighting, signalization, storm drainage including water quality treatment ponds for road run-off, street landscaping, and construction management. Ineligible costs for roads expenditures will be the costs for installing water and sanitary sewer. Loan proceeds repaid from County Roads Department funds shall be used only for storm drainage facilities installed within the public road right-of-way and not for water quality treatment ponds. Loan proceeds repaid from County CX and Community Development Block Grant sources may be expended for water quality treatment ponds treating road run-off.

Project Description:

Greenbridge is a 97-acre redevelopment of an existing subdivision into a mixed income community in the White Center area of unincorporated King County. All roads within the development have been vacated and will be replaced or rebuilt within the new plat. Road construction will require design, permitting, demolition of existing roadways and structures within new right of way areas, rough and fine grading, paving, installation of curbs, gutters and sidewalks, lighting, street signalization, and street landscaping. Approximately 8,764 linear feet of roadway will be built in the project's first phase located on the west side of the new community. (Map 2)

east side of the development in 2006. This facility primarily serves the Duwamish drainage basin.

Individual Surface Water Management Projects Eligible for Section 108 Loan proceeds expenditures:

Project Title: Green Pipes
Overall Project Budget: \$619,827
Project Timeline: 2005

Both the Western Water Quality Pond and the CV3 Vault treat the relatively dirtier road surface runoff of Phase 1. Clean runoff, such as roof water, flows through a separate system of green pipes installed under the roads and joins the treated road surface water downstream of the vaults. In this manner, the vault can be designed to do a better job of treating the dirtiest water, resulting in higher quality water leaving the site.

Project Title: Western Pond
Overall Project Budget: \$452,316
Project Timeline: 2005

The Western Pond borders 11th Ave. SW to the west between SW 97th and 99th streets. The pond includes a designed live detention storage volume of .27 acre feet and a water quality designed dead storage area of .80 acre feet. The pond drains into the Mallard Lake Basin.

Individual Surface Water Management Projects, cont.

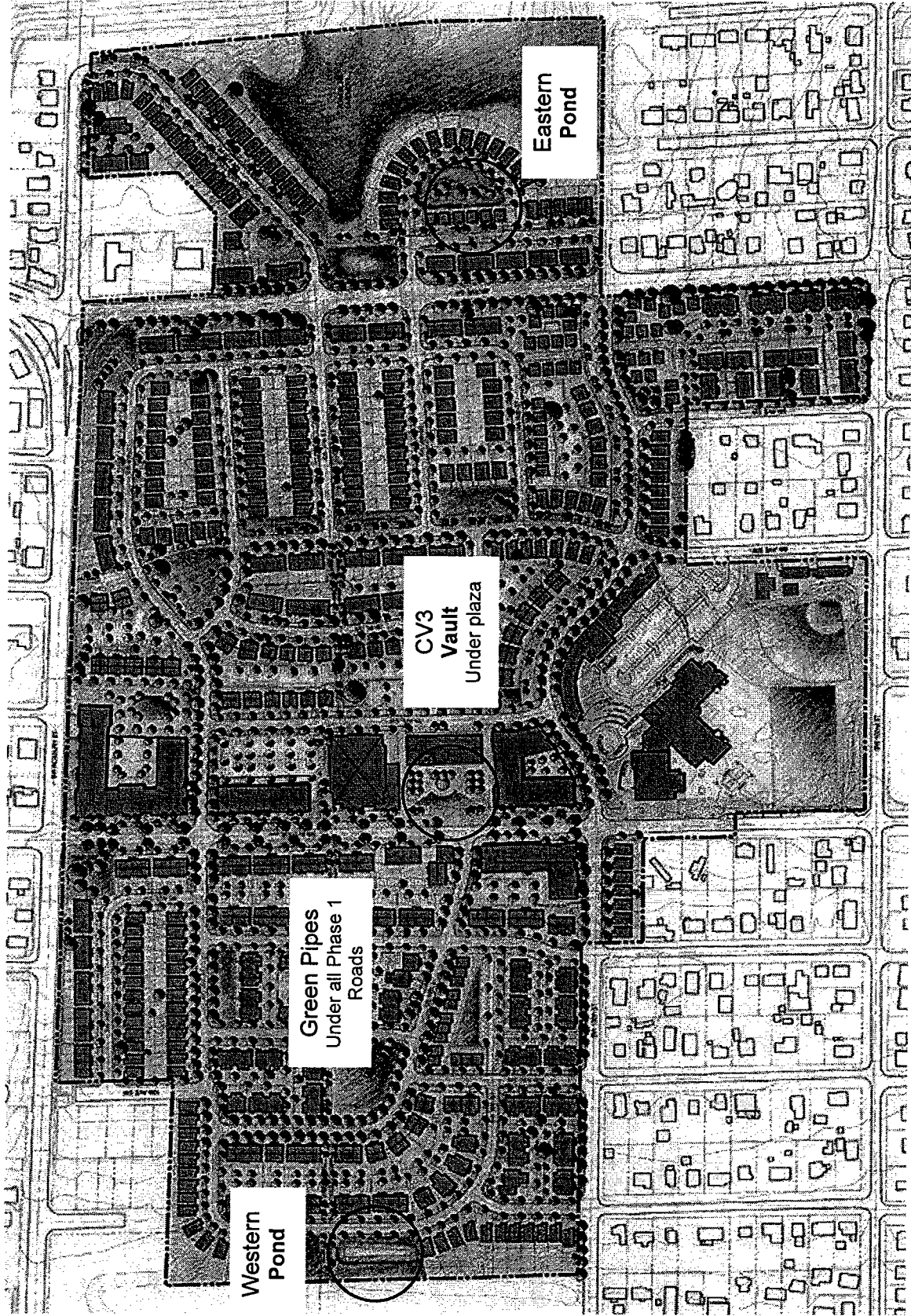
Project Title: CV3 Vault
Overall Project Budget: \$942,487
Project Timeline: 2005

The CV3 Vault lies under the 8th Ave. SW Plaza near the intersection with SW 99th St. The vault contains a designed dead storage area of .97 acre feet. Though located naturally in the Lake Garrett Basin, water from the vault will be diverted down a greenway, to be constructed in Phase 2, into the Duwamish River Basin.

Project Title: Eastern Pond
Overall Project Budget: \$811,300
Project Timeline: 2005-2006

Design work for the Eastern Pond will be conducted late in 2004 and in 2005. Demolition of the site will occur in 2005. Construction of the pond including outfall, gravel turnaround, and fencing will occur in 2006. The pond will collect outflow from the east and center portions of the site via a large bioswale and will drain into the Duwamish River Basin

Map 3 - Location of Greenbridge Phase 1 Surface Water Management Facilities



Pond designs have changed or will change from those shown here, but general locations remains the same.

White Center Food Bank:

Overall Project Budget: \$763,672
108 Loan Expenditure of Total Budget: \$500,000
108 Repayment Source: King County Community Development
Block Grant
Estimated date of expenditure: 2005

Eligible Costs for 108 Loan Expenditures: Survey, design, site work, modular structure acquisition and improvements, permit and hookup costs, legal, demolition, and equipment costs. Site work will include minimal grading, 10,000 square feet of new concrete sidewalks, 122 lineal feet of new curb and gutter, a new fire hydrant, and replacement paving for parking and driveways.

Project Description:

The White Center Food Bank alleviates hunger and malnutrition by directly providing food and supplemental nutritional assistance to over 4,400 very low-income individuals per month in an area bounded by Highway 509 on the east, Puget Sound on the west, Myrtle Street on the north, and 140th Street SW on the south. Food items provided include fresh produce, frozen items and non-perishable goods. The food bank also provides home delivery for immobile clients, limited amounts of baby food and infant formula, and special "no-cook" packages of ready-to-eat foods for the homeless. Fifty percent of the food bank's clients live in public housing, fifty percent are under eighteen years of age, and eighty-five percent represent people of color and refugees or immigrants from Southeast Asia, Eastern Europe, and East Africa. The food bank has been in operation since 1975.

This project will establish a new and larger food bank facility six blocks south of its current site in the Park Lake Homes Public Housing Project. The new site will co-locate the food bank with the White Center Public Health Clinic. In the summer of 2005, the old food bank building will be demolished as part of the Greenbridge HOPE VI redevelopment of Park Lake Homes. With growing demand, the food bank has outgrown its current 1,100 sq. ft. building. This project will replace it with a 3,700 sq. ft. modular building that will allow for expanded delivery and storage capacity, indoor client intake, limited office space, and compliance with the Americans with Disabilities Act.

Estimated costs:

Soft costs:	\$155,613
Site work:	\$174,577
Modular building	\$325,170
Utility hook-ups	\$ 29,000
Contingency 15%	<u>\$ 79,312</u>
	\$763,672

EXHIBIT "B"

Promissory Note