

CITY COUNCIL AGENDA

January 20, 2026



Ellensburg City Council welcomes and encourages public participation in their public meetings. Meetings are broadcast on Charter/Spectrum Channel 191 and available to livestream on Ellensburg Community Television at ectv2.com or on YouTube at ECTV Ellensburg. Members of the public may attend City Council meetings either in person in the City Council Chambers, 501 N Anderson Street, Ellensburg, WA 98926 or by registering to attend remotely via video conference.

To attend the city council meeting virtually register here:

https://us02web.zoom.us/webinar/register/WN_aSaQglw3RHKChdWWyLBx9w

The 6 p.m. Joint City Council and DEI Commission Study Session will take place in the City Council Chambers, 501 N Anderson Street, Ellensburg, WA 98926. No public comment will be accepted. The meeting is available to livestream on YouTube at ECTV Ellensburg.

Accessibility

The City of Ellensburg strives to make our services, programs, and activities readily accessible.

- Closed Captioning is available to Zoom viewers. To enable closed captioning, you will need to click on the "CC" button at the bottom of your Zoom screen and then select either "Show Subtitle" or "View Full Transcript."
- Members of the public who do not speak English or who have limited proficiency may request an interpreter if they wish to participate in public meetings.
- The City will provide reasonable accommodation for members of the public with disabilities.

Please submit requests for language assistance or reasonable accommodation to the HR Director/ADA Coordinator by calling (509) 962-7222 or by email at ADACoordinator@ellensburgwa.gov. Five (5) business days' notice is appreciated.

COUNCIL MEETING

GUIDELINES FOR PUBLIC PARTICIPATION

All City Council meetings are broadcast on Charter/Spectrum Channel 191 and available to livestream on Ellensburg Community Television at www.ectv2.com or on YouTube at [ECTV Ellensburg](https://www.youtube.com/channel/UC1v1v1v1v1v1v1v1v1v1v1v1). You may also attend by phone, only, and listen to the meeting by following the registration instructions under “Procedure for Remote Participation During Meeting” below. Once you register, you will be sent a meeting invitation with a phone number for the meeting.

Public comment on Non-Agenda Issues (Item No. 7) is limited to a combined total of thirty (30) minutes unless Council votes to extend the time. Testimony or comments will be accepted in the following manner:

SUBMISSION OF WRITTEN COMMENTS

- **Written comments submitted in advance of meeting**
Submit written comments by mail to Beth Leader, City Clerk, Ellensburg City Hall, 501 N. Anderson St., Ellensburg, WA 98926, or via email to: cityclerk@ellensburgwa.gov. Comments received by 5 p.m. on the meeting date will be compiled, sent to the City Council and entered into the record.
- **Comments for public hearings**
Written comments must be received by the City Clerk by 5 p.m. on the meeting date. Comments can either be mailed to Beth Leader, City Clerk, Ellensburg City Hall, 501 N. Anderson St., Ellensburg, WA 98926, or sent via email to: cityclerk@ellensburgwa.gov. Comments received by 5 p.m. on the meeting date will be compiled, sent to the City Council and entered into the record.

PROCEDURE FOR REMOTE PARTICIPATION DURING MEETING

1. ***Advance registration is required to provide public comment or hearing testimony via remote meeting attendance. Once registered, you will receive an email with the meeting link and phone number (for those who wish to call into the meeting).***
 - a) Anyone wishing to provide public comment on ***Non-Agenda Issues*** (Item No. 7 on the Agenda) must: 1. Register via the Zoom link by no later than 24 hours prior to the meeting; and 2. Provide a description in the Zoom registration form of the topic upon which they wish to speak with sufficient detail to allow the Mayor to determine whether it pertains to City business or a matter over which Council has control.
 - b) Anyone wishing to speak on ***all other Agenda items*** where it specifically states “Public Comment Opportunity” must register prior to 7 p.m. the day of the meeting.
2. **Join the meeting early**, as you may need to download the app in advance to participate. Once you’ve joined the meeting, your camera and microphone will be muted until you are recognized by the Mayor to speak.
3. Please note that there may be several items on the City Council Agenda that will precede the agenda item you wish to address.
4. **The Mayor will identify the agenda item** and ask if anyone wishes to speak on the matter.
5. If you wish to speak on an agenda item, you must:
 - a) **Wait to be called upon by the Mayor** using your name, e-mail, or phone number used to log in to the teleconference.
 - b) **Raise your “virtual hand”** in the corner of Zoom application on the computer screen or press *9 on your phone. Raising your hand signals the moderator that you wish to speak.
6. **Please state your name, whether you live in the City of Ellensburg, Kittitas County or elsewhere, and whether you are representing only yourself or others.**

PROCEDURE FOR IN-PERSON PARTICIPATION (COUNCIL CHAMBERS)

- ◆ When recognized, approach the microphone provided on the right side of the room.
- ◆ Please state your name, whether you live in the City of Ellensburg, Kittitas County or elsewhere, and whether you are representing only yourself or others.
- ◆ Each speaker's comments are to be limited to 3 MINUTES.
- ◆ Submit any written comments to the City Clerk.
- ◆ Speakers are cautioned not to make comments of a personal, impertinent or derogatory nature.
- ◆ Speakers may not identify themselves as candidates for elective public office or make any statements which assist or discuss the campaign of a candidate for elective office or discuss or campaign for or against a ballot proposition (unless the ballot proposition is being considered as part of the City Council agenda item).

PUBLIC COMMENT RULES FOR ALL MEETING PARTICIPANTS

1. Each speaker's comments are to be limited to 3 MINUTES.
2. Speakers are cautioned not to engage in conduct that disrupts, disturbs or otherwise impedes the orderly conduct of the Council meeting.
3. Speakers may not identify themselves as candidates for elective public office or make any statements which assist or discuss the campaign of a candidate for elective office or discuss or campaign for or against a ballot proposition (unless the ballot proposition is being considered as part of the City Council agenda item).
4. Speakers providing comments on Item 7, Non-Agenda Issues, may only address the Council on matters which concern the City's business or over which the Council has control, and must announce the topic upon which they wish to speak before making their comments.

Please note: City Council Rules provide that no action will be taken by the Council at the meeting at which a subject is first introduced during the citizen comment period (Item 7 on the Agenda). Council may consider an item at a future meeting, thus you may wish to concisely state your concern and request placement of your matter on a future agenda. Staff will follow up with speakers as necessary.

CONSENT AGENDA

Members of the audience may request items be removed from the consent agenda by asking for recognition and making the request during Agenda Approval. Items will not be removed from the consent agenda unless your request is confirmed by a councilmember.

AGENDA ITEMS

If you wish to have an item placed on a Council agenda, a written request should be delivered to the City Manager's Office prior to noon on the Monday preceding the Council meeting. Assistance will be provided in preparing a request if you wish to contact the City Clerk at (509) 925-8614.

PUBLIC HEARINGS

City Council accepts testimony or comments in person or via remote testimony on a particular subject schedule for Public Hearing. Council will consider all testimony, respond to any questions, and take action after the public hearing is closed. Testimony or comments will be accepted in the following manner:

1. When recognized,
 - If attending in the Council Chambers, approach the microphone provided on the right side of the room.
 - If attending remotely, raise your "virtual hand" in the corner of Zoom application on the computer screen or press *9 on your phone.
2. Please state your name, address, and whether you are representing only yourself or others.
3. Please limit your comments to 5 MINUTES.
4. Submit written comments to the City Clerk.

**CITY OF ELLENSBURG
CITY COUNCIL AGENDA
Council Chambers
501 North Anderson Street
Ellensburg, WA 98926
And remotely via Zoom
Tuesday, January 20, 2026
6:00 PM – Joint Study Session
7:00 PM - Regular Meeting**

Joint Study Session with DEI Commission

- | | | |
|---|---|---|
| A | Review of ECC Chapter 1.88 - Discussion and Council Guidance on Commission Role, Duties, and Responsibilities (No Public Comment) | 6 |
|---|---|---|

Pledge of Allegiance

1. Call to Order and Roll Call

2. Proclamations (No Public Comment)

3. Awards and Recognitions

4. Approval of Agenda (No Public Comment)

5. Consent Agenda (No Public Comment)

Items listed below have been distributed to Councilmembers in advance for study and will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Agenda at the request of a Councilmember or at the request of a member of the public with concurrence of a Councilmember. Requests to remove items should be made under Item 4 Approval of Agenda.

- | | | |
|-----|--|----|
| 5.A | Approve Minutes of January 5, 2026 Regular Meeting | 12 |
| 5.B | Acknowledge Minutes of Boards and Commissions | 16 |
| 5.C | Amendment to the Cabulance Operating Agreement between the City of Ellensburg and HopeSource | 29 |
| 5.D | Amendment to the Paratransit Operating Amendment Agreement between City of Ellensburg and HopeSource | 33 |
| 5.E | Public Transit Amendment Agreement between the City of Ellensburg and HopeSource | 37 |
| 5.F | Amendment 3 to the City Janitorial Contract | 41 |
| 5.G | Collective Bargaining Agreement with Teamsters Local 760 (Police) | 46 |
| 5.H | 2026 Payment Agreement with Kittitas County Emergency Medical Services (EMS) and Trauma Care Council | 80 |

5.I	Approve January 20, 2026 Voucher Listing	84
6.	Petitions, Protests, and Communications	
6.A	Ellensburg Transportation Advisory Committee Reappointment - Jim Hurson	85
6.B	Replacement Educational Programs and Operations Levy (ESD Superintendent Troy Tornow)	
7.	Public Comment on Non-agenda Issues	
8.	Business Requiring Public Hearings	
8.A	Closed Record Hearing (Quasi-Judicial) for Rezone Application P25-115, Commercial Highway (C-H) to Light Industrial (I-L), and First Reading of Ordinance 4980 (Limited Public Comment)	88
9.	Introduction and Adoption of Ordinances and Resolutions	
9.A	First Reading of Ordinance 4978 - Amending Ellensburg City Code Chapter 2.07 - Sale or Disposition of Surplus Personal Property (Public Comment Opportunity)	143
9.B	Resolution 2026-03 for Allocation of 2026 Lodging Tax Funds (Public Comment Opportunity)	149
10.	Unfinished Business	
11.	New Business	
11.A	2026 Professional Services Agreement Between City of Ellensburg and Kittitas County Chamber of Commerce for Tourism and Visitor Center Services (Public Comment Opportunity)	154
11.B	Pathways Place Amended and Restated Affordable Housing Agreement (Public Comment Opportunity)	177
11.C	Pathways Place Traffic Impact Fee Exemption and Water and Sewer Connection Fee Waiver Request (Public Comment Opportunity)	285
12.	Miscellaneous	
12.A	Manager's Report (No Public Comment)	289
12.B	Councilmembers' Reports (No Public Comment)	
13.	Executive Session	
14.	Adjournment	



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Review of ECC Chapter 1.88 - Discussion and Council Guidance on Commission Role, Duties, and Responsibilities
Submitted by: Heidi Behrends Cerniwey, City Manager
Department: City Manager

Suggested Motion/Action:

This item is for discussion purposes only. Revisions to Chapter 1.88 will be brought back to Council for consideration at a future meeting.

Background/Summary:

The intent of this Joint Study Session is for Council to discuss and provide direction on the purpose, duties, activities, and priorities of the Diversity, Equity and Inclusion (DEI) Commission (“Commission”). Council’s direction, and the results of the Joint Study Session, will be used to guide future work plans of the Commission, and to draft an ordinance with proposed changes to City Code, including future title and responsibilities of the Commission.

City Council created the Commission in March 2021. The purpose of the Commission is set forth in ECC 1.88.010, which currently states “The purpose of the DEI commission is to assist the city council in promoting diversity, equity and inclusion in the city of Ellensburg through action, education, and guidance.”

One of the Commission’s primary responsibilities is outlined in ECC 1.88.060(C), which is to, “...review and recommend amendments that incorporate the values of diversity, equity and inclusion into the city of Ellensburg comprehensive plan,” among others. As such, the DEI Commission, shortly after it was formed, worked with staff to develop a new Comprehensive Plan chapter (“Chapter 9 Diversity, Equity & Inclusion”), which was adopted by Council as Ordinance 4882 on December 20, 2021.

In March 2025, the City received approximately 308 applications generally requesting to amend Ellensburg’s Comprehensive Plan and remove Chapter 9, Diversity, Equity, & Inclusion. This item was docketed for consideration as Amendment 25-02.001-250.02.308, under the annual amendment process as outlined by ECC 15.250.090. After substantial public engagement activities and policy discussion throughout the later part of 2025, Council ultimately adopted a revised version of Chapter 9 - “Access, Engagement, & Belonging,” at the Council meeting on December 15, 2025.

Previous Council Action:

Ordinance 4871 was adopted by Council on March 1, 2021 – creating the DEI Commission and adding Chapter 1.88 Diversity, Equity and Inclusion Commission to Ellensburg City Code

(ECC). Ordinance 4916, adopted on May 15, 2023, amended 1.88.010 to expand the Commission to nine (9) members.

Analysis:

Through community conversations and public testimony around the 2025 Comprehensive Plan update activities, there emerged differing opinions and misunderstanding of the role, duties, actions, and responsibility of the Diversity, Equity, and Inclusion Commission, codified in ECC Chapter 1.88. A Joint Council and DEI Commission Study Session was held on June 16, 2025, to review the commission’s role, goals, and priorities.

Since January 2025, the new federal administration has provided policy direction for DEI programs. Several guidance documents include, but are not limited to:

- Executive Order 14173-“Ending Illegal Discrimination and Restoring Merit-Based Opportunity” (dated January 21, 2025);
- Letter from U.S. Department of Transportation Secretary Sean P. Duffy, addressed “To All Recipients of U.S. Department of Transportation Funding” (dated April 24, 2025); and
- Memo from U.S. Attorney General Pamela Bondi –“Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination” (dated July 29, 2025).

These federal guidance documents generally indicate the legal landscape around diversity, equity, and inclusion (DEI) is continuing to change at the state and federal levels. In addition, given the broad discussions that took place last year, the Commission has struggled in identifying priorities for their work plan and has requested guidance from Council. For these reasons, staff recommend revisions to Ellensburg City Code, Chapter 1.88 - Diversity, Equity and Inclusion Commission, and staff request Council discuss and provide direction on the purpose, duties, activities, and priorities of the Commission.

Council’s direction, and the results of the Joint Study Session, will be used to guide future work plans of the Commission, and to draft an ordinance with proposed changes to City Code, including future title and responsibilities of the Commission.

Note: No public testimony is taken at Study Sessions.

Financial Impact:

Council has provided \$10,000 annually, since 2023 to fund activities of the DEI Commission. Council has approved a spending plan proposed by the Commission for 2023-2025. To date, no plan has been proposed for the budgeted \$10,000 appropriated for 2026.

Budget Adjustment: No

Attachments:

1. CHAPTER_1.88__DIVERSITY__EQUITY__AND__INCLUSION__COMMISSION
2. 2025 DEI Commission Adopted Work Plan

CHAPTER 1.88 DIVERSITY, EQUITY AND INCLUSION COMMISSION

1.88.010 Creation and purpose.

There is created a diversity, equity and inclusion (DEI) commission consisting of nine members, one of whom shall be a city council member serving as chairperson and a nonvoting member except in the case of a tie.

The purpose of the DEI commission is to assist the city council in promoting diversity, equity and inclusion in the city of Ellensburg through action, education, and guidance. The commission will seek to support Ellensburg in celebrating a diverse, equitable, and inclusive community that welcomes and is supportive to all residents and visitors because doing so enriches each individual's life and the community's well-being and vitality.

(Ord. No. 4916, § 1, 5-15-2023; Ord. 4883 § 37, 2022; Ord. 4871 § 1, 2021)

1.88.020 Term—Composition.

- A. Members of the DEI commission shall serve without compensation for a three-year term. At least five members must reside within the city limits of the city of Ellensburg.
- B. Each replacement member of the commission will be appointed to a full three-year term.
- C. The city council shall ensure a mix of commission members who represent communities diverse in age, skin color, gender identity, sexual orientation, religion or disability, and who represent business, nonprofit, or education sectors, and who have skills or experience in analytics, translation, marketing, technology, human resources, or law. The city council will seek to attract members that are interested in diversity issues, can respect different viewpoints, are action-oriented, and have personal experience that will provide empathy and community understanding regarding issues of diversity, equity and inclusion.

(Ord. 4883 § 38, 2022; Ord. 4871 § 1, 2021)

1.88.030 Removal—Vacancy.

Repealed by Ord. 4883.

(Ord. 4871 § 1, 2021)

1.88.040 Subcommittees.

The commission may create subcommittees that include members of the public to address certain DEI topics or promote certain events. The subcommittee chair must be a member of the DEI commission, and must be appointed by a majority of the DEI commission membership.

(Ord. 4883 § 40, 2022; Ord. 4871 § 1, 2021)

1.88.050 Communication with city council.

The commission shall forward communications which require city council action to city council through separate memoranda, including all rationale, which shall be scheduled as council agenda items. Memoranda

requesting council authority for programs or projects that require funding must be received by June 30 of each year in order to be considered for inclusion in the biennial budget or annual budget amendment process. Commission recommendations not incorporated in the preliminary budget shall be forwarded to the city council for consideration with the preliminary budget.

(Ord. 4871 § 1, 2021)

1.88.060 Duties and responsibilities.

The powers and duties of the commission shall be as follows:

- A. Advise city council on actions needed to sustain and improve diversity, equity and inclusion in the city of Ellensburg;
- B. Examine the practices and procedures of the city of Ellensburg to identify strategies to create processes and services which recognize the needs and differences of all who live and work in, or visit, Ellensburg;
- C. Review and recommend amendments that incorporate the values of diversity, equity and inclusion into the city of Ellensburg comprehensive plan;
- D. Recommend for council adoption a community engagement plan that includes, but is not limited to, the following:
 - 1. Developing activities such as forums, community gatherings, and events to promote mutual understanding and that encourage residents to connect with one another;
 - 2. Identifying partner groups or organizations to sponsor regular cultural celebrations;
 - 3. Creating strategies to distribute information to people of different cultures (e.g. bilingual resources, disability resources, culturally appropriate ways);
 - 4. Implement outreach strategies for improving city services relating to DEI;
 - 5. Advise the city council regarding the impact of policy and budgetary choices on marginalized communities; and
- E. Present recommendations to the city council on how to achieve the duties and responsibilities outlined in this section. Reports to the council may be made as progress occurs, but no less than bi-annually.

(Ord. 4871 § 1, 2021)

DEI Commission Goals 2025

Core focus of DEI Commission (in our own words)

- Expand collaboration to advance DEI issues with a broad view and definition of community
- Educate and engage around DEI issues through an equity lens
- Facilitate community conversations around lived experiences to enhance belonging
- Identify where the gaps are and facilitate action for greater inclusion
- Hold mirror to community to provide awareness of DEI issues
- Assess and monitor pulse of the community and use data to understand and guide programming

10 Year (infinity) Goals

- Engagement by diverse groups of people and different activities
- All people in Ellensburg feel represented in City spaces
- Full spectrum community center for inexpensive activities; multi-cultural center
- Community oversight committee
- Enhanced education and tools to report bias/hate crime incidents with services and support for victims and targeted populations
- More diverse community reflection in places where decisions are made
- Diversity is celebrated; businesses will acknowledge Black History Month, accessibility and Black, Indigenous, and People of Color (BIPOC) celebrations downtown

3 Year Goals

- BIPOC business support, workshops, and more diverse shopping/businesses
- A broader range of community celebrations, concerts, art, and other cultural ethnic events and increased community participation/engagement in cultural events
- Develop an effective communication plan to support commission activities
- DEI Commission fosters ongoing relationships with other City commissions
- Full-time staff support/event planning for DEI Commission
- Black History Month celebration by the City
- Continue visits with other City boards and commissions to build partnerships
- Develop a BIPOC Business Day
- Continue to support the Human Library
- Expand BIPOC participation in civic education programs (Ellensburg Academy)

1 Year Goals

- Put data into a document for review, discuss how to use the data, and put a structure in place to be able to use data (e.g. listening tour data)

- Meet with the Farmer's Market and Night Market organizers to discuss a multicultural day at the Farmers Market and possibly sponsoring vendors to get more diverse vendors
- Begin engagement with citywide inclusive art in order to develop further representation
- Commission becomes size to reflect diversity in community (*Have discussion*)
- Multicultural Day at Unity Park

Ongoing (Activities that are ongoing annually)

- Continue grant program
- Building a relationship with Liaisons
- Continue to support proclamations and recognitions
- Hold another Belonging In The Burg event in partnership with ESD & CWU
- Juneteenth celebration
- Continue listening tours and create feedback loop for participants
- Support Pride events every June



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of City Council, Regular Meeting

January 5, 2026

7:00 PM

Council Chambers

501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

Pledge of Allegiance

The Pledge of Allegiance was led by Mayor Elliott

1. Call to Order and Roll Call

Roll Call Present: Sarah Beauchamp, Rich Elliott, Nancy Goodloe, Nancy Lillquist, David Miller, Delano Palmer, Joshua Thompson

Others present in person: City Manager Behrends Cerniwey, City Attorney Horner, City Clerk Leader, Water Resources Manager Springer, Public Works Director Lyyski, City Engineer Mayo, Assistant City Engineer Mattson, HR Director Young, Assistant Finance Director Bassett, and approximately six members of the public

Others present remotely via Zoom: One member of the public

1.A Oath of Office for Councilmembers Goodloe, Lillquist and Palmer
The City Clerk administered the Oath of Office to Councilmembers Goodloe, Lillquist and Palmer.

1.B Election of Mayor and Mayor Pro Tem
Mayor Elliott opened nominations for Mayor. Councilmember Miller nominated Rich Elliott for Mayor.

Ballots were distributed, and the Clerk read the returned ballots, voting unanimously for Rich Elliott.

Mayor Elliott opened nominations for Mayor Pro-Tempore. Councilmember Beauchamp nominated Nancy Lillquist for Mayor Pro-Tem.

Ballots were distributed, and the Clerk read the returned ballots, voting unanimously for Nancy Lillquist.

2. Proclamations

Mayor Elliott opened the discussion for the potential reading of proclamations.

Councilmember Palmer's recommendation was to continue acknowledging and not reading.

Councilmember Goodloe's recommendation was to read shorter versions of proclamations.

Mayor Elliott will consider those recommendations and will announce his decision at a future meeting.

3. Awards and Recognitions

4. Approval of Agenda

Councilmember Palmer moved to approve the amended Agenda as presented. **Motion Approved 7-0**

5. Consent Agenda

- 5.A Approve Minutes of December 15, 2025 Regular Meeting
- 5.B Acknowledge Minutes of Boards and Commissions
- 5.C Acknowledge Reappointment of Mike Davis to LEOFF 1 Disability Board
- 5.D Consultant Agreement - Library and Hal Holmes HVAC Replacement Design
- 5.E Interlocal Agreement with Kittcom for Accounting Services
- 5.F Authorize the Public Works Director to sign the Water Quality Stormwater Capacity Grant Agreement with the Washington State Department of Ecology.
- 5.G Amendment 2 to the 2023 Electrical System Plan Consultant Services Agreement
- 5.H Iron Horse Brewery Wastewater Discharge Agreement Amendment and Extension
- 5.I Authorize the City Manager to sign the Purchase Order for the Washington Cities Insurance Authority (WCIA) Annual Liability Assessment
- 5.J Approve January 1, 2026 Voucher Listing

Councilmember Lillquist moved to approve the Consent Agenda as presented. **Motion Approved 7-0**

6. Petitions, Protests, and Communications

- 6.A Environmental Commission Confirmation (CWU) - Jordan Spradlin (Public Comment Opportunity)
Rebecca Springer, Water Resources Manager, introduced Jordan Spradlin, who spoke regarding her interest in serving on the Environmental Commission.

Councilmember Lillquist moved to confirm the CWU appointment of Jordan Spradlin to the Environmental Commission. **Motion Approved 7-0**

- 6.B Council Boards & Committee Assignments (Public Comment Opportunity)
Council discussed and reassigned certain board and commission assignments.

7. Public Comment on Non-agenda Issues

Public comment was heard by the following citizen:

Pat Kelleher, Ellensburg resident

8. Business Requiring Public Hearings

- 8.A Public hearing (legislative) to adopt a Resolution amending the City's Six-Year Transportation Improvement Plan (TIP) for 2026-2031; revising grant-funded projects (Public Comment Opportunity)

The Mayor opened the public hearing. Josh Mattson, Assistant City Engineer, presented information in the staff report.

With no comments from the public and one question from Council, Mayor Elliott closed the public hearing.

Councilmember Palmer moved to adopt Resolution 2026-01 amending the 2026-2031 Six-Year TIP and authorize the Mayor and City Manager to execute all necessary Washington State Transportation Improvement Board (TIB) grant paperwork associated with the 'Umptanum Rd & Anderson Rd Roundabout' project and the '2026 Canyon Road Overlay' project and approve the necessary budget adjustments. **Motion Approved 7-0**

9. Introduction and Adoption of Ordinances and Resolutions

- 9.A Ordinance 4979 Amending City Code to Codify the New Transit Sales and Use Tax, and Repealing the Transportation Benefit District Sales Tax (For Adoption in a Single Reading) (Public Comment Opportunity)

Chris Horner, City Attorney, presented information in the staff report.

Councilmember Miller moved pursuant to City Council Rule of Procedure 9.7, waive Council Rule 9.3(b), to allow final passage of an ordinance on the same day it is introduced in a single reading. **Motion Approved 7-0**

Councilmember Palmer move to conduct a single reading and adoption of Ordinance 4979. **Motion Approved 7-0**

- 9.B Resolution 2026-02-Authorization to Acquire Property (Public Comment Opportunity)

Heidi Behrends Cerniwey, City Manager, presented information in the staff report.

Councilmember Lillquist moved to approve Resolution 2026-02, Authorization to Acquire Real Property and approval of necessary budget adjustments. **Motion Approved 7-0**

10. Unfinished Business

11. New Business

12. Miscellaneous

12.A Manager's Report (No Public Comment)

The City Manager presented information in the report and confirmed the Council board and commission assignments.

12.B Councilmembers' Reports (No Public Comment)

- Councilmember Goodloe reported on the County Homelessness & Affordable Housing Commission and KCCOG meetings
- Councilmember Lillquist attended Environmental Commission meeting
- Mayor Elliott spoke about the ordinance to be discussed at the January 20th study session with the DEI Commission and commented regarding KVFR staff changes
- Councilmember Palmer requested an excused absence for April 20 and August 17, 2026 regular meetings.

Councilmember Lillquist moved to approve excused absences for Councilmember Palmer for the April 20 and August 17, 2026 meetings. **Motion Approved 7-0**

13. Executive Session

14. Adjournment

Meeting adjourned at 7:51 pm.

Mayor

ATTEST:

City Clerk



CITY OF ELLENSBURG

Minutes of Affordable Housing Commission, Regular Meeting

Date of Meeting

November 5, 2025

Time of Meeting

4:30 PM

Place of Meeting

**Council Chambers
501 North Anderson Street
Ellensburg, WA 98926
And remotely via Zoom**

1. Call to Order and Roll Call of Members

Commissioner Witkowski called the meeting to order at 4:31 p.m.

Present: Courtney Garzone, Dan Witkowski, Kim Funston, John Perrie, Sarah Syverson

Absent: Delano Palmer (excused); Sarah Bedsaul

Others present: Lily Frey-Housing Program Manager; Dan Carlson-Community Development Director; Dan Johnson-Kittitas Valley Fire & Rescue (KVFR) Fire Marshal; Chuck Doan-Building Official; Kathy Boots-Planning Technician

- 1.A Excused absence request from Councilmember Palmer
Commissioner Witkowski moved to approve Commissioner Palmer's absence.
Motion passed 5-0.

2. Approval of Agenda

Commissioner Garzone moved to approve the agenda. Motion passed 5-0.

3. Approval of Minutes

- 3.A Approval of October 1st, 2025 regular meeting minutes
Commissioner Perrie moved to approve the October 1, 2025, meeting minutes.
Motion passed 5-0.

4. New Business

- 4.A Discussion of adaptive reuse (of existing buildings) with Building Official Chuck Doan, Fire Marshal Dan Johnson and City Engineer Derek Mayo
The City of Ellensburg Building Official, Chuck Doan, discussed adaptive reuse of existing buildings and important factors to consider such as occupancy type and design criteria, using the former Motel 6 as an example. KVFR Fire Marshal Dan Johnson discussed fire life and safety requirements. Commissioners asked about developers' access to information about requirements and planning and differences in local projects, and commented on the challenges that adaptive reuse may pose to for-profit developers.

5. Unfinished Business

None.

6. Citizen Comment

None.

7. Staff Update/Discussion Items

- 7.A Kittitas County 5-year homeless housing plan
Frey reported that Kittitas County will hold a public hearing to consider the draft 5-year homeless housing plan on December 16, 2025 at 2PM. Frey will distribute a [link to the plan draft](#) to Commissioners.
- 7.B 1st and Pine Council action
Frey reported that on November 3, City Council directed staff to develop an agreement for the revised project that the commission recommended for 1st and Pine.
- 7.C Catherine property
Frey reported that the wetland reconnaissance work has concluded with a report indicating no wetland present. City staff are working with Habitat for Humanity - Seattle, King and Kittitas Counties to prepare a revised plan for the property.
- 7.D Preview of upcoming meeting items
Frey noted upcoming agenda items including a presentation on acquisition rehabilitation tax credit funding from the Office of Rural and Farmworker Housing, a potential funding application from Habitat for Humanity - Seattle King and Kittitas Counties and asked for additional agenda item requests. Commissioner Perrie requested a discussion about quorum challenges that have affected the commission.

8. Commission Representative Update

Commissioner Witkowski asked about the Cold Weather Shelter opening. Frey reported that an opening date has not yet been set as operational contract negotiations remain ongoing.

9. Adjournment

The meeting was adjourned at 5:19 p.m.



CITY OF ELLENSBURG

Minutes of Affordable Housing Commission, Regular Meeting

Date of Meeting

December 3, 2025

Time of Meeting

4:30 PM

Place of Meeting

**Council Chambers
501 North Anderson Street
Ellensburg, WA 98926
And remotely via Zoom**

1. Call to Order and Roll Call of Members

- 1.A Request for excused absences for commissioners Bedsaul and Funston
Commissioner Witkowski called the meeting to order at 4:35 p.m.

Present: Courtney Garzone, Dan Witkowski, John Perrie (arrived 4:50 p.m.), Sarah Syverson, Delano Palmer

Absent: Sarah Bedsaul (excused), Kim Funston (excused)

Others Present: Lily Frey, Housing Program Manager; Kathy Boots, Planning Technician; Dan Carlson, Community Development Director

Office of Rural and Farmworker Housing: Marty Miller & Korbie Jorgensen Haley

Habitat for Humanity Seattle-King and Kittitas Counties: Marie Spengler, Liz Beebe Hyland, John Gillilan, Marissa London

Commissioner Palmer moved to excuse the absence of Sarah Bedsaul and Kim Funston. Motion passed 4-0.

2. Approval of Agenda

Commissioner Palmer motioned to approve the agenda. Motion passed 4-0.

3. Approval of Minutes

- 3.A November 5th, 2025 regular meeting minutes
Commissioner Palmer motioned to approve the November 5, 2025, regular meeting minutes. Motion passed 4-0.

4. New Business

- 4.A Acquisition rehabilitation tax credit funding discussion with the Office of Rural and Farmworker Housing
Korbie Jorgensen Haley of the Office of Rural and Farmworker Housing (ORFH) presented on the acquisition rehabilitation tax credit program and low-income housing tax credit programs more generally. Acquisition rehabilitation tax credit funding can be used to purchase and/or renovate existing affordable

housing developments, recapitalizing these projects through partnerships with investors who receive tax credits. The program works with non-profits to try to maintain the quality and affordability of existing affordable housing. Jorgensen Haley reviewed different sources of affordable housing funding and the challenges and opportunities of each and reviewed funding sources for recent ORFH projects.

- 4.B Consider Habitat for Humanity application for funding for Willow Street project. The Habitat for Humanity team presented the funding application for the three-home permanently affordable Willow Street project. Habitat staff summarized the budget, construction timeline and responded to questions about homeowners association (HOA) fees. Lily Frey informed the Commission about the housing sales tax current budget and noted that another funding proposal from the Odd Fellows Lodge #20 Housing Project will be presented next month.

Commissioner Witkowski moved to recommend approval of the full requested amount for the Habitat for Humanity Willow Street project to City Council. After commission deliberation, Commissioner Witkowski withdrew his motion. Commissioner Garzone motioned to table the Habitat for Humanity Willow Street funding request until the January 2026 meeting. Motion passed 4-1 with Commissioner Palmer abstaining from the vote.

5. Unfinished Business

None.

6. Public Comment

None.

7. Staff Update/Discussion Items

On January 7, 2026, there will be a regular meeting to consider the IOOF and Habitat for Humanity funding requests. On January 8, 2026, there will be a joint meeting with the Planning Commission and the City's consultant to discuss the land capacity analysis for the Comprehensive Plan.

8. Commission Representative Update

None.

9. Adjournment

The meeting was adjourned at 5:44 p.m.



CITY OF ELLENSBURG
Meeting Date of Meeting
Start Time of Meeting
Place of Meeting

Arts Commission Meeting Minutes
Dec. 11, 2025
4:00 PM
City Hall, Council Conference Room

1. Call to Order and Roll Call of Members

1.A Chair Eyre, Commissioner Dougherty, Commissioner Snedeker, Commissioner Wenz, Commissioner Young, Commissioner Lopez, Councilmember Miller
Absent: None
Welcome guest: Richard Coleman

2. Approval of Agenda

Motion to approve Dec. 11, 2025, Arts Commission meeting agenda, with the following correction to Item 6.A changing the word schematic to rendering.
By: Commissioner Dougherty
Seconded: Commissioner Snedeker
In Favor: All in favor
Opposed: None
Abstain: None
Motion Carries

3. Approval of Minutes

Motion to approve Nov. 13, 2025, Arts Commission meeting minutes with the following correction to item 5.C changing the word schematic to rendering wherever it appears.
By: Commissioner Snedeker
Seconded: Commissioner Dougherty
In Favor: All
Opposed: None
Abstain: None
Motion Carries

4. Budget/Financial Report

4.A YTD 2025 Budget and 2026 Arts Commission Budget
Staff reviewed YTD 2025 budget and reviewed the proposed line item 2026 budget for commission review.
Action Item: Staff requested that Commissioners review the proposed 2026 budget and discuss any edits/changes at the January 8, 2026, meeting/retreat for a vote.

5. New Business

5.A Jane Orleman Scope of Work Change Request

Commission discussed the requested change the Scope of Work. Tabled to January meeting pending receipt of the breakdown of the revised budget.

Action Item: Staff reach out to Jane Orleman for a second request of an updated project budget breakdown.

5.B 2026-2028 Poet Laureate Year One Programming

Staff updated on contract and reviewed Poet Laureate 2026 Programming

No further action needed.

5.C New Sidewalk Sign Options

Good discussion on buying generic signs, the weatherization, and sign options. Further discussion regarding if we need sidewalk signs, moving to window clings that are up all month. Discussed options, including QR codes, posters. Commissioners decided to bring this topic to the venue meeting in January for further discussion and get venue input. Table conversation until after the venue meeting.

Action Item: Commissioner Eyre will reach out to Ellensburg Music Festival to see if the Arts Commission can recycle their venue signs.

5.D New Commissioner Onboarding

Staff briefly reviewed next steps in onboarding for new commissioners:

1. Set up city email address, as provided by city IT Department.
2. Take online OMPA certification training as provided by city staff.
3. In person onboarding meeting with city staff in January.

Action Item: Staff will reach out with potential dates for onboarding.

6. Unfinished Business:

6.A Bus Shelter Rendering Review

Commissioners reviewed the submitted renderings for the bus shelters with the art. Two of the artists submissions were usable, one will need revisions.

Action Item: Commissioner Eyre will reach out to the artist to adjust the artwork to work within the framework of the bus shelter rendering.

Artist/Location: Justin Gibbens-Rotary Park

Artist/Location: Sue Wright-Behind Les Swab

Artist/Location: Erin Oostra-Ruby Street downtown

2026 Action Item: Commissioners will review the Bus Shelter Call for Artist to give the artist more specifics, including a template, file submission size limitations and/or utilizing another platform that would accept large art files.

Action Item: Staff will send each artist instructions on submitting invoice for payment and any required documentation necessary to process payment.

6.B 2025 Project Grants Update/Discussion

- Open remaining projects
- Scope of Work Change Request

Motion to approve the Scope of Work change request as presented by the Ellensburg Dance Ensemble for the 2025 Project Grant

By: Commissioner Snedeker

Seconded: Commissioner Dougherty

In Favor: Commissioner Eyre, Commissioner Lopez, Commissioner Young, Commissioner Snedeker

Opposed: None

Abstain: Commissioner Dougherty and Commissioner Wenz

Motion Carries

Action Item: Staff will inform Ellensburg Dance Ensemble that their request was approved.

7. Subcommittee Business:

7.A Funding & Advocacy: Jerry/Alex: Looking forward to working on formatting for the Change of Scope Work requests to bring some standardization to the request.

First Friday Art Walk: Matt/Alex: Matt suggested opening art walk to performance art as well as. Table discussion for venue meeting.

City Art/Public Art: Jerry/Alex/Jeff: Discussed setting up meeting to build 2026 priorities list.

Awards & Distinctions: Jeff/Alex/Staff: Alex will work on design for the 2026 Arts Treasure and Advocate award.

Ellensburg Creative District: Jeff/Alex/Staff: Update on Creative District landing page being built on MyEllensburg.com

8. Citizen Comment: Richard Coleman remarked that he has interest in joining the Arts Commission at a future date.

9. Staff Update/Discussion Items: No update given

10. Commission Representative Update: No update given

11. Adjournment Time: 5:21 pm

Minutes of Diversity, Equity & Inclusion

CITY OF ELLENSBURG

Commission Meeting

Date of Meeting

December 9, 2025

Time of Meeting

3:00 PM

Place of Meeting

Council Chambers & Zoom

1. Call to Order and Roll Call

Chair Nancy Goodloe called the meeting to order at 3:00 p.m.

Roll Call Present: Phil Backlund, Kandee Cleary, Nancy Goodloe, and Amber Hoefler, M. Eliatamby-O'Brien.

Also present: Nicole Klauss, staff member assigned to the DEI Commission; Heidi Behrends Cerniwey, City Manager; Ruben Cardenas, CWU Associate Vice President liaison; Cody Natland, applicant; Ramona Bryant, League of Women Voters of Kittitas County; and 5 members of the public (3 in person and 2 online).

Chair Goodloe provided comments about former DEI Commission member Tylene Carnell, who passed away in November.

The Commission read the grounding statement.

Applicant Cody Natland provided an introduction. Another applicant plans to attend the January meeting. The third applicant was also invited to the December meeting but did not reply.

2. Approval of the Agenda

Commissioner Backlund moved to approve the agenda. Commissioner Eliatamby-O'Brien seconded the motion. There was no discussion. **Motion approved 4-0.**

3. Approval of Commission Minutes from November 11 & November 18, 2025 Meetings

Commissioner Backlund moved to approve the meeting minutes from the November 11 and November 18, 2025 DEI Commission meetings. Commissioner Cleary seconded the motion. There was no discussion. **Motion approved 4-0.**

4. New Business

A. Commission members confirmed availability to attend a joint study session with the Ellensburg City Council on Tuesday, January 20.

B. Commissioner Backlund made a motion to approve the 2025 Annual Report and forward it to the Ellensburg City Council. Commissioner Hoefler seconded the motion.

During discussion Goodloe suggested capitalizing Community Conversations, adding language about the workshop attendance, and clarifying language in the last bullet point of the Policy, Advisory and Government Engagement section.

Backlund made a motion to amend the main motion to accept the changes. Hoefer seconded the motion. **Motion approved 4-0.**

Eliatamby-O'Brien made a motion to further amend the document to include a bullet that acknowledges providing in advisory capacity feedback to DEI Commission liaisons under the community and outreach section. Hoefer seconded the motion. **Motion approved 4-0.**

The Commission then voted on the amended document through the main motion. **Motion approved 4-0.**

C. Commissioner Hoefer moved to approve \$150 to purchase name plates. Commissioner Backlund seconded the motion. There was no discussion. **Motion approved 4-0.**

D. Staff discussed the Juneteenth 2026 event and challenges with finding an organization to lead the efforts. Goodloe and Backlund will reach out to the 2025 Juneteenth subcommittee members. Eliatamby-O'Brien has a meeting at CWU to discuss a multicultural event and will ask about Juneteenth. CWU liaison Ruben Cardenas suggested reaching out to the Multicultural Center on campus.

E. Chair Goodloe provided a brief update on the Council's discussion of Chapter 9 and the direction that was taken at the December 1 City Council meeting. Staff encouraged DEI Commission members to attend the Dec. 15 City Council meeting to provide public comment.

5. Previous Meeting Motions

The Commission reviewed the previous meeting motions.

6. Liaison Reports

CWU liaison Ruben Cardenas reported on CWU's Capacity Building for Shared Equity Leadership and April 18 Veterans Resource Fair in the CWU Student Union and Recreation Center.

7. Subcommittee Reports

None.

8. Commission Member Reports

Commission members expressed gratitude for other commission members and the work they have been doing.

9. Staff Report

None.

10. Public Comments

Chair Goodloe called for public comment.

- Cari Vickers provided public comment.
- William Coleman provided public comment.

11. Preview Next Meeting January 13, 2026

Meeting adjourned at 3:51 p.m.

Nicole Klauss, staff member assigned to the DEI Commission

Drafted: 12/9/25

Approved: 1/13/26



CITY OF ELLENSBURG

Minutes of Lodging Tax Advisory Committee, Regular Meeting

Date of Meeting

December 3, 2025

Time of Meeting

2:10 PM

Place of Meeting

Council Conference Room 501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

1. Call to Order and Roll Call

1.A Roll Call Present: Carmen Wiggins, Steve Townsend, Chair, Sarah Beauchamp

Absent: Arlo Evasick, Lacie Dawson

Guests: Matt Anderson, Kittitas County Chamber of Commerce

2. Approval of Agenda

2.A Motion: Move to approve the December 3, 2025, LTAC meeting agenda as presented.

By: Steve Townsend

Seconded by: Carmen Wiggins

All in Favor:

Opposed: None

Abstained: None

Motion carries

3. Approval of Minutes

3.A Approval of August 6, 2025, Lodging Tax Advisory Committee meeting minutes as presented.

Motion: Move to approve October 22, 2025, Lodging Tax Advisory Committee meeting minutes as presented.

By: Steve Townsend

Seconded: Carmen Wiggins

All in Favor: All in Favor

Opposed: None

Abstained: None

Motion Carries

4. Budget Update

4.A Revenue and expenditure update

Staff went through year end expenditures and anticipated JLARC reporting.

Discussion regarding 2026 budget.

5. Unfinished Business

- 5.A Community Calendar Update
Soft launch and testing mid-December. Full launch in February 2026
Did not spend the full \$12,000 approved by council.
- 5.B Downtown Trash Can Update:
The type of can available to select was very limited based the needs of Waste Management, limited to side-load/unload only. The committee has agreed to purchase and test one of the Big Belly, Element models and install it downtown in front of D & M Coffee, as the highest trafficked receptacle.
- 5.C Consolidated Lodging Tax Grant Presentation Recap
Given that there is much discussion on this topic, committee felt a separate meeting would be necessary. Staff will arrange a separate special meeting.

6. New Business

- 6.A Staff is revising internal application for funding requests.

7. Tourism Report

- 7.A Matt Anderson handed out the tourism report.

8. Citizen Comment

No citizen comment

9. Adjournment

With no further business, the meeting was adjourned at 2:55 pm.

Respectfully Submitted,
Kelle Vandenberg



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Amendment to the Cabulance Operating Agreement between the City of Ellensburg and HopeSource
Submitted by: Betsy Dunbar, Transit Manager
Department: Public Works

Suggested Motion/Action:

Move to approve the January 1, 2026, through June 30, 2026, amendment between the City of Ellensburg and HopeSource for the purpose of extending the term of services and the compensation for HopeSource to provide Cabulance Service for and in the City of Ellensburg as attached, or in substantially similar form.

Background/Summary:

The Cabulance Operating Amendment Agreement dated January 1, 2026, through June 30, 2026, ensures the continuation of the Cabulance service within Ellensburg and will provide additional compensation for HopeSource to offset increased insurance rates, wages and operational costs.

Previous Council Action:

The Ellensburg City Council has consistently supported Cabulance Service within the city limits of Ellensburg.
The previous City Council approval was June 16, 2025.

The Ellensburg Transportation Advisory Committee recommended Council approve the Cabulance Amendment at the December 16, 2025 meeting.

Analysis:

Approval of the Cabulance Operating Agreement from January 1, 2026, through June 30, 2026, would successfully enable HopeSource to continue providing Cabulance Service when non-emergency accessible transportation is requested by contracted facilities within the city limits of Ellensburg.

The Ellensburg Transportation Advisory Committee recommended Council approve the amended agreement at their December 16th, 2025 meeting.

Financial Impact:

The proposed rate is \$300.00 per ride and will be billed quarterly in the amount of \$13,500.00 for a total not to exceed the amount of \$26,999.90. In addition, qualified Cabulance rides over the 15 completed rides per month will be reimbursed at \$170.00 per ride.

The Transit Budget includes funding for this agreement. Staff requests council authorize the Finance Director to increase the line item budget to accommodate the proposed increases.

Budget Adjustment: Yes

Attachments:

1. Amendment to the Cabulance Agreement

AMENDMENT TO THE CABULANCE OPERATING AGREEMENT

BETWEEN

THE CITY OF ELLENSBURG AND HOPESOURCE

This Amendment No. 3, made and entered into this ____ day of _____ 2026 (“Effective Date”), by and between the City of Ellensburg (“the City”), a Washington municipal corporation, and HopeSource (“Contractor”), a Washington State non-profit corporation and community action agency, for the purpose of extending the term of services and compensation for HopeSource to provide service for and in the City of Ellensburg.

WHEREAS, the City and HopeSource are parties to a Cabulance Operating Agreement (“Agreement”) dated March 16, 2021; and

WHEREAS, the City issued a Requestion for Proposal (RFP) No. 2018-075 for cabulance services, and Contractor was selected to provide such services based on its response to the RFP, which included information concerning its experience and ability to provide cabulance services, and such RFP was incorporated by reference into the Agreement;

WHEREAS the City and HopeSource are parties to a Cabulance Operating Amended Agreement (“Agreement”) dated June 21, 2023 and June 16, 2025; and

WHEREAS, Section 17 of the Agreement provides that any amendment must be approved by the parties in writing.

WHEREAS, the parties wish to further amend the Agreement to revise Section 4, “Compensation” and Section 6, “Payment”.

NOW, THEREFORE, the parties agree as follows:

- A. Section 4 of the Agreement, “Compensation”, as previously amended, is further amended for compensation payments from January 1, 2026 through June 30, 2026 (Payment) by deletion of the existing provisions and replacement with the following:
 1. Payment to the Contractor will be made on a quarterly bases per the Rates for Services schedule below, net 30 days from receipt of invoice.
 2. Contractor invoices shall be documented with ridership and eligibility reporting. For the period of January 1, 2026 through June 30, 2026, the Contractor will invoice the City on or before the 10th day of each quarter following actual provision of service. Payment to the Contractor will be made on a quarterly basis net 30 days from receipt of invoice.
 3. Rates for Services:

Cabulance Services will be billed quarterly in the amount of \$13,500 for a total not to exceed amount of \$27,000. In addition, qualified Cabulance rides completed over the 15 completed rides per month will be reimbursed at \$170.00 per ride.

4. Quarterly payments will be evaluated based on the April 2025 CPI-U Category Transportation. In addition, the site Best Gas Prices & Local Gas Stations in Ellensburg, WA (gasbuddy.com) will be used to determine significant increases or decreases in fuel prices in calculating the need for an amended quarterly compensation base on fuel costs.

B. Section 6 of the Agreement, "Payment", is hereby replaced with the following:

Payment. The City shall review quarterly invoices with attached vouchers submitted by the Contractor to ensure accuracy of requested reimbursement. Adjustments may be made by the City based on audits of data included in daily manifests. The City shall pay approved Contractor invoices, as adjusted, within thirty (30) days of receipt.

C. Except as specifically amended herein, all other provisions of the Agreement, as previously amended, remain in full force and effect.

HOPESOURCE

CITY OF ELLENSBURG

Susan Grindle, CEO

Heidi Behrends Cerniwey, City Manager

Approve as to form:

Attest

(for HopeSource)

Clerk

City Attorney



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Amendment to the Paratransit Operating Amendment Agreement between City of Ellensburg and HopeSource
Submitted by: Betsy Dunbar, Transit Manager
Department: Public Works

Suggested Motion/Action:

Approve the January 1, 2026, through June 30, 2026, Operating Amendment between the City of Ellensburg and HopeSource for the purpose of extending the term of services and the compensation for HopeSource to provide Paratransit Service for and in the City of Ellensburg as attached or in substantially similar form, and approve the necessary budget adjustments.

Background/Summary:

The Paratransit Operating Agreement Amendment dated January 1, 2026, through June 30, 2026, is vital to continue operations of the Paratransit service within Ellensburg and to provide additional compensation for HopeSource to offset increased insurance rates, wages and operational costs. It is also requisite to provide Paratransit along side Fixed Route Services.

Previous Council Action:

The Ellensburg City Council has consistently supported Paratransit Service in Ellensburg. Previous City Council approval was June 16, 2025. The Ellensburg Transportation Advisory Committee recommended Council approve the Paratransit Amendment at the December 16, 2025 meeting.

Analysis:

Approval of the Paratransit Operating Amendment Agreement from January 1, 2026 through June 30, 2026, would allow HopeSource to successfully continue providing non-emergency door-to-door Paratransit Service for passengers with a disability within a 3/4-mile radius of the Ellensburg Central Transit Fixed Route Service.

Financial Impact:

Beginning January 1, 2026, through June 30, 2026, payments to HopeSource will be made on a quarterly basis in the amount of \$7,685.57 per quarter, for a total not to exceed the amount of \$15,371.14. There are no adjustments or additional costs based on the number of completed rides.

The Transit Fund includes sufficient resources for this agreement. A \$5,251.10 increase to expenditure authority/budget is necessary to accommodate this request.

Budget Adjustment: Yes

Attachments:

1. Amendment to the Paratransit Operating Amendment

AMENDMENT to the Paratransit Operating Amendment Agreement

between

City of Ellensburg and HopeSource

This Amendment No. 4, made and entered into this ____ day of _____ 2026 (“Effective Date”), by and between the City of Ellensburg (“the City”), a municipal corporation, and HopeSource (“Contractor”), a community non-profit organization, to provide Paratransit services in Ellensburg.

WHEREAS, The City has determined that the City of Ellensburg residents need paratransit services; and

WHEREAS, City Ordinance 4727 was approved by the Ellensburg City Council on June 6, 2016, exercising its authority as the governing board of the Ellensburg Transportation Benefit District, imposing 0.2% sales and use tax commencing October 1, 2016, for the purpose of funding a public transportation system in accordance with the requirements of Chapter 36.73 RCW; and

WHEREAS, The City and HopeSource are parties to a Paratransit Operating Agreement (“Agreement”) dated June 29, 2019, as amended by the Paratransit Operating Extensions dated June 6, 2022, June 6, 2025, and June 16, 2025; and

WHEREAS, the parties wish to further amend the Agreement to revise Section 5, Compensation, and Section 6, Payment.

NOW, THEREFORE, the parties agree as follows:

- A. Section 5 of the Agreement, “Compensation”, as previously amended, is further amended as follows:
 1. From January 1, 2026 through June 30, 2026 payments, will be evaluated based on the April 2025 CPI-U Category Transportation.
 2. In addition, the site Best Gas Prices & Local Gas Stations in Ellensburg, WA (gasbuddy.com) will be used to determine significant increases or decreases in fuel prices in calculating the need for an amended quarterly compensation base on fuel costs.

- B. Section 7 of the Agreement, “Payment”, as previously amended, is further amended by the addition of the following:

Beginning January 1, 2026 and through June 30, 2026, payment to the Contractor will be made on a quarterly basis in the amount of \$7,685.57, per quarter, for a total not to exceed amount of \$15,371.14, net 30 from date of invoice. No additional amount will be paid based on the number of passenger trips completed. The Contractor will invoice the City on or before the 10th day of each quarter following actual provision of service.

- C. Except as specifically amended herein, all other provisions of the Agreement, as previously amended, remain in full force and effect.

HOPESOURCE

CITY OF ELLENSBURG

Susan Grindle, CEO

Heidi Behrends Cerniwey, City Manager

Approve as to form:

Attest

(for HopeSource)

Clerk

City Attorney



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Public Transit Amendment Agreement between the City of Ellensburg and HopeSource
Submitted by: Betsy Dunbar, Transit Manager
Department: Public Works

Suggested Motion/Action:

Move to approve the July 1, 2025, through June 30, 2026, amendment between the City of Ellensburg and HopeSource for the purpose of extending the term of services and the compensation for HopeSource to provide Fixed Route Service for and in the City of Ellensburg as attached or in substantially similar form, and approve the necessary budget adjustments.

Background/Summary:

Due to significant insurance and wage increases, HopeSource has requested a Fixed Route rate increase to offset the increases.

Previous Council Action:

The Ellensburg City Council has consistently supported the Ellensburg Central Transit Fixed Route Service within the city limits of Ellensburg.

Analysis:

Approval of the Fixed Route Operating Amendment Agreement dated July 1, 2025, through June 30, 2026, would successfully enable HopeSource to continue providing Fixed Route Service in Ellensburg.

The Ellensburg Transportation Advisory Committee recommended Council approve the amended agreement at their December 16th, 2025 meeting.

Financial Impact:

The proposed rate of \$66.30 per service hour is a \$6.34 per service hour increase for a total increase for the six month period of approximately \$70,215.50. The Fixed Route Service will continue to be billed bi-monthly. The total dollar value of the Agreement from July 1, 2017, through June 30, 2026, is not to exceed \$9,075,850.00. The Public Transit Fund has sufficient resources to accomode this impact, but requires additional budget/expenditure authority.

Budget Adjustment: Yes

Attachments:
None

AMENDMENT to Public Transit Agreement

between

City of Ellensburg and HopeSource

This Amendment No. 9, made and entered into this ____ day of _____ 2026 (“Effective Date”), by and between the City of Ellensburg (“the City”), a municipal corporation, and HopeSource (“Contractor”), a community non-profit organization, to provide public transportation services in Ellensburg.

WHEREAS, The City has determined that the City of Ellensburg residents need public transportation services; and

WHEREAS, City Ordinance 4727 was approved by the Ellensburg City Council on June 6, 2016, exercising its authority as the governing board of the Ellensburg Transportation Benefit District, imposing a 0.2% sales and use tax commencing October 1, 2016, for the purpose of funding a public transportation system in accordance with the requirements of Chapter 36.73 RCW; and

WHEREAS, the City and HopeSource are parties to a Public Transit Operating Agreement (“Agreement”) dated May 1, 2017, as amended by Amendments #1 dated May 1, 2017, #2 dated April 19, 2019, #3 dated July 2, 2019, #4 dated December 16, 2019, #5 date December 9, 2020, #6 dated June 6, 2022, #7 dated April 7th, 2025, and #8 dated June 16, 2025; and

WHEREAS, the City has applied for funding through the Washington State Department of Transportation’s (WSDOT) Consolidated Grant Program for the needed service; and

WHEREAS, the City anticipates funding will be awarded to the City, and the City will act as a grant recipient overseeing the program and providing funding support for the program; and

WHEREAS, Section 18 of the Agreement provides that any amendments must be in writing and signed by the parties; and

WHEREAS, the parties wish to further amend the Agreement to revise Section 6, “Compensation”.

NOW, THEREFORE, the parties agree as follows:

- A. Section 6 of the Agreement, “Compensation”, as previously amended, is further amended by the addition of following:

From January 1, 2026 through June 30, 2026 the Contractor will invoice the City bi-weekly for Fixed Route services at the rate of \$66.30 per completed service hour.

The total dollar value of the Agreement from July 1, 2017 through June 30, 2026 is not to exceed \$9,075,850.00.

B. Except as specifically amended herein, all other provisions of the Agreement, as previously amended, remain in full force and effect.

HOPESOURCE

CITY OF ELLENSBURG

Susan Grindle, CEO

Heidi Behrends Cerniwey, City Manager

Approve as to form:

Attest

(for HopeSource)

Clerk

City Attorney



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Amendment 3 to the City Janitorial Contract
Submitted by: Hunter Slyfield, Shop & Warehouse Manager
Department: Public Works

Suggested Motion/Action:

Authorize the City Manager to sign Amendment 3 to the City Janitorial Services Contract, increasing pricing for 2026 and adding contract language to better protect the City.

Background/Summary:

The need for a City-wide janitorial service provider was identified in 2023 due to competitive pricing being obtained by covering multiple facilities under a single contract. A comprehensive request for quotes was prepared and pricing was quoted on a per-month basis. The original contract contained the option to adjust pricing annually if requested by the service provider and approved by the City. Council is now being requested to authorize the City Manager to sign Amendment 3 for pricing increases to the amended contract.

Amendment 3 also contains added language requiring the service provider to perform background checks on current employees, adhere to strict professional standards and update insurance standards. This language will be mutually beneficial and better protect the City and the service provider.

Previous Council Action:

Council awarded the above-mentioned contract to Integrity Janitorial Services at their November 21, 2022 meeting.

Analysis:

The original contract amount bid for the contract was \$12,396 per month. The 2026 contract increase accounts for an increase in minimum wage, bringing the total monthly fixed sum to \$14,171.

Financial Impact:

Funding for this project comes from respective departmental budgets. Adequate funding exists in the respective 2026 departmental budgets. See Amendment 3 for pricing breakdown.

Budget Adjustment: No

Attachments:

1. Amendment 3 - City Janitorial Contract

AMENDMENT 3
to the
MAINTENANCE SERVICES CONTRACT
between
CITY OF ELLENSBURG
and
INTEGRITY JANITORIAL SERVICES

This Amendment No. 3 to the Maintenance Services Contract dated December 1, 2022 (the “Contract”) is made and entered into as of the Effective Date set forth below by and between the City of Ellensburg (the “City”) and Integrity Janitorial Services (“Service Provider”). The City and Service Provider are collectively referred to as the “Parties.”

RECITALS

- A. The Parties entered into a Contract for Maintenance Services at the City of Ellensburg Facilities.
- B. The Parties entered into Amendment No.’s 1 and 2 to adjust the bid item pricing schedule of the Contract.
- C. The Contractor seeks a new bid schedule pricing adjustment to the bid item pricing.
- D. RCW 39.12 and WAC 296-127 require that contracts for public agencies must include provisions for paying prevailing wages under the Contract, and be amended from time to time to account for increases in the prevailing wage.
- E. Pursuant to Section 14, EXTENT OF CONTRACT/MODIFICATION, stating “*this Contract may be amended, modified or added to only by written instrument properly signed by both parties hereto*”, the City desires to revise Section 4, RESPONSIBILITY OF SERVICE PROVIDER, and Section 10, INSURANCE.

NOW, THEREFORE, the Parties agree to amend the Contract as follows:

- 1. **Section 3, PAYMENT.** In accordance with Section 3.F. of the original Contract, the Service Provider may submit, in writing, no later than December 1st each year a request for an increase in monthly pricing and, upon mutual acceptance, the contract will be modified by amendment to reflect the pricing increase beginning on January 1st. The Parties mutually accept the modification of Section 3.A to be replaced as follows:
 - A. The City shall pay the Service Provider **\$14,171.00 per month** for such services on a fixed sum basis, as shown in Exhibit “C3”.
- 2. **Section 4, RESPONSIBILITY OF SERVICE PROVIDER.** The following subsections E., Professional Standards, and F., Background Checks, are hereby added to the Contract:
 - E. Professional Standards. The Service Provider agrees that all services performed under this Contract shall be in accordance with the standards of the profession and in compliance with applicable federal, state, and local laws, Service Provider’s employment policies, and City of Ellensburg Ordinances, Codes, and Policies, including but not limited

to the Federal Drug-Free Workplace Act of 1988. The Service Provider agrees to strictly prohibit the possession, consumption, sale, distribution, and/or being under the influence of alcohol, or any controlled substances, by its employees and subcontractors at City Facilities and property during the performance of work under this Contract.

F. Background Checks. Service Provider shall obtain background checks on any employee or subcontractor that may be assigned to perform work under this Contract. Thereafter, Service Provider must at least every 36 months obtain current background check results for each employee or subcontractor. At a minimum, Service Provider shall obtain such background checks through the WSP WATCH background check system found at <https://fortress.wa.gov/wsp/watch/>. The Service Provider will be responsible for: the costs of such background checks; keeping and retaining background check documents; complying with state and federal laws in conducting the background checks (including, but not limited to, notification to employees and/or subcontractors of the results of the background check); not assigning any individual to perform work under this Contract who has a pending criminal charge or disqualifying conviction (which specifically includes, but is not limited to, theft and/or crimes against children or other persons); communicating with the City regarding any questions about compliance with these background check requirements; and notifying the City of any employee or subcontractor assigned to perform work under this Contract who resigns or is terminated as a result of having a disqualifying conviction record.

3. Section 10, INSURANCE. The following subsections are added and/or amended as follows:
Other Insurance Provisions. The Service Provider's Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

Verification of Coverage *is amended and is replaced by:* The Service Provider shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured and primary coverage endorsements, evidencing the insurance requirements of the Service Provider before commencement of the work. Upon request by the City, the Service Provider shall furnish certified copies of all required insurance policies, including endorsements, required in this Contract and evidence of all Subcontractors' coverage.

Subcontractors' Insurance. The Service Provider shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of the Service Provider-provided insurance as set forth herein, except the Service Provider shall have sole responsibility for determining the limits of coverage required to be obtained by Subcontractors. The Service Provider shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement as least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations.

Failure to Maintain Insurance. Failure on the part of the Service Provider to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Service Provider to correct the breach, immediately terminate the Contract or, at its discretion, procure or renew such insurance

and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Service Provider from the City.

4. **Exhibit "C"** is hereby replaced with **Exhibit "C3"** for Bid Schedules "A" through "F" to reflect the intent of the Parties with regard to Contractor's price adjustment and prevailing wage rate increases effective January 1, 2026.
5. **Full Force and Effect.** Except as expressly set forth in this Amendment, the Parties' Contract is unmodified and remains in full force and effect.

The Parties hereby execute and authorize this amendment to be effective as of the latest date shown below.

CITY OF ELLENSBURG

INTEGRITY JANITORIAL SERVICES

By: _____
Heidi Behrends Cerniwey, City Manager

By: _____
Juan T. Guerrero, Owner

Date: _____

Date: _____

Attest: _____
City Clerk

Approved as to Form: _____
City Attorney

EXHIBIT "C3"

2026 City Janitorial Pricing Adjustment		
Schedule	2025 Base Pricing	2026 Pring Adjustment
"A" City Hall	\$3,555.00	\$3,672.00
"B" Library & Hal Holmes	\$2,730.00	\$2,830.00
"C" Police Department	\$1,920.00	\$2,095.00*
"D" Parks & Recreation	\$2,676.00	\$2,724.00
"E" City Shop & Mechanics	\$2,275.00	\$2,375.00
"F" Wastewater Treatment	\$475.00	\$475.00
Total	\$13,631.00	\$14,171.00

*Includes increased scope of annual carpet cleaning and floor scrub & wax



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Collective Bargaining Agreement with Teamsters Local 760 (Police)
Submitted by: Lisa Young, HR Director
Department: Human Resources

Suggested Motion/Action:
Approve the Collective Bargaining Agreement with Teamsters Local 760 (Police), and the necessary budget adjustments.

Background/Summary:
The Collective Bargaining Agreement (CBA) with Teamsters Local 760 (Police) expired on 12/31/2025. Union and Management representatives have negotiated a successor Agreement, which has been voted and approved by the Teamsters membership. The new CBA, once approved by Council, will be effective 01/01/2026 - 12/31/2028.

Previous Council Action:
Council has provided ongoing support for competitive compensation and benefits.

Analysis:
Negotiations began on October 14, 2025 and concluded on December 9, 2025, when the parties reached a tentative agreement.

The primary changes include:

1. Wages: 10%, 4.5%, 4.5% (2026, 2027, 2028) - based on market comps and an increasingly competitive labor market
2. Increase differentials to: Corporal: 7% for 2026, 8% for 2027 and 2028
Trial Sergeant: 10.5% for 2026, 11.5% for 2027 and 2028
Sergeant: 17% for 2026, 18% for 2027 and 2028
3. Increase annual leave max to 240 hours from 176 hours (this includes holidays and employee choice days)
4. Include provisions for lateral hires, to include longevity equal to service credit granted for wages; ability to offer a starting annual leave balance of 40 hours and accruals based on 5 years of service; and ability to offer a starting sick leave balance of 40 hours
5. Bilingual Pay (English/Spanish) – 1.5% if requested and able to pass an assessment
6. Amended Fitness Incentive Program and pay based on pass/fail at 2% rather than point-based 1% or 2%
7. Amended on-call pay for Detectives and Anti-Crime from 1% of base pay year-round, to a pay per on-call amount equal to two hours of base Detective pay

Financial Impact:

The total projected cost over the three years of this agreement is \$1,724,847 above existing compensation levels. Of that amount, \$1,498,788 is salary/wages, and \$226,060, is projected wage-associated payroll costs such as retirement, FICA, disability insurance, and WPFML costs.

Of the total three-year cost, approximately \$1,295,293 would be paid by the General Fund, and \$429,554 would be paid by the 3/10ths Criminal Justice Tax fund.

Budget Adjustment: Yes

Attachments:

1. 2026-2028 Pending Originals for Signature - 01.12.2026

COLLECTIVE BARGAINING AGREEMENT

By and Between

TEAMSTERS LOCAL UNION NO. 760

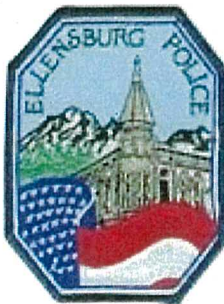
*Representing the Police Officers, Corporals and Sergeants
of the Ellensburg Police Department*



ORIGINAL

And the

CITY OF ELLENSBURG



January 1, 2026 to December 31, 2028

TABLE OF CONTENTS

ARTICLE NO.	NAME OF ARTICLE	PAGE NO.
1	Preamble	1
2	Recognition	1
3	Union Security & Dues Check-off	1
4	Union Activities	2
5	Management Rights	3
6	Discharge -	4
7	Grievance and Arbitration Procedure	6
8	Union Bulletin Board	7
9	Probation Period and Class Progression	8
10	Lateral Hire	8
11	Hours of Work	8
12	Overtime Compensation	10
13	Annual Leave	11
14	Sick Leave	13
15	Health Care Benefit Program	15
16	Police Department Liability Insurance	15
17	Uniform Allowance	16
18	Termination Pay & Method of Computation	17
19	Layoffs	17
20	Correspondence	18
21	Non-Discrimination & Compliance	18
22	Performance of Duty	18
23	Off-Duty Employment	18
24	Education Incentive Pay	18
25	Retirement	19
26	Classifications - Wage Rates – Other Conditions	19
27	Specialty Positions	20
28	Out-of-Class Pay	21
29	Productivity	21
30	Duration of Agreement	22
31	Prevailing Rights	22
32	Savings Clause	22
33	Longevity Pay	22
34	Reserve Unit	22
35	Officer Wellness Program	23
36	Signatures	24
	Appendix A - Classifications and Wage Rates	25
	Appendix B – Physical Fitness Standards	27

ARTICLE 1 - PREAMBLE

- 1.1 This Agreement is entered into by the City of Ellensburg, hereinafter referred to as the Employer, and Teamsters Local Union No. 760, hereinafter referred to as the Union. It is the purpose of this Agreement to achieve and maintain harmonious relations between the Employer and the Union, to provide for equitable and peaceful adjustment of differences, which may arise, and to establish proper standards of wages, hours, and other conditions of employment.

ARTICLE 2 - RECOGNITION

- 2.1 The Employer recognizes the Union as the exclusive bargaining agent for all full-time employees of the Police Department, except the Chief, Captain, Animal Control Officers, Office Manager, Code Enforcement Officer, and clerical personnel for the purpose of establishing wages, hours, and conditions of employment.

ARTICLE 3 - UNION SECURITY & DUES CHECK-OFF

- 3.1 When the Employer hires a new employee recognized as a position covered in this collective bargaining agreement, the Employer shall, within seven (7) calendar days of the date of employment, notify the Union in writing giving the name, social security number, hire date, address and classification of the employee hired.
- 3.2 When provided a "voluntary check-off" authorization in the form furnished by the Union and signed by an employee who have authorized such deductions in writing, the Employer agrees to deduct from the employee's pay, the Union's applicable dues and/or service fees, as prescribed in the "voluntary check-off" form. The full amount of monies so deducted by the Employer shall be promptly forwarded to the Union by check along with an alphabetized list showing names and amounts deducted from each employee.
- 3.3 Revocation. An employee may revoke his or her authorization for payroll deduction of payments to the Union by written notice to the Union, in accordance with the membership application and rules of the Union and RCW 41.56.061. Every effort will be made to end the deduction effective on the first payroll, but not later than the second payroll, after the Employer's receipt of the employee's written notice of revocation from the Union.
- 3.4 Indemnification and Hold Harmless. The Union agrees to indemnify and save the Employer harmless against any liability, which may arise by reason of any action taken by the Employer to comply with the provisions of this Article. The Employer will promptly notify the Union in writing of any claim, demand, suit, or other form of liability asserted against it relating to its implementation of this Article.

ARTICLE 4 - UNION ACTIVITIES

- 4.1 No Union member shall conduct any Union business during the employee's regular duty hours without the permission of the Police Chief or an officer specifically assigned in writing to assume the duties of the Police Chief. The Chief shall not withhold permission for an officer or Union member to conduct such business if the manning strength in Section 4.2 is met. Two (2) bargaining unit members specifically appointed by the Union to conduct Union business shall each be allowed three (3) days off with pay per year to conduct Union business.
- 4.2 The minimum manning strength on duty shall be no less than two (2) uniformed patrol personnel, exclusive of the Chief and Captain; provided that employees on duty may be allowed up to one (1) hour per month to attend regular Union meetings or special Union meetings with the approval of the Police Chief, subject to the right of the Police Chief or the Chief's designee to suspend such meetings in the event of a bona fide emergency. The Union shall provide the police Chief or the Chief's designee with advance notice of not less than three (3) calendar days of all regular or special Union meetings.
- 4.3 The Chairman of the Grievance Committee shall be allowed time off with pay to attend to necessary business for contacts outside of the station; however, the manning strength in Section 4.2 shall apply. A "Grievance Committee" of three (3) members shall be named by the Union pursuant to Section 4.6. This committee shall be allowed time off while on duty to investigate grievance complaints, providing the manning standard in Section 4.2 is met, and providing further, that investigative sessions are to be held in the police station.
- 4.4 The three (3) members of the Negotiating Committee shall be allowed time off with pay from regular duty for all meetings, which shall be mutually agreed upon by the Employer and the Union, for the purpose of contract negotiations.
- 4.5 A minimum of one (1) covered employee shall be permitted to be released from regular duty with pay for the purpose of attending regular or special meetings of the Civil Service Commission and such release shall be dependent upon meeting the manning standard described in Section 4.2.
- 4.6 Immediately after ratification of this Agreement by both the City and the Union, the Union shall submit to the Police Chief in writing, a roster of the membership of all committees covered in this Agreement. The Police Chief shall release a covered employee from duty for legitimate Union business if the employee's name is on the roster of the committee for which the release from duty is requested and if the manning strength of Section 4.2 is met during the employee's absence.

ARTICLE 5 - MANAGEMENT RIGHTS

- 5.1 The management of the Police Department and the direction of the work force is vested exclusively in the Police Chief subject to the terms of this Agreement and, further, that:
- A. The Employer reserves those rights concerning management and operation of the Department which include, but are not limited to the following:
1. To recruit, assign, transfer, or promote members to positions within the department.
 2. To determine methods, means and personnel necessary for departmental operations.
 3. Establish, plan for, and direct the work force toward the organizational goals of City government.
 4. Determine the organization, and the merits, necessity, and level of activity or service provided to the public.
 5. Determine the City budget and financial policies including accounting procedures.
 6. Discipline or discharge of employees for just cause.
 7. Determine and change the number and locations and types of operations, processes, and materials to be used in carrying out all City functions.
 8. Assignment of work to and schedule employees in accordance with classifications and position descriptions, and to establish and change work schedules.
 9. Layoff any employees with such layoff being subject to the provisions of Article 19 of this Agreement.
 10. Take all actions necessary to carry out the mission of the City in emergencies.
- 5.2 All matters not specifically and expressly covered or treated by the language of this Agreement may be administered for its duration by the City in accordance with such policies or procedures as the City from time to time may determine.
- 5.3 Management shall furnish to the Union in writing, any changes and/or additions to

the Department Rules and Regulations, not of an emergency nature, which affect the members of the bargaining unit in any way, thirty (30) calendar days prior to planned adoption of any such change and/or addition to the Rules and Regulations. The Union shall submit their comments and recommendations, in writing, to the Police Chief within fourteen (14) calendar days after the change and/or addition was presented to the Union. The Police Chief shall use information presented by the Union as an aid in adopting such rules and regulations.

ARTICLE 6 – DISCIPLINE

- 6.1 The following actions are considered “progressive discipline” in accordance with RCW 43.101.135(7)(b): supervisor coaching, written reprimands, suspensions, and involuntary transfers.
- A. The employer utilizes an evaluation system that requires supervisors to keep non-disciplinary notes throughout the year, with the intent of preparing the annual evaluations. It is not the intent of the Union or the Employer that those notes are considered to be supervisor coaching. The notes are discarded after they are included in the annual evaluation.
- 6.2 The degree of discipline administered must depend on the severity of the infraction and must be in accordance with Ellensburg Civil Service rules and regulations and/or this agreement.
- 6.3 The Employer may discipline, an employee (including discharge or suspension) for just cause but no employee shall be discharged or suspended unless a written warning notice has previously been given to such employee and copy to the Union of a complaint against the employee concerning the employee’s work or conduct within fourteen (14) calendar days of the date of such violation or fourteen (14) calendar days from the date such violation became known to the Employer, unless such notice would compromise an ongoing criminal investigation involving the alleged misconduct. Otherwise, such written warning notice shall be null and void. No such prior written warning notice shall be necessary if the cause for suspension or discharge is dishonesty, drinking related to employment, illegal possession and/or use of federal or state designated drug abuse items, or such other misconduct which is so serious in nature as to justify suspension or discharge without a written warning notice. The Employer shall provide a written notice of termination to a discharged employee, and at the same time send a copy to the Local Union.
- 6.4 Any employee who is subject to progressive discipline may seek appeal through either of the following procedures. At the employee’s option, an appeal can be made through the contract Grievance and Arbitration Procedure as outlined In Article 7, or through the Ellensburg Civil Service Commission, but not both. The employee’s decision of appeal procedure shall be in written form to the appropriate

party within fourteen (14) calendar days and shall be final and binding on all parties.

- A. Documented Supervisor counseling, or verbal reprimand summarized in writing shall be defined as any document that is placed into an employee's personnel file that includes a finding (or determination) of a violation of department policy, rule or law, that does not rise to the level of a written reprimand, but is required to be maintained in the personal file or defined as progressive discipline by RCW 43.101.135 or as amended.

6.5 Personnel Files and Disciplinary Action: The Employer and the Union agree that all disciplinary documentation must be maintained in the employees personnel file in accordance with Washington law. For the purposes of progressive disciplinary action, the following limitations shall apply:

- A. Documented Supervisor counseling and verbal reprimands summarized in writing may be used for the purpose of progressive discipline for one (1) calendar year from the date of issuance. An additional violation within the year will extend the consideration of the prior violation by one (1) year.
- B. Written reprimands may be used for the purpose of progressive discipline for two (2) calendar years from the date of issuance. An additional violation within the 2-year period will extend the consideration of the prior violation by two (2) years.
- C. Suspensions without pay may be used for the purpose of progressive discipline for five (5) calendar years from the date of issuance. An suspension within the 5-year period will extend the consideration of the prior suspension by five (5) years.
- D. Disciplinary demotions shall be permanent part of the record and utilized for all future disciplinary actions.

6.6 Should any employee opt to appeal a disciplinary action through the Ellensburg Civil Service Commission, the matter shall be handled in accordance with applicable procedures as contained in the rules and regulations of the Ellensburg Civil Service Commission. Further, any employee found by the Civil Service Commission to have been unjustly disciplined shall receive any lost compensation and/or benefits deemed appropriate by the Civil Service Commission ruling.

6.7 Should any employee opt to appeal a disciplinary action through the provisions of this Agreement's Grievance and Arbitration Procedure, the matter shall be handled in accordance with Section 7.4 and subsequent provisions of this Agreement. Any such appeal shall be presented to the Employer within fourteen (14) calendar days

after the discharge, suspension, or written reprimand, and if not presented within such period, the right of appeal shall be waived.

- 6.8 Time limits as referred to in this Article are mandatory but may be extended by mutual agreement. Provided, however, any request for extension must be made before the applicable time limit has expired.

ARTICLE 7 - GRIEVANCE AND ARBITRATION PROCEDURE

- 7.1 "Grievance" as used herein shall mean any dispute involving the interpretation or application of the provisions of this Agreement, which could include an established past practice.

7.2 Grievance Procedure:

- A. Step 1. An employee having a concern which the employee feels could be a grievance shall bring up the matter within fourteen (14) calendar days of the concern giving rise to the grievance, or fourteen (14) calendar days of such matter becoming known to the employee, or it shall be deemed waived. The employee is to first (1st) discuss the matter with the employee's immediate supervisor, to provide an opportunity for clarification and/or appropriate adjustment, consistent with the terms of this Agreement. The employee shall have the option of being accompanied by the employee's Union representative if the employee feels that it is necessary.
- B. Step 2. If it is determined a grievance does exist and it is not resolved in Section 7.2(A) the grievance shall be reduced to writing and an attempt will be made to resolve the grievance with the Chief of Police, the grievant(s), and the Union within fourteen (14) calendar days of the conclusion of Section 7.2(A). If the grievance is not satisfactorily resolved within the additional fourteen (14) calendar days, then the grievance will proceed to the next step.
- C. Step 3. The City Manager will review all of the facts and findings pertaining to the grievance and shall have fourteen (14) calendar days from the date the grievance is submitted to the City Manager in which to satisfactorily adjust the grievance. If the grievance is not resolved, it may be submitted to arbitration no later than fourteen (14) calendar days after denial of the City Manager.

- 7.3 The Union or the Employer may initiate the grievance procedure and will take up the grievance with the other party within fourteen (14) calendar days after the occurrence of the event which gave rise to the grievance, or fourteen (14) calendar days from the date such grievance became known to the moving party.

- A. If the moving party elects to proceed with it, the grievance shall be reduced to writing if the other party so requests and an attempt will be made to adjust the grievance. If the grievance is not resolved, it may be submitted to arbitration not later than fourteen (14) calendar days after the last attempt to adjust said grievance.
- 7.4 If the grievance is submitted to arbitration the parties shall attempt to select an impartial arbitrator within fourteen (14) calendar days after the request is made to arbitrate. If the parties fail to agree within this period upon an arbitrator who is able and willing to serve, either party may, within seven (7) calendar days thereafter request the Public Employment Relations Commission to submit a list of nine (9) disinterested persons who are qualified and willing to act as an impartial arbitrator. From that list, within seven (7) calendar days after its receipt, the parties shall flip a coin to determine who shall strike the first (1st) name submitted until only one (1) name remains. The person whose name remains shall be selected as the sole arbitrator.
- 7.5 The arbitrator will commence hearings within a reasonable period of time after the arbitrator's selection and shall render the arbitrator's award in writing within thirty (30) calendar days after completing the hearing. The award of the arbitrator, together with the arbitrator's written findings and conclusions shall be final and binding upon the parties to this Agreement and upon the complaining employee or employees, if any. The Arbitrator is not vested with the power to change, alter, or modify this Agreement or any of its parts.
- 7.6 The arbitrator's fees and expenses, the cost of any hearing room, shall be borne equally by the Employer and the Union. All other costs and expenses shall be borne by the party incurring them.
- 7.7 The Employer and the Union agree to comply with the time limitations set forth above and either party shall have the right to insist that the time limitations be complied with, but in no event shall failure to comply with the above time limits as set forth in sections 7.4 and 7.5 deprive the arbitrator of authority to decide the grievance.

ARTICLE 8 - UNION BULLETIN BOARD

- 8.1 The Employer agrees to furnish and maintain a suitable bulletin board in a convenient place in each permanent station to be used by the members of the Union. The Union shall limit its postings and bulletins to such boards. Management may consult with the Union for the removal of material that is derogatory to the department or its employees.

ARTICLE 9 - PROBATION PERIOD AND CLASS PROGRESSION

- 9.1 A newly hired entry level employee shall be considered a probationary employee and shall serve an eighteen (18) month probationary period. A newly hired lateral employee shall serve a twelve (12) month probationary period. A probationary employee not meeting the expected standards may be terminated without recourse. Notice of termination with the reason therefore shall be given the employee with a copy forwarded to the Union. Once an employee clears their probationary period they will be promoted to Third Class. After a maximum of one (1) year in Third Class, the employee will be promoted to Second Class and subsequently after a maximum of one (1) year in Second Class, the employee will be promoted to First Class. Past employees who have achieved permanent status shall not be subject to another probationary period if re-employed within one (1) year after a voluntary separation.
- A. Probationary employees shall be evaluated at least every three (3) months with the deficiencies needing improvement communicated to said employee in writing.
- 9.2 An employee promoted by the Chief to a position higher than First Class shall serve a six (6) calendar month trial period. If the employee does not pass the six (6) calendar month trial period, said employee will return to the employee's previous position.

ARTICLE 10 - LATERAL HIRE

- 10.1 Lateral Hiring: Experienced lateral new hires may receive credit for their service time as a fully commissioned law enforcement officer, excluding time spent as a Reserve, special and limited commission status, and part-time employment.

Lateral hire officers shall be placed on the wage scale in appendix A at the discretion of the Chief. Once placed on the wage scale, including the time credited upon initial hire, the lateral hire employee shall continue to advance to the next step after completion of the number of months required for all employees.

Placement on the wage scale is not subject to the grievance procedure.

Service time credit shall have no effect on classification, or other seniority rights.

ARTICLE 11 - HOURS OF WORK

- 11.1 The workday shall normally consist of twelve (12) hours of work including mealtime and rest periods; provided that upon request of either the City or the Union, this Section may be renegotiated at any time for the betterment of police service. The

above-mentioned schedule may be revised to cover unusual occurrences. These revised schedules will be temporary and will be returned to the normal schedule upon resolution of the unusual occurrence(s) or sooner if agreed to by the parties. Schedules may be adjusted by mutual agreement of an employee, the Union and Employer. An employee may be changed to an eight (8) hour shift for training, provided said employee will not be forced to use unscheduled accrued personal leave.

- A. Four-ten (4/10) Work Week Exception - Those employees occupying the Detective position will be scheduled for a workweek consisting of four (4) consecutive days and ten (10) consecutive hours falling within Monday through Friday. The Employer may utilize the 4/10 schedule for the Administrative Sergeant or School Resource Officer (SRO) positions.
- B. Five-Eight (5/8) Work Week Exception – The Employer may establish a workweek consisting of five (5) consecutive days of eight (8) consecutive hours falling within Monday through Friday for the School Resource Officer and for the Administrative Sergeant position.

11.2 The normal two (2) week rotation shall consist of five (5) twelve (12) hour days and two (2) ten (10) hour days. The normal start times will be 7:00 a.m. and 7:00 p.m.; provided, however, the start times of members working a ten (10) hour day may be subject to a delay of up to two (2) hours. Four (4) squads with five (5) members per squad will work 7:00 a.m. – dayshift and 7:00 p.m. – nightshift. Rotation of all shifts will be every three (3) months. All shifts will consist of a twelve (12) hour or ten (10) hour workday schedule and mirror the same days on and off as their counterpart squad.

- A. School Resource Officer's workweek and shift start times shall generally be consistent with the hours of operation of the school district, generally from 7 a.m. - 3 p.m., on a Monday-Friday basis.
- B. The Administrative Sergeant's position workweek and start times shall be either Monday-Friday from 9 a.m. - 5 p.m. or Monday-Thursday from 9:00 a.m. – 7:00 p.m.

11.3 Mealtime shall consist of a forty-five (45) minute break per twelve (12) hour shift as near as convenient to the middle of the shift. Rest breaks shall consist of two (2) fifteen (15) minute periods, one during the first half of the shift, the second during the second half of the shift, provided that the shift supervisor may make appropriate adjustments. Bona fide emergency conditions will be considered just cause to require covered and affected officers to miss breaks and/or lunch periods, and any breaks or lunch periods missed shall not be recoverable as overtime.

11.4 No covered employee shall be required to work a shift with less than an eight (8)

hour rest break between shifts except as outlined in Section 9.2, or an unusual occurrence or by mutual consent of the affected parties and the approval of their shift commanders.

- 11.5 As used in this Article, "unusual occurrences" mean law enforcement related activities which occur on an infrequent or sporadic basis that are outside the scope of the normal routine activities of the department. Some examples of unusual occurrences are: Rodeo, Senior Golf, Special Criminal Investigation, and unforeseen or unplanned personnel leave due to illness or injuries. This section is not intended to be used as a means to cancel pre-approved annual leave.
- 11.6 Employees, with the approval of the Chief or Captain, may exchange days off when unforeseen circumstances arise. Such an exchange in shift shall not by itself constitute a basis for entitlement to overtime compensation.

ARTICLE 12 - OVERTIME COMPENSATION

- 12.1 All work which has been specifically authorized by the Shift Supervisor which is performed in excess of the employee's regularly scheduled shift, shall constitute overtime, and shall be paid at one and one-half (1-1/2) times the employee's straight time rate of pay. Regular scheduled shift changes shall not be a basis for overtime.
- 12.2 When required to appear in court to testify outside of the employee's regularly scheduled shift, the employee shall be paid a minimum of four (4) hours at the applicable time and a half rate. A court appearance which begins within the employee's regularly scheduled shift and continues beyond the end of the shift shall be considered as a continuation of that shift.
- 12.3 In the event of an employee being called back to duty outside of the employee's regularly scheduled shift, the employee shall be paid a minimum of two (2) hours at the applicable time and a half rate of pay.
- 12.4 Employees assigned to out-of-town duty shall be reimbursed for their travel expenditures, plus any overtime they may accrue.
- 12.5 Any covered employee regularly scheduled to be off duty which includes those employees assigned to investigative duties, when called back to work on New Year's Day, Memorial Day, Fourth of July, Thanksgiving Day, or Christmas Day shall be paid for time actually worked at double the employee's regular straight time rate of pay; any such hours the employee is unable to take when called back to work will be placed back into said employee's annual leave bank.
- 12.6 Employees called back to work when off on scheduled annual leave shall be paid for time actually worked at double the employee's regular straight time rate of pay;

any such hours the employee is unable to take when called back to work will be placed back into said employee's annual leave bank.

- 12.7 Employees called back to work on a scheduled day off taken in combination with a scheduled annual leave (vacation) consisting of seven (7) consecutive calendar days shall be paid for time actually worked at double the employee's regular straight time rate of pay.
- 12.8 During the Basic Law Enforcement Academy, the employee shall not be required to perform regular police related duties and shall be provided eight (8) round trips to and from Ellensburg at City Expense.
- 12.9 In lieu of payment of overtime, an employee may request compensatory time off, to be accumulated at the applicable rate of compensation for each hour of overtime. Compensatory time hours may only be accumulated in half-hour increments, unless smaller increments are authorized in advance by the Police Chief.
- 12.10 The decision whether overtime worked by an employee should be paid as overtime or accumulated as compensatory time shall be made by the employee; provided, however, any request for an accrual of compensatory time which would result in an accrued balance of compensatory time in excess of forty (40) hours shall be denied and be treated as paid overtime
- 12.11 Use of accrued compensatory time shall be treated in the same manner as annual leave time; that is, the use requires prior supervisory approval and the meeting of minimum staffing requirements. A request to use compensatory time off will be denied if the requested use would require the payment of overtime to another employee in order to allow for the requested use.

ARTICLE 13 – ANNUAL LEAVE

- 13.1 Each full-time employee shall accrue annual leave as set forth below, based on the employee's continuous length of service which has accumulated since the employee's most recent anniversary date of employment. An employee may take annual leave provided it has been earned and its use has been approved in writing by the Chief, or the Chief's designee. "Annual Leave" is comprised of vacation, holidays, and Employee Choice Days.
- 13.2 The following holidays are recognized as being those for which the holiday leave portion of annual leave is granted:
 - 1. New Year's Day
 - 2. Martin Luther King's Birthday
 - 7. Labor Day
 - 8. Thanksgiving Day

- 3. Presidents' Day
- 4. Memorial Day
- 5. Independence Day
- 6. Juneteenth
- 9. Day after Thanksgiving
- 10. Christmas Day
- 11. Five (5) Employee Choice Days

13.3 Annual Leave time shall accrue on the following basis:

YEARS OF CONTINUOUS SERVICE	HOURS PER YEAR	RATE OF ACCRUAL PER MONTH
During 1 through 4, inclusive	216	18
During 5 through 9, inclusive	240	20
During 10 through 14, inclusive	264	22
During 15 through 19, inclusive	288	24
After 19 years	312	26

13.4 Employees hired prior to February 1, 2001, shall have their unused accrued vacation, holiday leave time and Employee Choice Days combined and placed into their Annual Leave Bank.

13.5 Lateral Hire:

- 1. The employer may credit lateral hire employees with a one-time deposit of annual leave equal to forty (40) hours.
- 2. The employer may also provide credit for years of service as a fully commissioned law enforcement officer and start the lateral at year five (5) of the accrual scale. Once placed on the annual leave accrual scale, including the time credit upon initial hire, the lateral hire employee shall advance to the next step after completion of the number of months/years required for all employees.
- 3. This provision is at the sole discretion of the Chief and is not subject to the grievance procedure.

13.6 No annual leave time shall accrue during that time when an employee covered by this Agreement is off the job for thirty (30) successive days or longer because of non-duty connected injuries or leave of absence without pay.

13.7 All covered employees shall receive the days off as designated in Section 11.3, but their regularly scheduled days off shall not be counted as annual leave.

13.8 The maximum accrued annual leave carryover from year to year shall be limited to two hundred and forty (240) hours as of December 31st of any year.

- A. It is the employee's responsibility to utilize their excess annual leave each

year, except when Departmental manpower requirements preclude use of accrued annual leave time and any such carryover is approved by the City Manager.

13.9 Vacation Bids: Employees shall have the option of bidding one primary and one secondary annual leave. Vacations will be approved based upon seniority within the squad, and priority.

A. Employees opting to submit a primary annual leave request shall do so between January 1st and February 15th of each year. Employees opting to submit a secondary annual leave request shall do so between February 16th and March 1st of each year. Submitted primary and secondary annual leaves must consist of a minimum of forty (40) hours annual leave each. After March 1st, annual leave shall be granted on a first-come, first-served basis. This vacation bid system shall cover a twelve (12) month period, from March 1st to February 28th of the following year.

B. The employer shall maintain an annual leave schedule for the Patrol Division. A maximum of six (6) employees may be allowed to be on approved priority leave at the same time, so long as minimum manning strengths are met, and subject to the approval of the employee's supervisor. Day-to-day annual leave is subject to minimum manning strength and supervisory approval.

C. The employer shall maintain an annual leave schedule for the Detective Division. The employer shall determine the maximum number of employees permitted to be on annual leave at the same time on this schedule.

13.10 Employees who resign, are discharged for cause or whose employment with the Department otherwise terminates, shall receive a sum of money calculated based upon their most recent straight time hourly rate of pay for any accrued annual leave time which has not been used or forfeited. The employee's annual leave for the year during which employment terminates will be prorated utilizing the accrual rate as established within 11.3 above.

ARTICLE 14 - SICK LEAVE

14.1 All members of the Police Department shall be entitled to sick leave with pay at the employee's regular rates when they are incapacitated from the performance of their duties by reason of sickness or injury resulting from causes beyond the employee's control, or when through exposure to contagious diseases, the presence of the employee at the employee's post of duty would jeopardize the health of others; or for any reason authorized in the Washington Paid Sick Leave Act, RCW 49.46.210

- A. All covered employees who receive disability benefits under the LEOFF System shall use their accrued sick leave before being eligible for disability leave from the Kittitas County Disability Board as described under the LEOFF law.
- B. Sick leave shall accrue at the rate of eight (8) hours per month from the first day of employment and unused sick leave may accrue without limit.
 - 1. The employer may credit lateral hire employees with a one-time deposit of sick leave equal to forty (40) hours.

This provision is at the sole discretion of the Chief and is not subject to the grievance procedure.

- C. Notification of absence due to illness shall be given to the immediate supervisor/Sergeant as soon as the necessity for this absence is known to the employee. Employees are required to give ten (10) days' notice of the need for sick leave usage or as early as practicable to do so. If the need is unforeseeable, notice shall be given as soon as possible before the required start of shift, unless it is not practicable to do so. Another person can provide notice on employee's behalf if impracticable for employee to do so.
- D. When an employee is absent for a period in excess of three (3) consecutive workdays, the employee may be required to obtain and submit a doctor's statement to the Human Resources Department. The employee must provide verification within ten (10) days of the initial absence if required.

14.2 Whenever an employee off duty on paid annual leave is actually disabled or ill during that period, the employee may charge such absence to the employee's sick leave account by sending prompt notice to the Police Chief or the Chief's designate providing that an illness of more than three (3) consecutive workdays may require a doctor's certificate to verify the illness. Remaining annual leave, while ill, shall then be deferred.

14.3 The parties recognize the application of Chapter 49.78 and 49.12 RCW, the Federal Family and Medical Leave Act of 1993 and the RCW 49.46.210, the Washington Paid Sick Leave (WSPL), to this agreement. This recognition is not intended to reduce any additional benefit provided by the collective bargaining agreement. When there is a difference in benefits between the Federal Act, the State RCWs and WPSL, the affected employee shall receive the greater benefit of the three (3).

14.4 An annual status report of accrued vacation and sick leave shall be given to each employee. Employees will be notified of their paid sick leave balances each payroll on their paystub/direct deposit statement.

ARTICLE 15 - HEALTH CARE BENEFIT PROGRAM

- 15.1 The Employer shall pay each month into the following employee health care benefit plans, on account of each member of the bargaining unit who was compensated for eighty (80) hours or more in the preceding month. The employees shall, by payroll deduction, pay a monthly contribution as set forth in subsection 15.2 below.
- A. Effective January 1, 2026, Washington Teamsters Welfare Trust Health and Welfare Plan A.
 - B. Effective January 1, 2026, Dental Plan A.
 - C. Effective January 1, 2026, Vision Plan EXT.
 - D. Effective January 1, 2026, and through the term of this Agreement, the Employer agrees to pay \$175.00 per month per bargaining unit member for the Teamsters Retiree Welfare Trust Plus XL plan.
- 15.2 The Union agrees during the life of this Agreement, that it will not request any additional benefits for any of the above-listed employee benefit plans, and the Employer agrees that during the life of this Agreement, it will pay any increase in contribution rates as required by the Trustees of the employee benefit trusts to maintain these benefits.
- A. Effective January 1, 2026, each bargaining unit member shall pay through payroll deduction, one hundred dollars (\$100.00) per month toward the premiums for the health care benefit plans identified in this Article.
 - B. Effective January 1, 2026, in addition to the above-referenced monthly payroll deduction, members shall pay through such payroll deduction ten percent (10%) of all premium increases effective on or after January 1, 2026, for these plans.
- 15.3 The Employer agrees to provide the employee with a \$25,000 group life insurance policy at no expense to the employee.
- 15.4 The Employer agrees to maintain a Long-Term Disability Insurance plan that is at least equal to the coverage in effect at the time this agreement is signed.

ARTICLE 16 - POLICE DEPARTMENT LIABILITY INSURANCE

- 16.1 In accordance with Resolution No. 1987-06, the City agrees to indemnify and hold harmless employees who have acted within the scope of their employment and to provide adequate liability insurance coverage at no cost to the employee. Coverage will not be lower than:
- A. \$1,000,000 each person
 - B. \$1,000,000 each occurrence

ARTICLE 17 - UNIFORM ALLOWANCE

17.1 Upon employment, the Employer shall furnish clothing and equipment for each employee as follows:

1.	Three pairs of trousers
2.	Two long sleeve shirts
3.	Two short sleeve summer shirts
4.	Approved neck wear
5.	One jacket
6.	One duty belt, cuff case, shell case, and holster
7.	One service weapon, if necessary
8.	One pair of handcuffs
9.	All necessary badges, buttons, and patches
10.	One department approved bullet-proof vest (to be worn while on-duty according to department regulations). Employees will have a choice of threat level IIA or II or IIIA type vest and said choice must be in writing.
11.	One pair of department approved boots, price not to exceed \$250.00.
12.	One pair of department approved shoes, price not to exceed \$100.00.

- A. The Employer shall utilize the "Quartermaster System" in replacing uniforms and equipment. Approval for replacement will be based upon normal wear. Used uniforms and equipment will be returned to the employer upon receipt of the new items; provided however, an employee may retain for personal use boots and/or shoes at the end of their useful life if the employee paid any portion of their original cost of purchase. Used uniforms and equipment will be disposed of by the employer in accordance with the City's surplus property disposal codes.
- B. Any loss due to employee neglect or misuse shall be replaced at the employee's expense.

17.2 Commissioned personnel assigned by the Police Chief to a plain clothes capacity shall receive a clothing allowance not to exceed \$600 per annum. Commissioned personnel assigned by the Police Chief to the Anti-Crime Team shall receive a clothing allowance not to exceed \$600 per annum. Personnel so assigned for a period of less than twelve (12) months may have this allowance modified at the discretion of the Police Chief.

17.3 Clothing maintenance expenditures do not include cleaning, pressing, and

alteration of uniforms or clothing after initial issue, except the City will repair or replace uniforms or clothing damaged in the line of duty where such damage is not attributed to the negligence of the employee.

- 17.4 Employees may carry personally owned weapons with the written permission of the Police Chief. In such cases, the City shall pay for the repair and maintenance expenditures of such weapons providing that such repair and maintenance are not caused by the negligence of the employee; and providing further that the City covered expenditures shall not include re-bluing, re-barreling, or new cylinders where replacement is caused by rusting or pitting; nor shall the City pay for factory repairs of such weapons when out of warranty.

ARTICLE 18 – TERMINATION/SEPARATION PAY AND METHOD OF COMPUTATION

- 18.1 Upon termination or separation of employment for any reason, all regular full-time employees shall receive severance pay for:
- A. Accrued and unused annual leave time.
 - B. Overtime for which pay has been authorized.
- 18.2 Following a disability retirement as determined pursuant to RCW 41.26.120, or a line-of-duty death, an employee or the employee's designated beneficiary shall receive one hundred percent (100%) payment of accumulated sick leave up to five hundred (500) hours.
- 18.3 Termination/separation pay shall be computed in the following manner:
- A. Add the number of earned and unused annual leave hours and the number of earned and allowable sick leave hours.
 - B. Multiply the aggregate hours in (A) above by the terminating employee's straight time hourly rate as shown in the salary schedule in Appendix A.

ARTICLE 19 - LAYOFFS

- 19.1 Layoffs shall be determined on the basis of seniority for employees covered by this Agreement; that is, employees covered by this Agreement shall be laid off on the basis that those persons with the least amount of time of employment with the Police Department shall be laid off first, regardless of the position occupied. If the position is reinstated within two (2) years, the affected employee shall be notified by certified mail, return receipt requested, and shall have thirty (30) days in which to accept or reject the offered position and no new employee shall be hired within the affected classification until the released employee has had the opportunity to

exercise the option to return. The affected employee's option must be stated in writing and shall be sent to the city manager by certified mail, return receipt requested.

ARTICLE 20 - CORRESPONDENCE

20.1 The parties hereto shall reply to any correspondence in writing within fourteen (14) calendar days from the date such correspondence is received. If the party initiating said correspondence wishes it to be subject to this Article, it shall be forwarded to the parties hereto by registered mail or certified mail.

ARTICLE 21 - NON-DISCRIMINATION AND COMPLIANCE

21.1 The Employer and the Union each agrees not to discriminate against any employee for their membership or non-membership in the Union, or because of race, religious creed, color, national origin, or sex. The Employer and Union recognize the need for compliance with the Americans with Disabilities Act (ADA).

ARTICLE 22 - PERFORMANCE OF DUTY

22.1 Nothing in this Agreement shall be construed to give an employee the right to strike and no employee shall strike or refuse to perform the employee's duties to the best of the employee's ability during the term of this Agreement. The Union agrees that it will not condone or cause any strike, slow-down, mass sick call or any other form of work stoppage or interference of normal operation of the Department during the term of this Agreement. The Employer agrees not to engage in any lockouts.

ARTICLE 23 - OFF-DUTY EMPLOYMENT

23.1 All off-duty employment involving the use of, or potential use of police authority, shall be approved in writing in advance by the Police Chief.

23.2 Any outside work, irrespective of hours worked, involving a conflict of interest, or is clearly demeaning to the police profession, is prohibited.

23.3 Any employee covered by this Agreement who is unable to perform the employee's duties as an employee of the City of Ellensburg because of off-duty employment may be disciplined, suspended, or discharged in accordance with Article 6 of this Agreement.

ARTICLE 24 - EDUCATION INCENTIVE PAY

24.1 Education Pay

- A. Education Incentive Pay shall be available to regularly appointed commissioned non-probationary police officers as an incentive program to increase the employee's education level.
- B. Courses shall be from a recognized, accredited college or university with a passing final grade of "C" or better, exclusive of any in-service training program.
- C. The course work shall be from an approved major field of study such as Police Science, Political Science, Sociology, Psychology, subject to prior approval by the Chief of Police. Course work and estimated costs must be submitted for approval not later than June 30 of the year prior.
- D. Payment of education incentive pay shall be subject to a commitment by the officer to remain as an employee of the City for two (2) years after completing the course work.
- E. The City shall pay the costs of tuition and associated books upon successful completion of course work. Receipts must be submitted within sixty (60) days of course completion.
- F. Employees shall be paid the following upon completion of credit hours and/or attaining a degree:

90 credit hours	2% per month
B.A./B.S. Degree	4% per month

 - 1. Education incentive pay must be requested by the employee; the request shall include official transcripts showing the declared major and the credits or degree achieved which must be approved by the Chief; and education incentive shall not be retroactively applied.

ARTICLE 25 – RETIREMENT

- 25.1 The City shall contribute on behalf of each member into the Law Enforcement and Fire Fighters (LEOFF) retirement system at the amount prescribed by the State of Washington.

ARTICLE 26 - CLASSIFICATIONS - WAGE RATES - OTHER CONDITIONS

- 26.1 See attached Appendix A - Classifications and Wage Rates
- 26.2 See attached Appendix B - Physical Fitness Standards

26.3 The above-mentioned Appendixes are attached hereto and incorporated by this reference.

ARTICLE 27 - SPECIALTY POSITIONS

27.1 The following positions shall receive an additional two percent (2%) of base pay for those employees while assigned by the Police Chief:

- | | |
|------------------------|-----------------------------------|
| Reserve Coordinator | Detective |
| Detective Sergeant | SRO if not a Corporal or Sergeant |
| Anti-Crime Team Member | Evidence Officer |

A. The following positions shall receive a payment of \$500.00 if engaged in the training or related assigned duties of the position during the calendar year, as approved by the Chief of Police. If any one employee is assigned multiple duties as an instructor, the maximum amount provided shall be \$1,000.00. This additional pay shall be paid on the employees second pay period in November of each calendar year.

- | | |
|---------------------------|------------------------------|
| Patrol Tactics Instructor | Firearms Instructor |
| Less Lethal Instructor | Defensive Tactics Instructor |
| EVOC Instructor | First Aid/CPR Instructor |

27.2 Officers assigned as a Field Training Officer shall receive an additional four percent (4%) while assigned by the Chief of Police.

27.3 Commissioned personnel assigned by the Police Chief to a K-9 position shall receive an additional three percent (3%) of base pay while so assigned.

27.4 Compensation will not exceed a total of four percent (4%) for any one employee, except that FTO's and K-9 Officers may receive a maximum of two percent (2%) in addition to the FTO and K-9 assignment pay. The instructor pay specified in 24.1.A is in addition to the percentage pay identified for the positions in 24.1 and the FTO and K-9 positions.

27.5 It is understood that all specialty assignments are at the discretion of the Chief of Police.

A. In the event the parties agree to restore the Training Coordinator position to the bargaining unit as a specialty position in section 24.1, it will be added back to the list of positions in this section.

27.6 On-Call Compensation: Detective Sergeant shall receive an additional one percent (1%) of base pay (in addition to the two percent (2%) specialty pay above) to

compensate for any required standby or on-call time.

- A. Detectives and Anti-Crime Team members shall receive an additional two (2) hours of Detective Base Pay each week they are on-call {Detective Base Pay is First Class Police Officer plus two percent (2%)}

27.7 Bilingual Pay: Employees who demonstrate verifiable levels of fluency in Spanish shall be eligible for Bilingual Pay of an additional 1.5% of their base pay. An objective, third-party testing service will be used to establish an acceptable level of fluency. Employees must arrange with the Human Resources Department to be tested. Bilingual pay will not be applied automatically or retroactively. Bilingual pay will become effective on the first day of the pay period following receipt of the test results.

- A. Employees who test at the level of "intermediate High" to "Advanced Low" on the ACTFL scale, or a "Level 1+" to "Level 2" on the IRL scale will be considered conversationally fluent and will receive an additional 1.5% of their base pay.

ARTICLE 28 - OUT-OF-CLASS PAY

28.1 Any employee assigned by the Chief of Police to assume the duties and responsibilities of a shift supervisor shall receive compensation as follows:

- A. In the absence of a shift Sergeant, a Corporal shall receive compensation equal to Probationary Sergeant beginning with the fourth (4th) consecutive shift worked.
- B. In the absence of both Corporal and Sergeant, the designated Police Officer shall assume the duties as Officer in Charge (OIC). OIC pay shall start on the fourth (4th) consecutive shift and shall be equal to Corporal. .
 - 1. Sergeants shall designate the OIC officer, based on training and experience. Officers on probationary status are not eligible to be named as OIC. The designation shall be final and binding and is not subject to the grievance procedure.

ARTICLE 29 - PRODUCTIVITY

29.1 Delivery of municipal service in an efficient, effective, and courteous manner is of primary importance to the Employer and the Union.

ARTICLE 30 - DURATION OF AGREEMENT

30.1 This Agreement shall be effective as of the 1st of January, 2026, and shall remain in full force and effect until the 31st of December, 2028.

ARTICLE 31 - PREVAILING RIGHTS

31.1 All rights, privileges, and working conditions held by covered employees at the time of ratification of this Agreement, which are not included in this Agreement, shall remain operative for the term of this Agreement unless eliminated by mutual agreement between the parties.

ARTICLE 32 - SAVINGS CLAUSE

32.1 If any provision of this Agreement or the application of such provision should be rendered or declared invalid by any court action or by any reason of any existing or subsequently enacted legislation, the remaining parts or portions of this Agreement shall remain in force and effect. The parties shall enter into immediate collective bargaining negotiations for the purpose of arriving at a mutually satisfactory replacement for such Article or Section rendered or declared invalid.

ARTICLE 33 - LONGEVITY PAY

33.1 Ellensburg Police department employees shall receive, on their anniversary date of employment, longevity pay as listed below:

AFTER THE COMPLETION OF:

Five (5) years of service	One percent (1%) of base pay
Ten (10) years of service	Three percent (3%) of base pay
Fifteen (15) years of service	Five percent (5%) of base pay
Twenty (20) years of Service	Seven percent (7%) of base pay

A. Lateral Hire: Time approved by the Chief and credited for the purpose of pay, shall also count towards years of service when computing longevity.

ARTICLE 34 - RESERVE UNIT

34.1 Reserve Unit: There shall exist, at the option of the Employer a reserve unit of law enforcement reserve officers to which the provisions of this labor agreement shall not apply. Reserve officers may only be assigned duties of members of the bargaining unit in circumstances where, in the judgment of the supervisor on duty, additional assistance is needed beyond the capability of available bargaining unit

members. It is not the City's intent to use Reserve Officers to supplant overtime hours for regularly commissioned officers.

ARTICLE 35 – OFFICER WELLNESS PROGRAM

- 35.1 Should the employer choose to implement an officer wellness program, it shall include, at minimum, one mandatory annual wellness “check-in” with a qualified mental health professional. The program shall be confidential to the extent provided by law. The determination of the qualified health care provided shall be determined by mutual agreement between the employer and the union. All officers shall be required to attend the mandatory session. The check-in will be scheduled while the officer is on-duty to the extent possible, however, officers will be compensated at the overtime rate for actual hours worked to attend the wellness check-in, with a minimum of one (1) hour if overtime is required.
- A. If implemented, this program may be cancelled at the sole discretion of the Employer.

ARTICLE 36 – SIGNATURES

IN WITNESS WHEREOF the parties have executed this Agreement this _____ day of _____, 2026.

THE EMPLOYER:

Rich Elliott Date
Mayor

FOR THE UNION:

Richard A. Salinas 1-6-26
Richard A. Salinas Date
Secretary Treasurer

Heidi Behrends Cerniwey Date
City Manager

ORIGINAL

ATTEST:

City Clerk Date

APPENDIX A
CLASSIFICATIONS AND WAGE RATES

Pay Schedule Effective **01/1/2026** through **12/31/2028**:

Effective 01/01/2026 the base wage for Police Officers shall be increased by ten (10%) percent.

Effective 01/01/2027 the base wage for Police Officers shall be increased by four and one half (4.5%) percent

Effective 01/01/2028 the base wage for Police Officers shall be increased by four and one half (4.5%) percent

POSITION	2026	2027	2028
Sergeant Regular	\$10,326	\$10,883	\$11,373
Probationary Sergeant	\$9,753	\$10,284	\$10,747
Corporal	\$9,444	\$9,961	\$10,409
Police Officer First Class	\$8,826	\$9,223	\$9,638
Second Class	\$7,673	\$8,018	\$8,379
Third Class	\$7,255	\$7,582	\$7,923
Probationary	\$6,777	\$7,082	\$7,400

Effective 01/01/2026, the following pay structure will be implemented:

- Corporal Pay shall be set as seven (7%) percent above the Police Officer 1st Class
- Trial Period Sergeant pay shall be set at ten and one half (10.5%) percent above Police Officer 1st Class
- Sergeant pay shall be set at seventeen (17%) percent above Police Officer 1st Class

Effective 01/01/2027, the following pay structure will be implemented;

- Corporal Pay shall be set as eight (8%) percent above the Police Officer 1st Class

- Trial Period Sergeant pay shall be set at eleven and one half (11.5%) percent above Police Officer 1st Class
- Sergeant pay shall be set at eighteen (18%) percent above Police Officer 1st Class

Prior Lateral Hire Vacation and Annual Leave Adjustment for 2026

Effective upon ratification, the Employer agrees to evaluate the existing employees for previous credit as lateral hire employees for longevity and vacation accrual rates only, excluding pay rates. Any change in the longevity and annual accrual rates will be effective on 01/01/2026 and shall not be applied retroactively.

APPENDIX B PHYSICAL FITNESS STANDARDS

1B Physical Fitness Program

1B.1 Purpose

The purpose of this Appendix is to establish guidelines and procedures to test and evaluate the physical fitness of police officers of the Ellensburg Police Department. This test is voluntary for all officers and is intended to aid officers in maintaining physical fitness related to good health and good job performance. Officers who choose to participate in the program are eligible to receive additional compensation as outline herein.

1B.1.1 The officers will be permitted the use of, at no cost to them, and when not on duty, the Ellensburg City Pool during regular open hours.

1B.2 Participation

All officers are encouraged to participate in the program which will allow them to achieve and maintain the level of fitness required by this standard. The Chief of Police shall be responsible for the administration of physical fitness tests. The physical fitness tests shall be administered on an annual basis or more frequently as determined by the Certified Fitness Specialist.

1B.2.1 Officers shall be on duty while participating in the examination (testing) process but shall receive no overtime or extra compensation for the time spent taking the physical fitness examination unless ordered to take the test at a time other than scheduled hours of work.

1B.3 Qualification for Incentive Pay

To qualify for the physical fitness incentive pay, officers must meet the standards contained within this Appendix. Officers must pass each phase of the testing under the allotted time of sixteen (16) minutes to receive a 2% of base pay incentive, paid per pay period.

1B.4 Testing

Officers may attend one of the four regularly schedule testing dates; two (2) days at or near the end of June and two (2) days at or near the beginning of July of each year. No overtime is approved for testing. If priority leave or training interferes with the regularly scheduled testing dates, there will be one make up test date on or about 30 calendar days after the testing date. Anyone not on approved medical leave, who does not make one of the posted dates will not be eligible for the incentive pay until the following years testing. Those on medical leave will have until November 1st to schedule and complete the testing, but no later than seven (7) calendar days after their clearance for full duty. No accommodations will be made after November 1st.

1B.4.1 Officers anticipating missing the test dates may test earlier than the scheduled dates if accommodation is possible with the test proctor.

1B.5 Annual Requirement

Anyone receiving incentive pay, who does not attend or pass the testing on the next regularly scheduled dates or the make-up test date, will have their incentive pay suspended on the pay period following the last regular test date. This shall include those who are on approved medical leave

2.B Physical Fitness Incentive Tests

The testing shall be comprised of the following.

Push-ups (30)
Air Squats (30)
Up-Downs (30)
Flutter Kicks (60)
1-Mile Run

The testing will be broken up into phases which need to be completed within the allotted time of sixteen (16) minutes. The test will incorporate a one-mile run broken up into $\frac{1}{4}$ mile segments, with four different physical fitness activities to be performed between the $\frac{1}{4}$ mile runs. The participant will choose what order they want to perform the workout activities, and whether to start with a run or end with a run. The order must be told to the assigned test proctor prior to beginning the test. The timer will be started when the officer starts their first activity or lap and will be stopped when they complete their last activity or lap.

EXAMPLES of each:

$\frac{1}{4}$ mile run > Activity 1
 $\frac{1}{4}$ mile run > Activity 2
 $\frac{1}{4}$ mile run > Activity 3
 $\frac{1}{4}$ mile run > Activity 4

Or

Activity 1 > $\frac{1}{4}$ mile run
Activity 2 > $\frac{1}{4}$ mile run
Activity 3 > $\frac{1}{4}$ mile run
Activity 4 > $\frac{1}{4}$ mile run

2B.1 Push-Ups

Purpose - This test measures the muscular strength/endurance of the upper body muscles in the shoulders, chest, and back of the upper arms (the triceps) used in high intensity self-defense and arrest simulation training. This is important for use of force involving pushing motion, breaking one's fall to the ground, use of the baton, etc.

Equipment: Standard four (4) inch foam cube.

Procedures:

- o Read the Instructions to the participants.
- o Demonstrate the test, point out common errors and proper positioning.
- o Have the participant get down on the floor in the front leaning rest position and perform one test push-up to properly locate the foam cube at the costal arch and above the Xiphoid.
- o Have the participant lower their body until they slightly compress the foam cube and arms are at least parallel to the floor then push up again. The back must be kept straight, and the in each extension up, the elbows should lock. Resting is allowed, but only in the "up" position.
- o Before moving to the next test, a total of 30 pushups must be completed.

2B.2 Air Squats

Purpose – This test measures the muscular strength/endurance of the leg muscles, which are used in self-defense and high intensity arrest-simulation training. Further these muscles are important for performing tasks that involve the use of force, and it helps maintain good balance and endurance.

Procedures

- Read the instructions to the participant
- Demonstrate the event, point out common errors
- Have the participant perform 30 air squats before moving onto the next test.
- Standing in the upright position with feet separated at or near shoulder width, the officer will lower their body, so their thighs are parallel to the ground, and then return to the upright standing position. The movement starting at the top, squatting down, and standing back up will count as one repetition.
- If the thigh does not get to parallel, a warning will be given. Any subsequent repetitions where the thigh does not meet the parallel requirement will not count as a completed repetition.

2B.3 Up-Downs

Purpose – This test is a measure of cardio-respiratory endurance (or aerobic capacity) along with full body muscle groups used in extended control and defensive tactics training. This is important for performing tasks involving stamina and endurance (pursuits, searches, prolonged use of force situations, etc.) and for minimizing the risk of cardiovascular health problems.

Procedures

- Read the instructions to the participants.
- 1). Starting Stance
 - Stand upright with feet shoulder-width apart.
 - Keep knee slightly bent, arms relaxed at your sides
- 2). Drop Down
 - Quickly bend at the hips and knees.
 - Place your hands on the ground in front you.
 - Kick your legs back so you land in a push-up (plank) position.
- 3). Body Control
 - Keep your core tight and body straight.
- 4). Return to Squat
 - Jump or step your feet forward toward your hands.
 - Land in a low squat position with knees bent
- 5). Explode Upward
 - Drive through your legs and jump up to standing.
 - Reach your arms overhead or clap in front of you to indicate a repetition was completed
- During the plank the participants back must be straight. Should it be arched, a warning will be given. Should subsequent movements result in an arched back, the repetition will not count.

2B.4 Flutter Kicks

Purpose – This test works the abdominal muscles and hip flexor muscles to test endurance.

Procedures

- Read the instructions to the participants
- 1). Starting Position
 - Lie on your back, flat on the ground/exercise mat.
 - Place hand under your lower back or glutes for support
 - Keep your legs straight, heels about 6-12" off the ground.
 - Engage your core by pressing your lower back into the floor.
- 2). The Movement
 - Begin alternating small, quick up-and-down kick with your legs.
 - One leg lifts slightly while the other lowers, mimicking a swimming flutter kick.
 - Keep movement controlled – not wild and swinging.
- 3). Breathing
 - Keep a steady breathing rhythm – avoid holding your breath
 - Inhale through your nose, exhale through your mouth while keeping your abs tight.
- 4). Repetition
 - Each kick must go a minimum of 6" off the ground, and the heel of the falling foot cannot touch the ground once the test is started.
 - If the heel touches the ground, or the minimum height of 6" is not reached, a warning will be issued.
 - Subsequent repetitions that fail to meet requirements will not be counted.
 - A repetition is considered complete when the foot rises to the minimum requirement of 6" off the ground.

2B.5 1-mile Run

Purpose – This test is a measure of cardio-respiratory endurance (or aerobic capacity) used in extended control and defensive tactics training. This is important for performing tasks involving stamina and endurance (pursuits, searches, prolonged use of force situations, etc.) and for minimizing the risk of cardiovascular health problems.

Procedures

- Read the instructions to the participants
- The run will be divided into four (4) ¼ mile run phases, broken up by one of the above four mentioned workout activities.
- Each run will start and end at the same physical location on the track.

3B Revisions to this Appendix can only be achieved by mutual agreement between the parties. Disputes regarding revisions to this Appendix shall be resolved through Article 7, Grievance and Arbitration procedures, of this collective bargaining agreement.



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: 2026 Payment Agreement with Kittitas County Emergency Medical Services (EMS) and Trauma Care Council
Submitted by: Gretchen Delaford, Executive Assistant
Department: City Manager

Suggested Motion/Action:
Authorize the City Manager to execute the 2026 Payment Agreement with Kittitas County EMS and Trauma Care Council.

Background/Summary:
In accordance with the Interlocal Agreement for the operation of the Kittitas County EMS Division originally signed in 1995, the attached 2026 Payment Agreement has been submitted to the City of Ellensburg for approval.

Previous Council Action:
Each year the City Council approves the proposed payment agreement for the City's share of services.

Analysis:
Individual jurisdictions within Kittitas County are charged a percentage of the EMS Division budget based on a population distribution which is derived from the Office of Financial Management. Attached to this agenda report is a Memo from Cheryl Burrows, EMS Coordinator, the Payment Agreement for 2026. The amount allocated to Ellensburg for 2025 is \$126,017.00 to be paid in quarterly installments.

Financial Impact:
The proposed Payment Agreement in the amount of \$126,017 is based on the Proposed 2026 Kittitas County EMS Division Office Budget Plan.

Budget Adjustment: No

- Attachments:**
1. A950946-13 - Kittitas County EMS-2026KCEMS-TC Council Payment Agreement

**Kittitas County Emergency Medical Services Division
Proposed 2026 - Office Budget Plan - Revised Resolution #8-14-25-A**

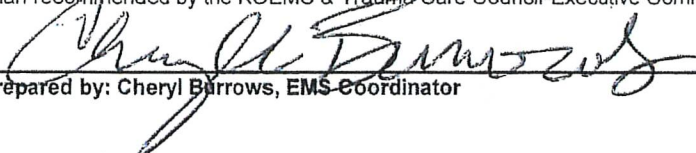
Description Projected Expenditures	Actual 2024	Rev. Budget 2025	Approved 2026	Notes
Salary - Coordinator (1 FTE):	90,042.00	103,428.00	106,536.00	3% COLA estimate
EMS Assistant (+Casual Employ)	37,727.81	61,187.28	65,526.00	5.5% COLA/Step estimate
Benefits/Emp. Taxes Coord/Asst	50,068.95	80,000.00	77,400.00	Approx 45% of salaries ('25=44%)
Professional Support (Acct. / Legal)	0.00	600.00	600.00	Accrual as needed
County Administrative Fee	600.00	720.00	600.00	Acct. Admin Fee
Rent & Utilities (new lease 9/21)	14,865.20	18,400.00	21,500.00	\$1,440 + \$375 avg. Utilities + misc.
Phone/Internet/Cells:	2,720.16	3,000.00	3,300.00	Office line, EMS cell, asst. cell, internet)
Postage:	420.32	500.00	500.00	
Office Supplies:	588.18	600.00	600.00	
Photocopies/Printing:	4,334.20	4,700.00	4,700.00	copier lease & other printing
Computer Serv./Software/Website:	3,585.11	4,000.00	4,200.00	ERS/Accting/Website maint. +
Travel/Gas/License/Other	1,297.65	2,200.00	2,200.00	
Training/Conferences (Best Practices)	541.86	800.00	800.00	
Insurance	3,342.00	3,400.00	3,600.00	-vehicle insurance from User Fee
Office Equipment (replacement)	824.64	600.00	600.00	Accrual fund
Miscellaneous (bank fees +)	200.00	700.00	700.00	Fees and unexpected expenses.
TOTAL EXPENDITURES:	\$211,158.08	284,835.28	293,362.00	
Vehicle/Insure/oil/tires(user fee)	1,200.00	1,200.00	1,200.00	insurance/maintenance
Training-Copier Lease fund transfer	\$2,000.00	2,000.00	2,000.00	FY26 training copies exp.
Salary Credit Carryover:	0.00	20,486.28	0.00	Pending Staffing Costs/Changes.
Jurisdiction Projected Contribution	\$207,958.08	\$261,149.00	\$290,162.00	OFM Pop. 48,950 (4/1/25)
Kittitas County	113,528.00	120,128.54	132,807.00	0.4577
City of Ellensburg:	112,007.00	112,555.22	126,017.00	0.4343
City of Cle Elum:	12,164.00	12,274.00	13,638.00	0.0470
City of Kittitas:	7,602.00	7,834.47	8,560.00	0.0295
City of Roslyn:	5,068.00	5,222.98	5,716.00	0.0197
Town of S. Cle Elum:	3,041.00	3,133.79	3,424.00	0.0118
TOTAL JURISDICTION REVENUE:	\$253,410.00	261,149.00	290,162.00	100.00%
Annual Jurisdiction % Increase:	11.0%	3%	10%	
User Fee=Vehicle Replace (10 yr)	\$4,700.00	5,000.00	5,000.00	Fee based on #/type providers
Reserve/Accrual Fund		Revised		
Wage Survey Adjust & Credit to PJ	6,245.66	40,486.28		Pending Staffing Costs/Changes.
ASHI Training Site	15,110.79	18,090.79		
Public Education (ASHI courses)	4,421.81	5,401.05		
Benefit Accrual Fund	16,000.00	20,000.00		
Office Equip Accrual Fund	2,425.56	2,200.92		
Professional Support (Acct. / Legal)	3,651.70	5,651.70		
User Fee (Capt Equip/MPDD/Special Pro	29,971.02	33,645.62		
Total Annual Reserves:	\$77,826.54	\$125,476.36		Pending Year-end budget resolution
Participating Jurisdiction Credit:				

Population percentages derived from the Office of Financial Management, Forecasting Division for April 1, 2025.

The 2026 (1/1-12/31/2026) Office Budget Plan recommended by the KCEMS & Trauma Care Council-Executive Committee 8-14-2025.

Lee Hadden, Chair
Danielle Bertschi, Vice Chair

Prepared by: Cheryl Burrows, EMS Coordinator



“C”
Kittitas County
Emergency Medical Services and Trauma Care Council
and
Interlocal Cooperation Agreement Participating Jurisdictions


PAYMENT AGREEMENT

1. Term. The term of this agreement will be from January 1, 2026, until December 31, 2026.

2. Compensation. The named Participating Jurisdiction, City of Ellensburg, shall pay the Kittitas County EMS & Trauma Care Council (Council) a total of \$126,017.00 or less, depending on actual expenses; to be paid in quarterly payments to the Council of \$31,504.25, for their 43.43% of the daily operations of the Kittitas County EMS Division office in accordance with the Interlocal Cooperation Agreement. Actual expenses shall be documented by the Council to the Participating Jurisdiction in the form of a quarterly report to include a quarterly billing statement. Quarterly payments will be made at the beginning of each quarter. Revenue not expended or dedicated to the following year's budget will be credited to the Participating Jurisdiction in the second quarter of the following year.

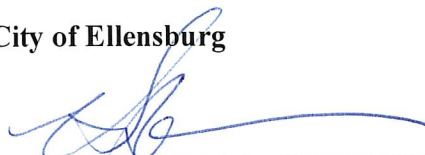
Agreed to and dated this 5th day of December, 2025.

Kittitas County EMS & Trauma Care Council:



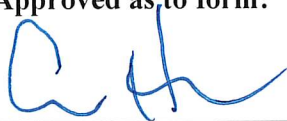
Lee Hadden, Chair
Danielle Bertschi, Vice Chair

City of Ellensburg



Heidi Behrends Cerniwey, City Manager

Approved as to form:



Attorney (optional)

VOUCHER APPROVAL

I, THE UNDERSIGNED, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE MATERIALS HAVE BEEN FURNISHED, THE SERVICES RENDERED OR THE LABOR PERFORMED AS DESCRIBED, OR THAT ANY ADVANCE PAYMENT IS DUE AND PAYABLE PURSUANT TO A CONTRACT OR IS AVAILABLE AS AN OPTION FOR FULL OR PARTIAL FULFILLMENT OF A CONTRACTUAL OBLIGATION, AND THAT THE CLAIM IS A JUST, DUE AND UNPAID OBLIGATION AGAINST THE CITY OF ELLENSBURG, AND THAT I AM AUTHORIZED TO AUTHENTICATE AND CERTIFY TO SAID CLAIM.


 Digitally signed by Jerica Pascoe
 Date: 2026.01.13 08:37:56 -08'00'
Jerica Pascoe
 AUDITING OFFICER DATE

CLAIMS VOUCHERS AUDITED AND CERTIFIED BY THE AUDITING OFFICER HAVE BEEN RECORDED ON THE ATTACHED LISTING, WHICH HAS BEEN MADE AVAILABLE TO THE COUNCIL AS OF THIS **20TH DAY OF JANUARY 2026**. THE COUNCIL, BY A VOTE, HAS APPROVED FOR PAYMENT THE VOUCHERS INCLUDED IN THE ABOVE LIST AND FURTHER DESCRIBED AS FOLLOWS:

Claims Fund				Total Amounts
Check #'s	172742	TO	172962	\$ 1,949,772.37
EFT #'s	7765	TO	7803	\$ 2,276,909.13
Treasure Cash				Total Amounts
EFT #'S	1560	TO	1593	\$ 383,516.77
Check #'s	34509	TO	34515	\$ 511.50
Payroll Fund				Total Amounts
Check #'s	96550	TO	96551	\$ 4,618.89
Direct Deposits	89760	TO	89994	\$ 548,023.75

COUNCIL MEMBER

COUNCIL MEMBER

COUNCIL MEMBER

COUNCIL MEMBER

ATTEST: _____
CITY CLERK

	Residency Requirement	Members within City Limits	Members outside City Limits	CWU-Appointed	ESD-Appointed	Ex Officio (EHS-Appointed)	Utility Customers	Alternates	Total Members	Current Vacancies	Applicant Name
Affordable Housing Commission	Y	6	1	N/A	N/A	N/A	N/A	N/A	7	0	
Arts Commission	N	4	2	N/A	N/A	N/A	N/A	N/A	7	1	
Civil Service Commission	Y	2	0	N/A	N/A	N/A	N/A	N/A	3	1	
Diversity, Equity & Inclusion Commission	Y	5	0	N/A	N/A	N/A	N/A	N/A	9	4	
Ellensburg Transportation Advisory Committee	N	6	1	2	1	N/A	N/A	1	7	1 (alternate)	
Environmental Commission	Y	5	1	1	1		N/A	N/A	7	1 (EHS appointments)	
Landmarks & Design Commission	Y	6	1	N/A	N/A	N/A	N/A	N/A	7	0	
LEOFF Board	Y	3	1	N/A	N/A	N/A	N/A	N/A	5	1	
Library Board	Y	7	0	N/A	N/A	N/A	N/A	N/A	7	0	
Lodging Tax Advisory Committee	N	4	1	N/A	N/A	N/A	N/A	N/A	7	2	
Parks & Recreation Commission	Y	6	1	N/A	N/A	N/A	N/A	N/A	7	0	
Planning Commission	Y	7	0	N/A	N/A	N/A	N/A	N/A	7	0	
Utility Advisory Committee	N	5	0	1	N/A	N/A	4	N/A	7	2 (Utility customers)	

From: noreply@civicplus.com
To: [Gretchen Delaford](#)
Subject: [Ext] Online Form Submittal: Application for Reappointment
Date: Saturday, November 15, 2025 10:42:24 AM

CAUTION - EXTERNAL EMAIL: The email below is from an external source. Please exercise caution before opening attachments, clicking links, fulfilling requests, or following guidance.

Application for Reappointment

Application for Reappointment

For volunteering to serve on a Board or Commission

Name of Board or Commission Ellensburg Transportation Advisory Committee

Current Term Expires December 31 of current year

First Name of Member Jim

Last Name of Member Hurson

Address 1

Address 2 *Field not completed.*

City Ellensburg

State WA

Zip 98926

Phone Number

Email Address

I am requesting to be considered for reappointment for another ____ year term.

3

Why are you seeking reappointment?

I would like to continue our committees work in advancing our transit system and I have experience in transportation infrastructure and public works.

Type your name as
your electronic
signature

Jim Hurson

Date

11/15/2025

Email not displaying correctly? [View it in your browser.](#)



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Closed Record Hearing (Quasi-Judicial) for Rezone Application P25-115, Commercial Highway (C-H) to Light Industrial (I-L), and First Reading of Ordinance 4980 (Limited Public Comment)

Submitted by: Mark Rud, Associate Planner

Department: Community Development

Suggested Motion/Action:

Move to approve rezone application request P25-115 to rezone parcels 952909 and 952910 (Lot G of Kittitas County Auditor's File Number 202506160017) to Light Industrial (I-L) and adopt the Hearing Examiner's Recommended Findings of Fact, Conclusions of Law, and Decision, and to conduct first reading of Ordinance 4980.

Background/Summary:

GENERAL INFORMATION

Applicant: Joel Greear of property owner Solar Dolar LLC

Project Summary: The applicant seeks to rezone the subject property from Commercial Highway (C-H) to Light Industrial (I-L) for the purpose zoning conformance with existing use and potential future development of similar uses.

Location: The property is located at 2011 Old Hwy 10 near the intersection of Reecer Creek Rd; Kittitas County Assessor's Parcel ID #952909 & 952910 were recently combined into a single lot of record via Boundary Line Adjustment (BLA) under City File # P25-045, recorded as Kittitas County Auditor's File Number # 202506160017. See Exhibit 1.1.

BACKGROUND AND SITE INFORMATION

Site History: The property is in the C-H zone, with 5 commercial storage unit buildings ("miniwarehouse facility"). Applicant has recently requested final inspections for occupancy.

Site Characteristics: The site topography is relatively flat except for on-site stormwater retention swales along north and south property line, and a large on-site floodplain compensatory storage pond at the east of the property. The Old Hwy 10 frontage is largely unimproved outside the road pavement section. A previous plat was approved with a deferral of street improvements (sidewalks, etc.). See Exhibit 1.2

Surrounding Properties: A zoning map of the surrounding properties is attached as Exhibit 1.3 and further described below:

North: Zoned Residential Suburban (R-S): consisting of detached single-family homes

(Currier Creek Estates subdivision)

South: Zoned I-L and C-H: consisting of mixed uses including open-air aggregate storage between Old Hwy 10, Reecer Creek Rd, and W University Way; and unimproved agricultural lands south of the BNSF right-of-way (ROW) and W University Way

East: Zoned C-H, Commercial Neighborhood (C-N), and R-S: consisting of “miniwarehouse facilities” and open-air storage; and low-density residential and agricultural lands

West: Zoned C-H and Regional Center Mixed Use (RCMU): consisting of light industrial use northeast of Old Hwy 10 and the BNSF ROW; and unimproved agricultural lands southwest of the BNSF ROW

Access: Access to the property is from Old Hwy 10, designated a Minor Arterial, with secondary legal emergency access via existing thirty-foot (30') wide easement established by the Currier Square Business Park short plat as shown on BLA P25-045 - see Exhibit 1.1.

Zoning and Development Standards, ECC Title 15: Ellensburg City Code (ECC) Table 15.310.040, “Nonresidential Uses,” indicates that “miniwarehouse facilities” are not permitted in current C-H zoning, and are permitted as a Conditional Use in the proposed I-L zone.

Comprehensive Plan: See the map attached as Exhibit 1.4. The Ellensburg Comprehensive Plan’s Future Land Use Designation of the property is Mixed Business Park, intended to accommodate a range of commercial and industrial activities typified by office uses, low impact light industrial uses, businesses that may include several uses such as manufacturing, research and development, warehousing, distribution, office, retail customer service, or showrooms. Mixed Business Park Zoning Options include I-L, C-H and RCMU – see Exhibit 1.5. The Mixed Business Park Future Land Use designation is consistent with parcels immediately south, east, and west of the subject property.

Environmental (SEPA) Review

Structures have been established on the property as part of the site’s development for “miniwarehouse facilities.” This development was previously subject to SEPA Mitigated Determination of Non-Significance (MDNS) P22-027 - see Exhibit 1.10. No project is currently subject to review except the rezone’s land use decision.

Rezoning is exempt from SEPA if in an Urban Growth Area for jurisdictions planning under the Growth Management Act (RCW 36.70A.040), the proposal is consistent with and does not require an amendment to the jurisdiction’s Comprehensive Plan, and the Plan was previously subjected to an Environmental Impact Statement prior to its adoption that adequately addressed environmental impacts of the rezone. Ellensburg is part of a Kittitas County Urban Growth Area as a fully planning jurisdiction under the Growth Management Act. The rezone is consistent with the Ellensburg Comprehensive Plan, which has not required an amendment for the rezone and was subject to a Supplemental EIS prior to adoption of its Future Land Use Map and Zoning Conversion Table.

Because the preceding apply, the rezone is categorically exempt from SEPA pursuant to WAC 197-11-800(6)(a),(c) and ECC 15.270.110(A).

NOTICING

On November 6, 2025, this project was noticed per ECC 15.210.040 and 15.230.020, including a buffer mailing, sign posted to the project site, and legal notice in the Ellensburg *Daily Record*. This was a combined notice period for public comments and notification of the open record hearing held on December 16, 2025 before the Ellensburg Hearing Examiner. See Exhibits 1.6 - 1.8.

PUBLIC COMMENT

The Public Works Department provided written comment - see Exhibit 1.9. A written comment on the proposal was received by email from a noticed party of record after the conclusion of the public comment period. This comment was forwarded to the Hearing Examiner prior to the open record hearing on the matter - see Exhibit 1.16.

OPEN RECORD HEARING – HEARING EXAMINER RECOMMENDATION

A duly noticed open record public hearing was held before Hearing Examiner Andrew Kottkamp on Tuesday, December 16, 2025. His recommendation, received on December 29, 2025, is attached to this report as Exhibit 1, and includes 16 exhibits which are attached to this report as Exhibits 1.1 through 1.16. The December 9, 2025 staff report submitted to the Hearing Examiner is Exhibit 1.14, and staff's powerpoint slide deck is Exhibit 1.15.

During the public hearing, Joel Greear, applicant, testified on behalf of the rezone proposal before the Hearing Examiner. There was no other public testimony.

Following the open record public hearing, the Hearing Examiner determined the request to be consistent with the City's Comprehensive Plan designation of Mixed Business Park for the property and with the requirements of the Ellensburg City Code (ECC). The Hearing Examiner therefore recommended that City Council approve the rezone from C-H to I-L, with no conditions - see Exhibit 1.

CITY COUNCIL REVIEW

Public Comments: Notice of this closed record hearing before City Council was mailed to required parties on January 6, 2026, in accordance with ECC 15.230.025 (Exhibit 2).

Previous Council Action:

None

Analysis:

PROJECT ANALYSIS

Ellensburg City Code Requirements for Site-Specific Rezone

Per Ellensburg City Code, site-specific rezone applications are subject to the Type IV review process, and the Hearing Examiner provides a recommendation to City Council after holding an open record public hearing. The Hearing Examiner must find that the application is in compliance with decision criteria of ECC 15.250.060(C). The applicant has the burden of establishing all the following criteria apply to the proposed rezone:

1. Conditions have changed since the imposition of the zoning classification on the property;

2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare;
3. The proposed rezone is consistent with the comprehensive plan;
4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the Land Development Code for the zoning district.

Analysis of Criteria for a Site-Specific Rezone

The applicant has submitted an application (Exhibit 1.11), with Narrative and Comprehensive Plan attachments (Exhibit 1.12) addressing the rezone criteria. Information submitted by the applicant is followed by staff analysis.

1. Conditions have changed since the imposition of the zoning classification on the property.

Applicant narrative: *At the time of permitting the existing self storage facility, the use of “miniwarehouse facility” was allowed via a conditional use process in the Commercial Highway zone. A conditional use was approved by the City of Ellensburg per project #P22-029 on 7/20/2022 to allow the development and vesting of the existing self storage facility. Since then, the City Of Ellensburg development code has changed and the allowed use of miniwarehouse facility via Conditional Use Process is no longer allowed as a conditional use in the C-H zone. The applicant desires to rezone the property from Commercial Highway to Industrial Light to more closely conform the existing use with current allowed uses. Miniwarehouse facility is currently an allowed use via Conditional Use Process in the Industrial Light zone.*

Staff analysis: Previous property owners applied for a Conditional Use Permit (CUP) on March 8, 2022 (File # P22-029) to develop storage units. At the time, “miniwarehouse facilities” were a Conditional Use in the C-H zone, and the application vested the proposal as submitted. Ellensburg City Council adopted Ordinance No. 4887 on May 16, 2022, which thereafter prohibited “miniwarehouse facilities” in the C-H zone; the existing use on the property would have no longer been permitted in the current C-H zoning district but for the vested CUP. CUP P22-029 was approved by the Ellensburg Planning Commission on July 20, 2022, with no expiration; concurrent SEPA MDNS P22-027 limited project evaluation to a set square footage of storage building space.

Solar Dolar LLC subsequently took ownership of the property, and applied for storage unit building permits on February 2, 2025. Applicant’s intent is to align the existing property entitlement (via CUP) with a zone that permits the use (as a Conditional Use). Following second reading of Ordinance No. 4975 on November 17, 2025, the I-L zone is the only Ellensburg zoning district that permits “miniwarehouse units,” and only as a Conditional Use.

The requested site-specific rezone to I-L is consistent with the Mixed Business Park and Zoning Options outlined in the Comprehensive Plan. Implementing development regulations under ECC Title 15 have since been revised several times to impact zones that permit the existing use of the subject property, which has since developed based on prior regulations and vested entitlements. Conditions have thus changed on the property since the imposition

of its existing zoning.

2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare.

Applicant narrative: *Rezoning this parcel to Industrial Light will promote a safer, healthier, and more vibrant community. The parcel is served by City of Ellensburg infrastructure to enhance public health and safety. There are ample off-street parking spaces to accommodate a variety of commercial, retail and service opportunities. The existing structure will conform to the Ellensburg City Code and will meet the goal of encouraging Industrial Light development as supported by the Comprehensive Plan without increasing an unexpected demand on utilities and services.*

Staff analysis: The purpose of ECC Title 15 is in part “for the conservation, protection and enhancement of the public health, safety and general welfare” per ECC 15.110.020. The rezone of the subject property to I-L zoning would permit existing “miniwarehouse facilities” as a Conditional Use such as already entitled via CUP and developed, as well as permit other uses identified for the I-L zone by ECC 15.310.040. I-L is a commercial and industrial zone “intended to accommodate certain industrial structures and uses and having physical and operational characteristics which might adversely affect the economic welfare of adjoining residential and commercial uses” per ECC 15.300.050(C), purposes accomplished in part by “allowing a range of general service and light industrial uses which can be operated in a relatively clean, quiet and safe manner compatible with adjoining industrial uses and without serious effect, danger or hazard to nearby residential uses” per ECC 15.300.050(C)(1). The applicant will be responsible for meeting all standards in ECC Title 15 as applicable for any future development proposals or establishing any new uses. The proposed rezone thus bears a substantial relationship to the public health, safety, morals and general welfare of the City of Ellensburg as regulated by ECC Title 15.

3. The proposed rezone is consistent with the comprehensive plan.

Applicant narrative: *The proposed rezone to Industrial Light is consistent with the comprehensive plan. The comprehensive plan land use category of this parcel is “mixed business park” (see attached “Exhibit A”). According to the COW “Future Land Use-Zoning Conversion Table (Exhibit B), Industrial Light (I-L) is an allowed zoning option in the Mixed Business Park future land use category. The comprehensive plan outlines goals for sustainable development, efficient land use, and vibrant neighborhoods. Rezoning to Industrial Light aligns with these objective by promoting consistent and compact growth patterns, maximizing land use efficiency, and facilitating convenient access to amenities and services for residents.*

In addition, the site-specific rezone request is consistent with the goals, policies, and programs of the current Comprehensive Plan.

Staff Note: Applicant’s documents are included as Narrative attachments under this Item's Exhibit 1.12; referenced information is also found in Item Exhibits 1.4 & 1.5

Staff analysis: The Comprehensive Plan's Future Land Use Designation for the parcel is Mixed Business Park, concentrated in 3 areas: at and near the subject property; south of Bowers Field airport on the north side of East Sanders Road; and on either side of West Umptanum Road near its South Industrial Way intersection. This Future Land Use designation is intended to accommodate a range of commercial and industrial activities typified by low-impact light industrial uses such as currently on the property (among others), often as a transitional area between uses, and whose scale and intensity of implementing zoning districts should be compatible with adjacent developments. This applies to the subject property and parcels immediately east and west, and that south across Old Hwy 10.

The Plan's Future Land Use-Zoning Conversation Table also indicates the rezone request to I-L is consistent with the Future Land Use Map.

In addition, the request for I-L zoning is consistent with the following goals, policies and action items in the Comprehensive Plan:

Goal LU-5: Plan for commercial and industrial areas that serve the community, are attractive, and have long-term economic vitality.

Policy A: Provide a diversity of commercial and industrial lands to provide an array of businesses and development opportunities that serve the community.

Goal T-2: Prioritize connection with state highway routes and removal of bottlenecks that delay the movement of people and goods.

Policy G: Focus industrial growth along specific transportation corridors that are designed to accommodate heavy vehicles and other industrial users.

Goal ED-2: Stimulate and diversify Ellensburg's economy.

Policy D: Encourage development and activity which increases automobile and pedestrian traffic in the downtown area.

Action Item: *Increase usable industrial zoned property.* Review the industrial land inventory and identify and implement steps within the City's control to make more light industrial land available in less constrained areas.

Based on the preceding, the proposed rezone is consistent with the Comprehensive Plan.

4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the LDC [ECC Title 15] for the zoning district.

Applicant narrative: *The proposed rezoning to Industrial Light adheres to the specific development standards outlined in the Land Development Code (LDC) of the zoning district. The applicant will ensure any future development complies with regulations regarding building heights, setbacks, lot coverage, and other relevant criteria, maintaining the character and quality of the area while accommodating Industrial Light development. The proposed rezone shall be consistent with the development standards in the LDC for the Light*

Industrial.

Staff analysis: The property is developed with existing “miniwarehouse facility” use from previously obtained entitlement via CUP P22-029. “Miniwarehouse facilities” have since been prohibited in the property’s current C-H zone, and permitted as a Conditional Use in the proposed I-L zoning designation. For any future uses, the applicant will be responsible for meeting all use permissions and development standards in ECC Title 15, as well as Public Works, Energy Services and building code standards as applicable for a project. The proposed rezone to I-L is thus consistent with ECC Title 15 regulations and related development and construction standards as applicable.

Financial Impact:

None

Budget Adjustment: No

Attachments:

1. P25-115 Attachment Ordinance 4980
2. P25-115 Exhibit 1 Hearing Examiner FoF, Conclusions of Law & Recommendation
3. P25-115 Exhibit 1.1 Boundary Line Adjustment P25-045 Recorded
4. P25-115 Exhibit 1.2 Location Map
5. P25-115 Exhibit 1.3 Current Zoning Map
6. P25-115 Exhibit 1.4 Comprehensive Plan Future Land Use Map
7. P25-115 Exhibit 1.5 Comprehensive Plan Future Land Use-Zoning Conversion Table
8. P25-115 Exhibit 1.6 Affidavit of Publication, Ellensburg Daily Record
9. P25-115 Exhibit 1.7 Posted Land Use Action Sign and Affidavit
10. P25-115 Exhibit 1.8 Buffer Mailing Affidavit
11. P25-115 Exhibit 1.9 Public Works Comment Letter
12. P25-115 Exhibit 1.10 P22-027 SEPA MDNS
13. P25-115 Exhibit 1.11 Rezone Application
14. P25-115 Exhibit 1.12 Rezone Narrative & Attachments
15. P25-115 Exhibit 1.13 Applicant's Site Plan
16. P25-115 Exhibit 1.14 Hearing Examiner Staff Report
17. P25-115 Exhibit 1.15 Hearing Examiner Slide Deck
18. P25-115 Exhibit 1.16 Public Comment Received After Comment Period
19. P25-115 Exhibit 2 Affidavit of Closed Record Hearing Mailing

ORDINANCE NO. 4980

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, RELATING TO ZONING AND AMENDING TITLE 15 OF THE ELLENSBURG CITY CODE BY CHANGING THE ZONING CLASSIFICATION OF CERTAIN PROPERTY WITHIN THE CITY OF ELLENSBURG FROM COMMERCIAL HIGHWAY (C-H) TO LIGHT INDUSTRIAL (I-L).

WHEREAS, on October 9, 2025, the City received an application (P25-115) from Joel Greear of property owner Solar Dolar LLC, requesting a rezone of one lot of land located at 2011 Old Highway 10, being Lot G of Kittitas County Auditor's File Number 202506160017, which combined Parcel ID Numbers 952909 and 952910 previously shown as Lots 3A and 4A of Kittitas County Auditor's File Number 202310130011; and

WHEREAS, the application proposed to rezone the parcel from Commercial Highway (C-H) to Light Industrial (I-L); and

WHEREAS, pursuant to Ellensburg City Code ("ECC") Table 15.210.050(D), a Site-Specific Rezone Application is processed under a Type IV review, which requires a Hearing Examiner recommendation to City Council after an Open Record Hearing, with the final decision to be made by City Council after a Quasi-Judicial Closed Record Hearing; and

WHEREAS, the request is exempt from the State Environmental Policy Act pursuant to Washington Administrative Code 197-11-800(6)(a),(c) and ECC 15.270.110(A); and

WHEREAS, the Hearing Examiner held a duly noticed open record hearing on December 16, 2025, where the Examiner received evidence and heard testimony regarding the proposed rezone; and

WHEREAS, the Hearing Examiner on December 29, 2025, issued "Recommended Findings of Fact, Recommended Conclusions of Law, and Recommended Decision" for the rezone request from C-H to I-L; and

WHEREAS, the Ellensburg City Council held a closed record hearing on January 20, 2026, and at the conclusion of the hearing approved a motion to adopt the Hearing Examiner's "Recommended Findings of Fact, Recommended Conclusions of Law, and Recommended Decision" dated December 29, 2025, and to approve the applicant's request to rezone the subject property from C-H to I-L.

NOW, THEREFORE, the City Council of the city of Ellensburg, Washington, do hereby ordain as follows:

Section 1. The City Council adopts the findings of fact and conclusions based thereon, made and entered by the Hearing Examiner in support of the recommendation to the City Council for approval with regard to the rezone for the hereinafter described property located at 2011 Old

Highway 10, being Lot G of Kittitas County Auditor’s File Number 202506160017, which combined Parcel ID Numbers 952909 and 952910 previously shown as Lots 3A and 4A of Kittitas County Auditor’s File Number 202310130011, as set forth in the Hearing Examiner’s “Recommended Findings of Fact, Recommended Conclusions of Law, and Recommended Decision,” dated December 29, 2025 attached as Exhibit A.

Section 2. Title 15 of the Ellensburg City Code is hereby amended by changing the city’s zoning map as adopted in ECC 15.300.020 for the following described area from Commercial Highway (C-H) to Light Industrial (I-L):

Parcels 3A and 4A of that certain Survey as recorded October 13, 2023, in Book 45 of Surveys, page 241, under Auditor’s File No, 202310130011, records of Kittitas County, Washington; being a portion of the Northwest Quarter of Section 34, Township 18 North, Range 18 East, W.M., in the County of Kittitas, State of Washington.

said area being Lot G of Kittitas County Auditor’s File Number 202506160017.

Section 3. That the official zoning map of the City of Ellensburg, as well as the Geographic Information System (GIS) data shall be amended to incorporate the land use classifications herein provided.

Section 4. Except as modified herein, each and every provision of the City Land Development Code, Title 15, as amended, shall remain in full force and effect.

Section 5. Severability. If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this ordinance.

Section 6. Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 7. Effective Date. This ordinance shall take effect and be in full force five (5) days after passage, approval and publication as required by law.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the 20th day of January 2026.

Mayor

Attest: _____
City Clerk

Approved as to form:

City Attorney

Publish:

I, Beth Leader, City Clerk of said City, do hereby certify that Ordinance No. 4980 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, that Ordinance No. 4980 was published as required by law.

Beth Leader

**CITY OF ELLENSBURG
LAND USE HEARING EXAMINER**

IN THE MATTER OF)	RECOMMENDED FINDINGS OF
)	FACT, RECOMMENDED
P25-115)	CONCLUSIONS OF LAW, AND
Solar Dolar, LLC Rezone Request)	RECOMMENDED DECISION
)	
)	

THIS MATTER having come on for hearing in front of the City of Ellensburg Hearing Examiner on December 16, 2025, the Hearing Examiner having taken evidence hereby submits the following Recommended Findings of Fact, Recommended Conclusions of Law, Recommended Decision and Recommended Condition of Approval as follows:

I. RECOMMENDED FINDINGS OF FACT

1. **Applicant:** Joel Greear for property owner Solar Dolar LLC
2. **Requested Action:** The applicant seeks to rezone the subject property from Commercial Highway (C-H) to Light Industrial (I-L) for the purpose creating zoning conformance for an existing use and potential future development of similar uses.
3. **Location:** The property is located at 2011 Old Hwy 10 near the intersection of Reecer Creek Rd; Kittitas County Assessor’s Parcel ID #952909 & 952910 were recently combined into a single parcel via Boundary Line Adjustment (BLA) under City File # P25-045 recorded as Kittitas County Survey document # 202506160017 (Exhibit A).
4. **BACKGROUND AND SITE INFORMATION**
 - 4.1. **Site History:** The property is in the C-H zone, with 5 commercial storage unit buildings (“miniwarehouse facility”). The Applicant has recently requested final inspections for occupancy.
 - 4.2. **Site Characteristics:** The site topography is relatively flat except for on-site stormwater retention swales along north and south property line, and a large on-site floodplain compensatory storage pond at the east of the property. The Old Hwy 10 frontage is largely unimproved outside the road pavement section. A previous plat was approved with a deferral of street improvements (sidewalks, etc.). See Exhibit B.
 - 4.3. **Surrounding Properties:** A zoning map of the surrounding properties is attached as Exhibit C and further described below:
 - 4.3.1. **North:** Zoned Residential Suburban (R-S): consisting of detached single-family homes (Currier Creek Estates subdivision)

- 4.3.2. **South:** Zoned I-L and C-H: consisting of mixed uses including open-air aggregate storage between Old Hwy 10, Reecer Creek Rd, and W University Way; and unimproved agricultural lands south of the BNSF right-of-way (ROW) and W University Way
- 4.3.3. **East:** Zoned C-H, Commercial Neighborhood (C-N), and R-S: consisting of “miniwarehouse facilities” and open-air storage; and low-density residential and agricultural lands
- 4.3.4. **West:** Zoned C-H and Regional Center Mixed Use (RCMU): consisting of light industrial use northeast of Old Hwy 10 and the BNSF ROW; and unimproved agricultural lands southwest of the BNSF ROW
- 4.3.5. **Access:** Access to the property is from Old Hwy 10, designated a Minor Arterial, with secondary legal emergency access via existing thirty-foot (30’) wide easement established by the Currier Square Business Park short plat as shown on BLA P25-045.
- 4.4. **Zoning and Development Standards, ECC Title 15:** Ellensburg City Code (ECC) Table 15.310.040, “Nonresidential Uses,” indicates that “miniwarehouse facilities” are not permitted in current C-H zoning, and are permitted as a Conditional Use in the proposed I-L zone.
- 4.5. **Comprehensive Plan:** See the map attached as Exhibit D. The Ellensburg Comprehensive Plan’s Future Land Use Designation of the property is Mixed Business Park, intended to accommodate a range of commercial and industrial activities typified by office uses, low impact light industrial uses, businesses that may include several uses such as manufacturing, research and development, warehousing, distribution, office, retail customer service, or showrooms. Mixed Business Park Zoning Options include I-L, C-H and RCMU – see Exhibit E. The proposed I-L zoning is consistent with parcels south, and the Mixed Business Park Future Land Use designation is also consistent with the same south parcel, and those immediately east and west of the subject property.
- 4.6. **Public Comments:** Community Development issued a Notice Public of Application and Rezone hearing on November 6, 2025 via publication in the Ellensburg *Daily Record*, initiating a 21-day comment period that concluded November 27, 2025 (Exhibit F). The site was posted with a land use action sign on November 6, 2025 (Exhibit G). Notice of the Rezone was mailed to property owners within 300 feet of the proposed site on November 6, 2025 (Exhibit H).
- 4.6.1. As of the date of this decision, one public comment was received. The City of Ellensburg Public Works Department submitted comments on November 13, 2025 stating that future development applications will require consistency with Public Works development standards (Exhibit I). These general requirements will apply absent any specific conditions pursuant to approval of the proposal.
5. **Environmental (SEPA) Review**
- 5.1. Structures have been established on the property as part of the site’s development for “miniwarehouse facilities.” This development was previously subject to SEPA Mitigated

Determination of Non-Significance (MDNS) P22-027 (Exhibit J). No project is currently subject to review except the rezone's land use decision.

- 5.2. Rezones are exempt from SEPA if in an Urban Growth Area for jurisdictions planning under the Growth Management Act (RCW 36.70A.040), the proposal is consistent with and does not require an amendment to the jurisdiction's Comprehensive Plan, and the Plan was previously subjected to an Environmental Impact Statement prior to its adoption that adequately addressed environmental impacts of the rezone. Ellensburg is part of a Kittitas County Urban Growth Area as a fully planning jurisdiction under the Growth Management Act. The rezone is consistent with the Ellensburg Comprehensive Plan, which has not required an amendment for the rezone and was subject to a Supplemental EIS prior to adoption of its Future Land Use Map and Zoning Conversion Table.
- 5.3. The rezone is categorically exempt from SEPA pursuant to WAC 197-11-800(6)(a),(c) and ECC 15.270.110(A).

6. PROJECT ANALYSIS

6.1. Ellensburg City Code Requirements for Site-Specific Rezone

6.1.1. Per Ellensburg City Code, site-specific rezone applications are subject to the Type IV review process, and the Hearings Examiner provides a recommendation to City Council after holding an open record public hearing. The Hearings Examiner must find that the application is in compliance with decision criteria of ECC 15.250.060(C). The applicant has the burden of establishing all the following criteria apply to the proposed rezone:

- 6.1.1.1. Conditions have changed since the imposition of the zoning classification on the property;
- 6.1.1.2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare;
- 6.1.1.3. The proposed rezone is consistent with the comprehensive plan;
- 6.1.1.4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the Land Development Code for the zoning district.

6.2. Analysis of Criteria for a Site-Specific Rezone

6.2.1. The applicant has submitted an application, a narrative with Comprehensive Plan attachments, and a site plan (Exhibits K, L & M) addressing the rezone criteria. Information submitted by the applicant is followed by Hearing Examiner Findings.

- 6.2.1.1. Conditions have changed since the imposition of the zoning classification on the property.
 - 6.2.1.1.1. Applicant narrative: At the time of permitting the existing self storage facility, the use of "miniwarehouse facility" was allowed via a conditional use process in the Commercial Highway zone. A conditional use was approved by the City of Ellensburg per project #P22-029 on

7/20/2022 to allow the development and vesting of the existing self storage facility. Since then, the City Of Ellensburg development code has changed and the allowed use of miniwarehouse facility via Conditional Use Process is no longer allowed as a conditional use in the C-H zone. The applicant desires to rezone the property from Commercial Highway to Industrial Light to more closely conform the existing use with current allowed uses. Miniwarehouse facility is currently an allowed use via Conditional Use Process in the Industrial Light zone.

- 6.2.1.2. Hearing Examiner Findings: Previous property owners applied for a Conditional Use Permit (CUP) on March 8, 2022 (File # P22-029) to develop storage units. At the time, “miniwarehouse facilities” were a Conditional Use in the C-H zone, and the application vested the proposal as submitted. Ellensburg City Council adopted Ordinance No. 4887 on May 16, 2022, which thereafter prohibited “miniwarehouse facilities” in the C-H zone; the existing use on the property would have no longer been permitted in the current C-H zoning district but for the vested CUP. CUP P22-029 was approved by the Ellensburg Planning Commission on July 20, 2022, with no expiration; concurrent SEPA MDNS P22-027 limited project evaluation to a set square footage of storage building space.
 - 6.2.1.3. Solar Dolar LLC subsequently took ownership of the property and applied for storage unit building permits on February 2, 2025. Applicant’s intent is to align the existing property entitlement (via CUP) with a zone that permits the use (as a Conditional Use). Following second reading of Ordinance No. 4975 on November 17, 2025, the I-L zone is the only Ellensburg zoning district that permits “miniwarehouse units,” and only as a Conditional Use.
 - 6.2.1.4. The requested site-specific rezone to I-L is consistent with the Mixed Business Park and Zoning Options outlined in the Comprehensive Plan, and implementing development regulations under ECC Title 15 have since been revised several times to impact zones that permit the existing use of the subject property. Conditions have thus changed on the property since the imposition of its existing zoning.
- 6.2.2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare.
- 6.2.2.1. Applicant narrative: Rezoning this parcel to Industrial Light will promote a safer, healthier, and more vibrant community. The parcel is served by City of Ellensburg infrastructure to enhance public health and safety. There are ample off-street parking spaces to accommodate a variety of commercial, retail and service opportunities. The existing structure will conform to the Ellensburg City Code and will meet the goal of encouraging Industrial Light development as supported by the Comprehensive Plan without increasing an unexpected demand on utilities and services.
 - 6.2.2.2. Hearing Examiner Finding: The purpose of ECC Title 15 is in part “for the conservation, protection and enhancement of the public health, safety and

general welfare” per ECC 15.110.020. The rezone of the subject property to I-L zoning would permit existing “miniwarehouse facilities” as a Conditional Use such as already entitled via CUP and developed, as well as permit other uses identified for the I-L zone by ECC 15.310.040. I-L is a commercial and industrial zone “intended to accommodate certain industrial structures and uses and having physical and operational characteristics which might adversely affect the economic welfare of adjoining residential and commercial uses” per ECC 15.300.050(C), purposes accomplished in part by “allowing a range of general service and light industrial uses which can be operated in a relatively clean, quiet and safe manner compatible with adjoining industrial uses and without serious effect, danger or hazard to nearby residential uses” per ECC 15.300.050(C)(1). The applicant will be responsible for meeting all standards in ECC Title 15 as applicable for any future development proposals or establishing any new uses. The proposed rezone thus bears a substantial relationship to the public health, safety, morals and general welfare of the City of Ellensburg as regulated by ECC Title 15.

6.2.3. The proposed rezone is consistent with the comprehensive plan.

6.2.3.1. Applicant narrative: The proposed rezone to Industrial Light is consistent with the comprehensive plan. The comprehensive plan land use category of this parcel is “mixed business park” (see attached “Exhibit A”). According to the COW “Future Land Use-Zoning Conversion Table (Exhibit B), Industrial Light (I-L) is an allowed zoning option in the Mixed Business Park future land use category. The comprehensive plan outlines goals for sustainable development, efficient land use, and vibrant neighborhoods. Rezoning to Industrial Light aligns with these objective by promoting consistent and compact growth patterns, maximizing land use efficiency, and facilitating convenient access to amenities and services for residents. In addition.

6.2.3.1.1. Staff Note: Applicant’s documents are included as Narrative attachments under this packet’s Exhibit L; referenced information is also found in packet Exhibits D & E.

6.2.3.2. Hearing Examiner Findings: The Comprehensive Plan’s Future Land Use Designation for the parcel is Mixed Business Park, concentrated in 3 areas: at and near the subject property; south of Bowers Field airport on the north side of East Sanders Road; and on either side of West Umptanum Road near its South industrial Way intersection. This Future Land Use designation is intended to accommodate a range of commercial and industrial activities typified low impact light industrial uses such as currently on the property (among others), often as a transitional area between other uses, and whose scale and intensity of implement zoning districts should be compatible with adjacent developments. This applies to the subject property and parcels immediately east and west, and that south across Old Hwy 10.

6.2.3.3. The Plan’s Future Land Use-Zoning Conversation Table also indicates the rezone request to I-L is consistent with the Future Land Use Map.

- 6.2.3.4. In addition, the request for I-L zoning is consistent with the following goals, policies and action items in the Comprehensive Plan:
- 6.2.3.4.1. Goal LU-5: Plan for commercial and industrial areas that serve the community, are attractive, and have long-term economic vitality.
 - 6.2.3.4.2. Policy A: Provide a diversity of commercial and industrial lands to provide an array of businesses and development opportunities that serve the community.
 - 6.2.3.4.3. Goal T-2: Prioritize connection with state highway routes and removal of bottlenecks that delay the movement of people and goods.
 - 6.2.3.4.4. Policy G: Focus industrial growth along specific transportation corridors that are designed to accommodate heavy vehicles and other industrial users.
 - 6.2.3.4.5. Goal ED-2: Stimulate and diversify Ellensburg's economic.
 - 6.2.3.4.6. Policy D: Encourage development of light industrial uses within the City of Ellensburg.
 - 6.2.3.4.6.1. Action Item: *Increase usable industrial zoned property.* Review the industrial land inventory and identify and implement steps within the City's control to make more light industrial land available in less constrained areas.
- 6.2.3.5. Based on the preceding, the proposed rezone is consistent with the Comprehensive Plan.
- 6.2.4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the LDC [ECC Title 15, "Land Development Code"] for the zoning district.
- 6.2.4.1. Applicant narrative: The proposed rezoning to Industrial Light adheres to the specific development standards outlined in the Land Development Code (LDC) of the zoning district. The applicant will ensure any future development complies with regulations regarding building heights, setbacks, lot coverage, and other relevant criteria, maintaining the character and quality of the area while accommodating Industrial Light development. The proposed rezone shall be consistent with the development standards in the LDC for the Light Industrial.
 - 6.2.4.2. Hearing Examiner Finding: The property is developed with existing "miniwarehouse facility" use from previously obtained entitlement via CUP P22-029. "Miniwarehouse facilities" have since been prohibited in the property's current C-H zone, and permitted as a Conditional Use in the proposed I-L zoning designation. For any future uses, the applicant will be responsible for meeting all use permissions and development standards in ECC Title 15, as well as Public Works, Energy Services and building code standards as applicable for a project. The proposed rezone to I-L is thus consistent with ECC Title 15 regulations and related development and construction standards as applicable

7. An open record public hearing was held, after legal notice, on December 16, 2025.
8. Appearing and testifying on behalf of the Applicant was Joel Greear. Mr. Greear testified that he is an agent authorized to appear and speak on behalf of the applicant and property owner. Mr. Greear stated that they agreed with all the representations set forth within the staff report.
9. No members of the public testified at the hearing.
10. The following exhibits were admitted into the record:
 - 10.1. Ex. A. Recorded Boundary Line Adjustment Survey P25-045
 - 10.2. Ex. B. Location Map
 - 10.3. Ex. C. Current Zoning Map
 - 10.4. Ex. D. Comprehensive Plan Future Land Use Map
 - 10.5. Ex. E. Comprehensive Plan Future Land Use-Zoning Conversion Table
 - 10.6. Ex. F. Affidavit of Publication, Ellensburg Daily Record
 - 10.7. Ex. G. Affidavit and Evidence of Posted Land Use Action Sign
 - 10.8. Ex. H. Affidavit of Mailed Notice & Buffer Map
 - 10.9. Ex. I. City of Ellensburg Public Works Comments
 - 10.10. Ex. J. SEPA P22-027 MDNS
 - 10.11. Ex. K. Rezone Application
 - 10.12. Ex. L. Applicant's Narrative & Comprehensive Plan Attachments
 - 10.13. Ex. M. Applicant's Site Plan
 - 10.14. Ex. N. Staff Report
 - 10.15. Ex. O. Staff Power Point
 - 10.16. Ex. P. Public Comment from Pam McMullin-Messier
11. The City of Ellensburg Hearing Examiner considered all evidence within the record in rendering this decision.
12. Any Conclusion of Law that is more correctly a Finding of Fact is hereby incorporated as such by this reference.

II. RECOMMENDED CONCLUSIONS OF LAW

1. The Hearing Examiner has been granted the authority to render this recommended decision.
2. The requested rezone meets all the criteria set forth within Ellensburg City Code 15.250.060.
3. Any Finding of Fact that is more correctly a Conclusion of Law is hereby incorporated as such by this reference.

III. RECOMMENDED DECISION

Based on the above Recommended Findings of Fact and Recommended Conclusions of Law, P25-115 the Hearing Examiner hereby recommends that this Rezone Request be **APPROVED**.

Dated this 29 day of December, 2025

CITY OF ELLENSBURG HEARING EXAMINER

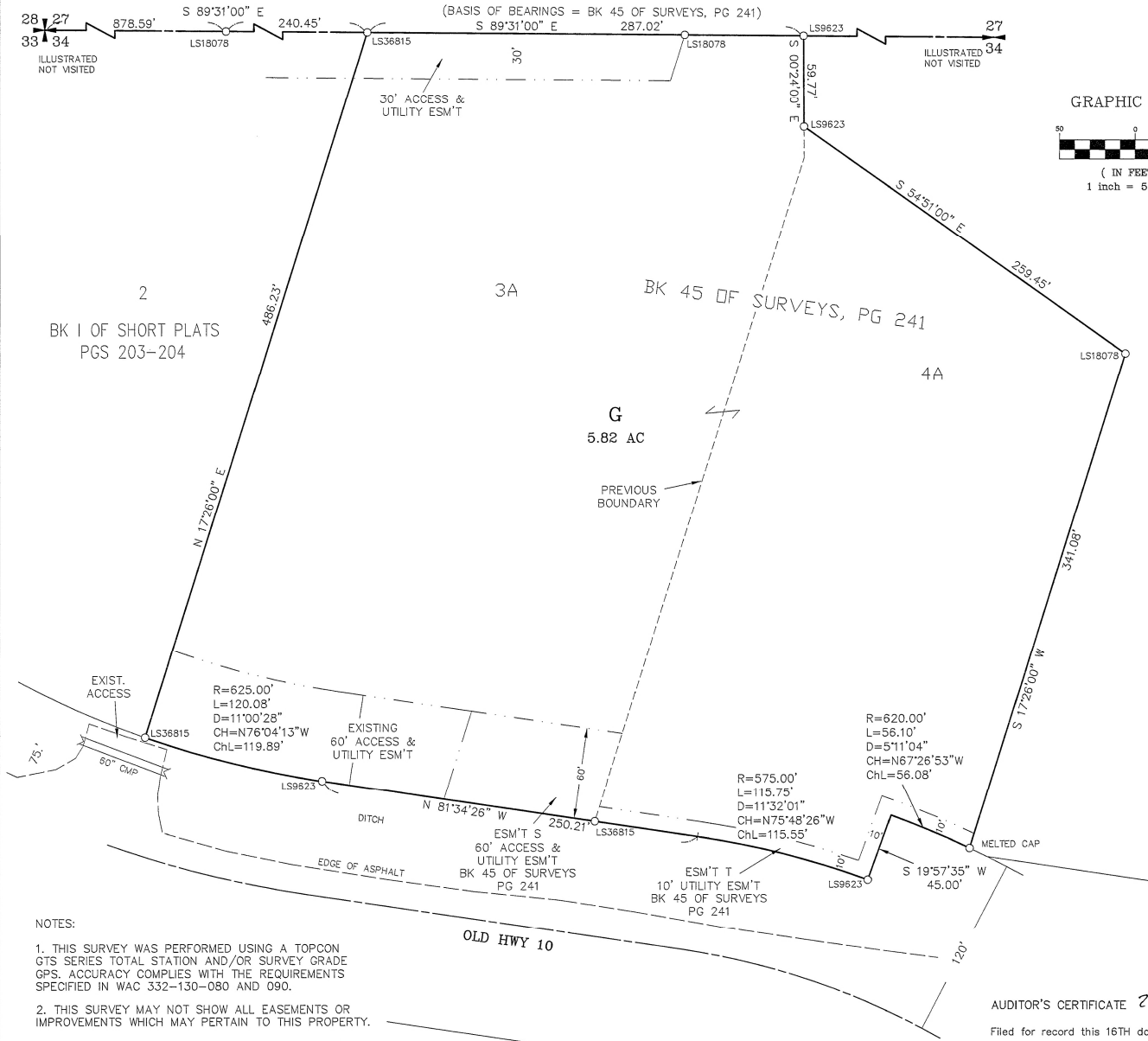
A handwritten signature in blue ink, appearing to read "Andrew L. Kottkamp", is written over a horizontal line.

Andrew L. Kottkamp

47/22

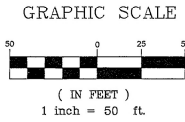
05/16/2025 11:00:28 AM V: 47 P: 22 202506160017
 202506160017
 202506160017
 Kittitas County Auditor

PART OF THE NORTHWEST QUARTER OF SECTION 34,
 TOWNSHIP 18 NORTH, RANGE 18 EAST, W.M.



LEGEND

- SET 5/8" REBAR W/ CAP
= "CRUISE 36815"
- FOUND PIN & CAP AS NOTED
- x — FENCE



LEGAL DESCRIPTIONS

ORIGINAL PARCELS

PARCELS 3A AND 4A OF THAT CERTAIN SURVEY RECORDED OCTOBER 13, 2023, IN BOOK 45 OF SURVEYS AT PAGE 241, UNDER AUDITOR'S FILE NO. 202310130011, RECORDS OF KITTITAS COUNTY WASHINGTON; BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 18 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON.

NEW PARCEL DESCRIPTION

PARCEL G

PARCEL G OF THAT CERTAIN SURVEY RECORDED JUNE 16, 2025, IN BOOK 47 OF SURVEYS AT PAGE 22, UNDER AUDITOR'S FILE NO. 20250616-0017, RECORDS OF KITTITAS COUNTY, WASHINGTON; BEING A PORTION OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 18 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON.

SURVEYOR'S CERTIFICATE

This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of SOLAR DOLAR LLC in MARCH of 2025.

Chris Cruise
 CHRISTOPHER C. CRUISE
 Professional Land Surveyor
 License No. 36815



DATE 6/16/2025

CRUISE & ASSOCIATES
 PROFESSIONAL LAND SURVEYORS
 217 East Fourth Street P.O. Box 959
 Ellensburg, WA 98926 (509) 962-8242
SOLAR DOLAR PROPERTY

X	X	

- NOTES:
- THIS SURVEY WAS PERFORMED USING A TOPCON GTS SERIES TOTAL STATION AND/OR SURVEY GRADE GPS. ACCURACY COMPLIES WITH THE REQUIREMENTS SPECIFIED IN WAC 332-130-080 AND 090.
 - THIS SURVEY MAY NOT SHOW ALL EASEMENTS OR IMPROVEMENTS WHICH MAY PERTAIN TO THIS PROPERTY.
 - THE PURPOSE OF THIS SURVEY IS TO DELINEATE AND DESCRIBE A NEW PARCEL FOR CITY OF ELLENSBURG BOUNDARY LINE ADJUSTMENT P25-045 PARCEL COMBINATION.

AUDITOR'S CERTIFICATE 2025 06/16 0017
 Filed for record this 16TH day of JUNE, 2025, at 11:00 A.M., in Book 47 of Surveys at page(s) 22 at the request of Cruise & Associates.
 BRYAN ELLIOTT BY: *Bryan Elliott*
 KITTITAS COUNTY AUDITOR

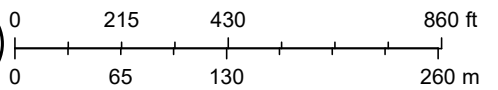
LOCATION MAP



12/8/2025, 2:41:03 PM

City Parcels

Railroad



1:6,802

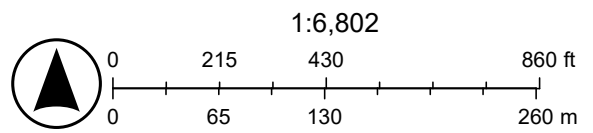
© OpenStreetMap (and) contributors, CC-BY-SA

ZONING MAP



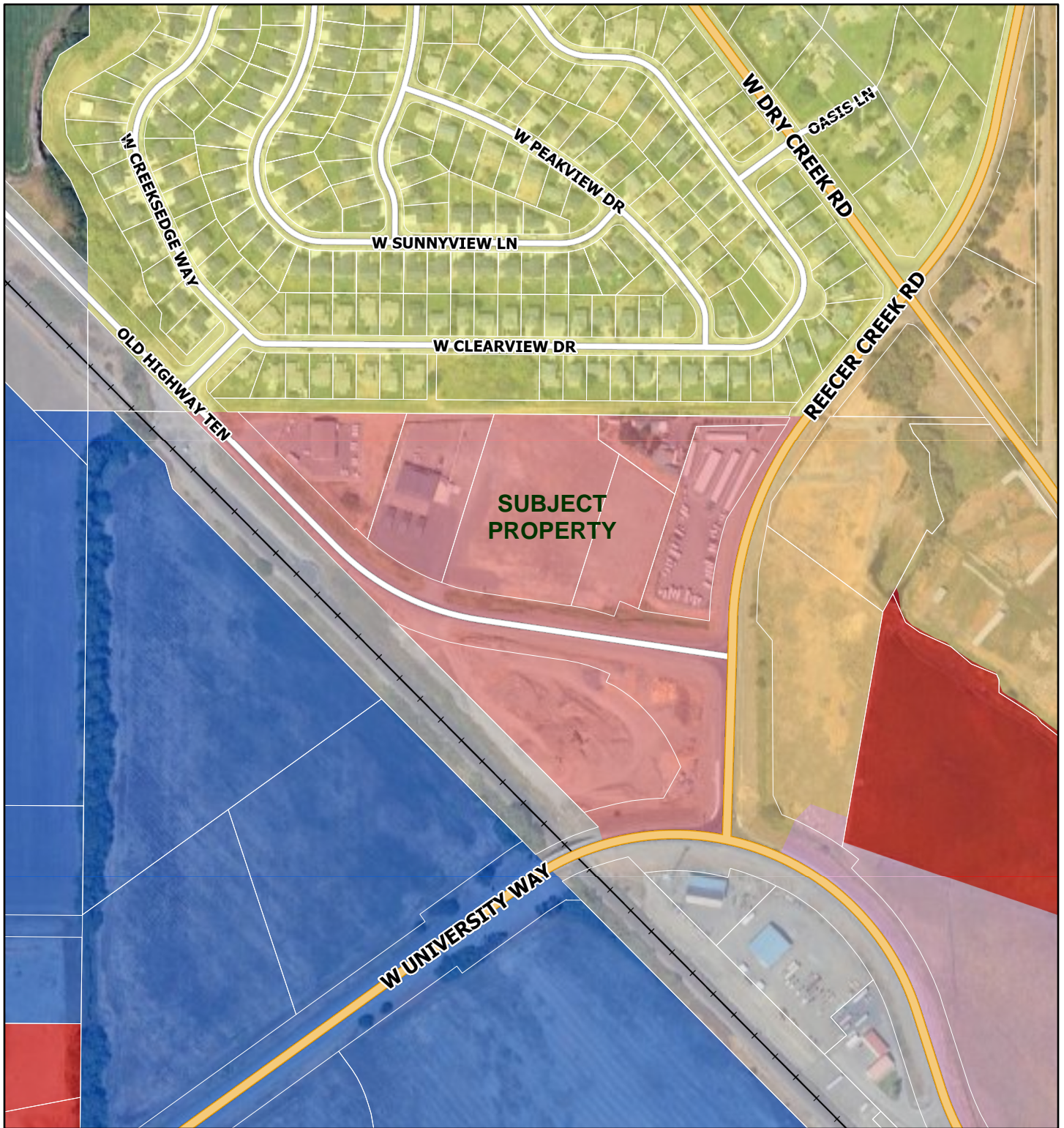
12/8/2025, 4:12:23 PM

- | | | |
|----------------|--------|------------------|
| City Parcels | Zoning | RCMU |
| Major Arterial | CH | RS |
| Road | CN | All Other Values |
| Railroad | IL | |



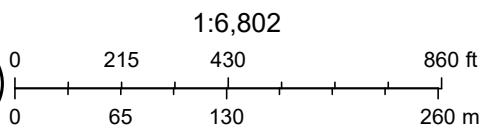
© OpenStreetMap (and) contributors, CC-BY-SA

COMPREHENSIVE PLAN FUTURE LAND USE MAP



12/8/2025, 4:17:06 PM

- | | |
|--------------------------|----------------------------------|
| City Parcels | Blended residential neighborhood |
| Major Arterial | Community mixed use |
| Road | Neighborhood commercial |
| Railroad | Mixed business park |
| Residential neighborhood | General commercial and services |
| Light industrial | |



© OpenStreetMap (and) contributors, CC-BY-SA

Table 7. Future Land Use- Zoning Conversion Table	
Future Land Use	Zoning Options
Residential Neighborhood	Residential Suburban (R-S)
	Residential Low (R-L)
	Residential Medium (R-M)
	Residential High (R-H)
	Residential Office (R-O)
	Commercial Neighborhood (C-N)
Blended Residential Neighborhood	Residential Low (R-L)
	Residential Medium (R-M)
	Residential High (R-H)
	Commercial Neighborhood (C-N)
Urban Neighborhood	Residential High (R-H)
	Residential Office (R-O)
	Commercial Neighborhood (C-N)
Neighborhood Mixed Use	Residential Medium (R-M)
	Residential High (R-H)
	Residential Office (R-O)
	Commercial Neighborhood (C-N)
Community Mixed Use	Residential Medium (R-M)
	Residential High (R-H)
	Residential Office (R-O)
	Neighborhood Center (NCMU)
	Regional Center Mixed Use (RCMU)
	Commercial Highway (C-H)
Neighborhood Commercial	Commercial Neighborhood (C-N)
	Residential Office (R-O)
Mixed Business Park	Industrial Light (I-L)
	Commercial Highway (C-H)
	Regional Center Mixed Use (RCMU)
Urban Center	Central Commercial (C-C)
	Central Commercial II (C-CII)
General Commercial and Services	Commercial Highway (C-H)
Light Industrial	Industrial Light (I-L)
Heavy Industrial	Industrial Heavy (I-H)
Industrial Residential	Industrial Light (I-L)
Public Institutional	Public Reserve (P-R)
Open Space (Private)	Public Reserve (P-R)
Parks and Open Space (Public)	Public Reserve (P-R)

RECEIVED
NOV 17 2025
P25-115
COMMUNITY DEVELOPMENT

AFFIDAVIT OF PUBLICATION

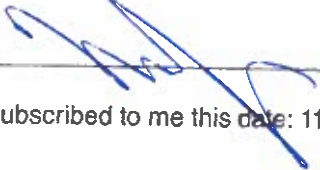
State of Washington, County of Kittitas, ss: The undersigned being first duly sworn on oath, deposes and says: That he/she is the representative of The Daily Record, a daily newspaper. That said newspaper is a legal newspaper and has been approved as a legal newspaper by order of the superior court in the County in which it is published and it is now and has been for more than six months prior to the date of the publications hereinafter referred to, published in the English language continually as a newspaper in Ellensburg, Kittitas County, Washington, and it is now and during all of said time printed in an true copy of

City of Ellensburg Community Development
NOS: Site Specific Request P25-115

is published in regular issues (and not in supplement form) of said newspaper once a week for a period of 1 consecutive week(s), commencing on the following days.

11/06/25

All dates inclusive and that such newspaper were regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is the sum of \$189.76 the rate of \$13.75 per column inch for each insertion.


Subscribed to me this date: 11/06/25



Printed Name
Notary Public in and for
The State of Washington
(SEAL)


Signed Name

NOTICE OF APPLICATION AND PUBLIC HEARING SITE-SPECIFIC REZONE REQUEST P25-115

NOTICE IS HEREBY GIVEN that the City of Ellensburg has received a site-specific rezone request (P25-115) that may be of interest to you, and you are invited to comment on the proposal. NOTICE IS FURTHER GIVEN that Hearing Examiner for the City of Ellensburg will hold an Open Record Public Hearing at 1:00pm of Tuesday, December 16, 2025 to consider Rezone application P25-115, submitted by Joel Greear on behalf of properly owner Solar Door LLC.

PROJECT DESCRIPTION: The request is for a Site-Specific Rezone of Lot G of Ketcha County document # 202506160017, a recent combination of Parcel #'s 952909 & 952910 at 2007-2011 Old Hwy 10 into a single lot of record (5.82 acres), from Commercial Highway (C-H) to Light Industrial (I-1), to conform with existing uses under current development on the site and potentially permit future development of additional buildings. The proposed rezone is categorically exempt from SEPA under WAC 197-11-8006(e),(c), and Ellensburg City Code 15.270.110(B)(3).

Date of application: October 9, 2025
Notice of Complete Application: November 8, 2025
Comments Due Date: November 27, 2025
Public Hearing Date: Tuesday, December 16, 2025, 1:00pm - City Hall (501 N Anderson St)
Request Location: 2007-2011 Old Hwy 10 in Ellensburg

Materials Available for Review: City of Ellensburg Community Development Department webpage at: https://www.ci.ellensburg.wa.us/623/Public-Notices
Current Projects

Written Comments: Written comments must be received via hand delivery, email, or postmarked, by 5:00 pm on Thursday, November 27, 2025.

Mailing Address: Community Development Dept., 501 N. Anderson St., Ellensburg, WA 98926.

Staff contact: Mark Rud, Associate Planner, (509) 962-7235

Open Record Public Hearing: All persons interested in these matters may attend the hearing in person or remotely. Written comments may be filed with the Community Development Dept., City Hall, 501 N Anderson St, Ellensburg, WA 98926, atn: Associate Planner Mark Rud, or to his email: rudm@ellensburg.wa.gov. Comments must be submitted in writing by 5:00 pm on Thursday, November 27, 2025, in order to be included in the staff report provided to the Hearing Examiner in advance of the hearing. Any comments received after this date and time will be provided to the Hearing Examiner at the meeting itself.

Hearing Zoom Link: https://us02web.zoom.us/j/6354531517?pwd=6Nk4aWlWKSUnGDEjov7Oazw25k2p1

The City of Ellensburg strives to make our meetings and activities readily accessible by individuals with disabilities. Please furnish your request in sufficient time for the City to provide a reasonable accommodation by calling the City of Ellensburg ADA Coordinator at (509) 962-7222 or email ADACoordinator@ellensburg.wa.gov.

PUBLISH: Daily Record: November 6, 2025 / LEGAL # 689967

PUBLIC HEARING NOTICE KITTITAS VALLEY FIRE & RESCUE

Kittitas Valley Fire & Rescue's Board of Fire Commissioners has established a public hearing date for 7:00 p.m. on Thursday, November 13, 2025, at 400 E Mountain View Avenue. Public testimony will be heard regarding the 2025 budget adoption including revenue sources and expenditures.

Information regarding the 2025 proposed budget can be obtained by calling Kittitas Valley Fire & Rescue, at 506-933-7231 or by visiting the station at 400 E Mountain View Avenue in Ellensburg.

PUBLISH: Daily Record: November 5, 8, & 11, 2025/ LEGAL # 689963

ROAD CLOSURE NOTICE

University Way will be closed from Rescar Creek Road to Corner Street for bridge repair work the week of November 10, 2025.

A signed detour will direct people from the roundabout at Dolanway Road/Alsea Route 97 to Old Highway 10 to Rescar Creek Road/University Way.

The work is expected to take three or four days depending on weather conditions. For questions, contact Bellas & Smith Construction at (509) 925-9747.

PUBLISH: Daily Record: November 1, 4, 6, 8, & 11, 2025 / LEGAL # 689935

CITY OF ELLENSBURG PUBLIC NOTICE

This notice is for Waste Management customers who have service within the Ellensburg City limits. Waste Management operates under an agreement with the City of Ellensburg. Per RCW 35A.21152, Waste Management is providing notice of a rate increase for solid waste and recycling collection services, because of the state's introduction of a new surcharge of 0.5%, effective January 1, 2025. For more information regarding this rate change, please visit Waste Management's website at www.wm.com or call 1-877-468-4668.

PUBLISH: Daily Record November 6 & 13, 2025/ LEGAL # 690037

The South Central Workforce Full Board of Directors Meeting is scheduled for Tuesday, November 18, 2025, at 4:00 p.m. at SCW, 1205 Antiarum Ridge Dr., Suite 8, Union Gap, WA or via Zoom: https://us02web.zoom.us/j/85410601908?pwd=1Z-0baxdZkZpYkY0MjQ1ZjZl

PUBLISH: Daily Record November 6, 2025 / LEGAL # 689957

FRIDAY MORNING NOVEMBER 7, 2025. Table with columns for time slots (6 AM, 6:30, 7 AM, 7:30, 8 AM, 8:30, 9 AM, 9:30, 10 AM, 10:30, 11 AM, 11:30) and rows for various events and locations.

FRIDAY AFTERNOON NOVEMBER 7, 2025. Table with columns for time slots (12 PM, 12:30, 1 PM, 1:30, 2 PM, 2:30, 3 PM, 3:30, 4 PM, 4:30, 5 PM, 5:30) and rows for various events and locations.

FRIDAY PRIME TIME NOVEMBER 7, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

FRIDAY PRIME TIME NOVEMBER 7, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

FRIDAY PRIME TIME NOVEMBER 7, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

FRIDAY PRIME TIME NOVEMBER 7, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

SATURDAY MORNING NOVEMBER 8, 2025. Table with columns for time slots (6 AM, 6:30, 7 AM, 7:30, 8 AM, 8:30, 9 AM, 9:30, 10 AM, 10:30, 11 AM, 11:30) and rows for various events and locations.

SATURDAY AFTERNOON NOVEMBER 8, 2025. Table with columns for time slots (12 PM, 12:30, 1 PM, 1:30, 2 PM, 2:30, 3 PM, 3:30, 4 PM, 4:30, 5 PM, 5:30) and rows for various events and locations.

SATURDAY PRIME TIME NOVEMBER 8, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

SATURDAY PRIME TIME NOVEMBER 8, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

SATURDAY PRIME TIME NOVEMBER 8, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.

SATURDAY PRIME TIME NOVEMBER 8, 2025. Table with columns for time slots (6 PM, 6:30, 7 PM, 7:30, 8 PM, 8:30, 9 PM, 9:30, 10 PM, 10:30, 11 PM, 11:30) and rows for various events and locations.



COMMUNITY DEVELOPMENT DEPARTMENT

501 N. Anderson St., Ellensburg WA 98926

Land Use Permitting (509) 962-7231
comdev@ci.ellensburg.wa.us

Construction Permitting (509) 962-7239
permits@ci.ellensburg.wa.us

AFFIDAVIT OF POSTING

The Ellensburg City Code requires that all projects requiring review under Type IV permit processes shall have a notice sign posted at the site of the project prior to a decision on the permit. Per ECC 15.270.140, the following shall apply:

1. The posting of a weather-resistant sign or signs on the subject property, visible to members of the public who may be passing on nearby public rights-of-way and free from obstructions.
2. If the project abuts more than one public right-of-way (ROW), more than one sign will be required; one per ROW, as determined by the responsible official.
3. **The responsibility for the posting of the sign or signs shall be upon the project applicant or his or her agent.**
4. The sign matrix provided by Planning Dept. Staff, shall be made into a sign or signs at least two feet by three feet (2' x 3') in size.

DATE: November 4, 2025	PLANNER: Mark Rud, Associate Planner
PROJECT NAME AND SUMMARY: 2007-2011 Old Hwy 10, Site-Specific Rezone	FILE NUMBER: P25-115

PLEASE COMPLETE THE FOLLOWING:

I, Joel Greear, certify that I am the landowner and/or authorized agent responsible for the posting of this land use project site and further certify that the site has been posted as required by Ellensburg City Code. I understand that the that the posting period begins immediately and ends after the ending of the appeal period on the final decision by the City Council and the sign(s) will be posted at the site until this time. **Failure to posts the site and return this form to Community Development in a timely manner will result in a delay of the application review for the project.**

Joel Greear
Signature

November 6th, 20 25

Please return the above **affidavit and photograph(s) of the posted notice sign board(s)** to: Mark Rud, Associate Planner 509-962-7235, via email: rudm@ellensburgwa.gov; Fax: 509-962-8655; or mail to: Community Development Dept., City Hall, 501 N. Anderson St., Ellensburg, WA 98926.

LAND USE ACTION

Notice of Site-Specific REZONE Public Comment Period and Open Record Public Hearing:

NOTICE IS HEREBY GIVEN that the City of Ellensburg has received site-specific rezoning request (application P25-115) for 2007-2011 Old Hwy 16. The applicant seeks a site-specific rezone of Lot G of Kittitas County document # 202506160017 (a recent combination of Parcels 952909 & 952910 into a single lot of record, from Commercial Highway (C-H), to Light Industrial (I-L). The City of Ellensburg Hearing Examiner will hold an **OPEN RECORD PUBLIC HEARING** at 1:00pm, on **Tuesday, December 16, 2025**, in the City Hall Council Chambers at 501 N. Anderson St in Ellensburg, to consider the rezoning application. The property is currently under development, and future plans potentially include development of additional buildings. The rezoning proposal is categorically exempt from SEPA under Washington Administrative Code (WAC) 197-11-050(5)(a)(i)(c) and Ellensburg City Code (ECC) 15.276.110(B)(3). A subsequent Closed Record Public Hearing with decision on the proposal will be held by Ellensburg City Council during a regularly scheduled meeting.



Interested persons may obtain a copy of the application materials from the Community Development Dept. website at: <https://ci.ellensburg.wa.us/573/Public-Notices/Current-Projects>

Written comments must be received, or postmarked, by **5:00pm Thursday, November 27, 2025** by mail, or by email. This may be your only opportunity to comment on this proposal.

Staff Contact: Mark Ruff, Associate Planner - mruff@ellensburgwa.gov, (509) 962-7235
Mailing Address: Community Development Dept., 501 N. Anderson St, Ellensburg, WA 98926

1808 CLEARVIEW DR ELLENSBURG LLC
PO BOX 10592
YAKIMA, WA 98909

ARIAS BARAJAS, UBALDO
1900 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

BARNESLEY, JEFFREY & SCHELAINÉ
2003 W CLEARVIEW DR
ELLENSBURG, WA 98926-2329

BASTIAN, BRADLEY D & BROOKE MARIE
1907 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

BNSF RAILWAY COMPANY
PO BOX 961089
FORT WORTH, TX 76161-0089

CAPITAL PARTNERS LLC
PO BOX 9070
PORTLAND, OR 97207-9070

DNC HOLDINGS LLC
PO BOX 237
ROYAL CITY, WA 99357-0237

HALL, GREGORY & CARRIE J
1906 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

JAMES, CHRISTOPHER
1902 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

JLE PERSONAL ENTERRISES LLC &
1457 130TH AVE NE
BELLEVUE, WA 98005-2253

KELLEY, BERYL
1391 REECER CREEK RD
ELLENSBURG, WA 98926

KITTITAS CO TAX DEED (AUDITOR)
205 W 5TH AVE STE 105
ELLENSBURG, WA 98926

LAUKALA LIVING TRUST
PO BOX 128
ELLENSBURG, WA 98926

MACE, KIMBERLY L & RYAN L
1810 W CLEARVIEW DR
ELLENSBURG, WA 98926-2325

MCKEE, CHRISTIANNE L &
1909 CLEARVIEW DR
ELLENSBURG, WA 98926

MCMULLIN-MESSIER, PAMELA A
2006 W CLEARVIEW DR
ELLENSBURG, WA 98926-2329

MORA-VILLANUEVA, IVONNE
2008 W CLEARVIEW DR
ELLENSBURG, WA 98926-2329

PHANITCHOB, SOMPHOB
1912 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

PRECIADO, MARTIN ETAL
2009 W CLEARVIEW DR
ELLENSBURG, WA 98926-2329

RCE LEASING LLC
1710 W UNIVERSITY WAY
ELLENSBURG, WA 98926

REECER CREEK STORAGE LLC
405 N ANDERSON STREET
ELLENSBURG, WA 98926

RODEO CITY INVESTMENTS TWO LLC
41 BYNUM RD
ELLENSBURG, WA 98926

ROSE, WILLIAM V & ANDREA L
1908 W CLEARVIEW DR
ELLENSBURG, WA 98926

SMITH, DANIEL ELDRIDGE & REBEKAH
G
24451 NANEUM RD
ELLENSBURG, WA 98926

SOLAR DOLAR LLC
1410 W DOLARWAY RD STE 301
ELLENSBURG, WA 98926

STOCKYARD DEVELOPMENT GROUP LLC
PO BOX 1191
ELLENSBURG, WA 98926-1901

SWANSON, BRYAN & ELIZABETH
1903 W CLERVIEW DR
ELLENSBURG, WA 98926

THOMPSON, JORDAN
1913 W CLEARVIEW DR
ELLENSBURG, WA 98926-2327

VILLWOCK, MATTHEW J
1201 15TH AVE SW
PUYALLUP, WA 98371

WALES, RYAN
PO BOX 445
ELLENSBURG, WA 98926-1914

XU, YUMING
8295 5TH AVE NE
SEATTLE, WA 98115-4116

ZHOU, ZOE S
2401 N CREEKEDGE WAY
ELLENSBURG, WA 98926-2342

P25-115

CERTIFICATE OF TRANSMITTAL

On this day, the undersigned sent to
the addressee(s) the original
document(s) by U.S. Mail.

I certify under penalty of perjury
under the laws of the State of WA
that the forgoing is true and correct.

Date 11/6/25

Signed

Kathy Boots



COMMUNITY DEVELOPMENT DEPARTMENT

501 N. Anderson St., Ellensburg WA 98926
Land Use Permitting (509) 962-7231 Construction Permitting (509) 962-7239
comdev@ci.ellensburg.wa.us permits@ci.ellensburg.wa.us

November 6, 2025

Notice of Application and Open Record Public Hearing for a Site-Specific Rezone P25-115, to rezone one lot at 2007-2011 Old Hwy 10 from Commercial Highway (C-H) to Light Industrial (I-L).

Dear Property Owner,

NOTICE IS HEREBY GIVEN that the City of Ellensburg has received a site-specific rezone request (City File # P25-115) for the following proposal that may be of interest to you. As a property owner within three hundred feet (300') of this proposal, you are invited to comment.

NOTICE IS FURTHER GIVEN that an **Open Record Public Hearing** has been scheduled before the City of Ellensburg Hearings Examiner **Tuesday, December 16, 2025, at 1:00 pm**, to consider Rezone Application P25-115 submitted by Joel Greear on behalf of property owner Solar Dolar LLC. The hearing will be held in person and remotely via Zoom.

Hearing Zoom Link: <https://us02web.zoom.us/j/83545314517?pwd=6NK4feiWkSIJnGBDaJvp7Oxw2FxFk2j.1>

Project Description: The applicant seeks a site-specific rezone of Lot G of Kittitas County document # 202506160017, a recent combination of Parcels 952909 & 952910 into a single lot of record at 2007-2011 Old Hwy 10 (5.82 acres), from Commercial Highway (C-H) to Light Industrial (I-L). The property is currently under development, and future plans potentially include development of additional buildings. The rezone proposal is categorically exempt from SEPA under Washington Administrative Code (WAC) 197-11-800(6)(a),(c) and Ellensburg City Code (ECC) 15.270.110(B)(3).

Project Information:

Date of application: October 9, 2025

Notice of Complete Application: November 4, 2025

Public Notice of Application: November 6, 2025

Comments due date: November 27, 2025

Public Hearing Date: Tues Dec 16, 2025, 1:00pm, Ellensburg City Hall (501 N Anderson) & Zoom

Project Location: 2007-2011 Old Hwy 10, Ellensburg

Materials are available for review on the City of Ellensburg Community Development Department webpage at: <https://www.ci.ellensburg.wa.us/623/Public-NoticesCurrent-Projects>.

Written comments must be received via hand delivery, email, or postmarked, by **5:00pm Thu., Nov 27, 2025**.

Mailing Address: Community Development Dept., 501 N. Anderson St., Ellensburg, WA 98926.

Staff Contact: Mark Rud, Associate Planner, (509) 962-7235, rudm@ellensburgwa.gov



Open Record Hearing: All persons interested in these matters may attend the open record hearing in person at City Hall or remotely via zoom. **Comments must be submitted in writing by 5:00 pm on Thursday, November 27, 2025** in order to be included in the staff report provided to the Hearing Examiner in advance of the hearing. Any comments received after this date and time will be provided to the Hearing Examiner at the meeting itself.

Subsequent decision on the proposal will be made by City Council in a Closed Record Public Hearing during regularly scheduled meetings, dates to be determined.

The City of Ellensburg strives to make our meetings and activities readily accessible by individuals with disabilities. Please furnish your request in sufficient time for the City to provide a reasonable accommodation by calling the City of Ellensburg ADA Coordinator at (509) 962-7222 or email ADAcoordinator@ellensburgwa.gov.

Appeal Process: The issuance of a decision on a rezone may be appealed as provided by Ellensburg City Code (ECC) 15.210.040.

Questions about this rezone may be directed to the Community Development Department, 501 North Anderson Street, or via email: rudm@ellensburgwa.gov.

Sincerely,

Mark Rud
Associate Planner



CITY OF ELLENSBURG

Public Works Department
501 North Anderson Street; Ellensburg, WA 98926
Ph: (509) 962-7230 Fax: (509) 962-7127

RECEIVED
11/13/2025
COMMUNITY
DEVELOPMENT
P25-115

Memorandum

Date: August 21, 2025

To: Chace Pedersen, Planner

From: Craig Jones, Development Coordinator *CJ*

Thru: Derek Mayo, City Engineer *DKM*

Re: 2011 Old Hwy 10 – Re-Zone – P25-081

The Public Works Department has no direct comment at this time on the Re-Zone of the parcel located at 2011 Old Hwy 10 from C-H to I-L. Applicant is cautioned that any development on the property may trigger improvements consistent with Public Works Development Standards. Including but not limited to frontage improvements, water sewer storm upgrades, parking lot, and traffic impact analysis. Public Works will comment on all future development of the property at time of development.

Cc: File 25-031



**Know what's below.
Call before you dig.**



**COMMUNITY DEVELOPMENT DEPARTMENT
501 N. Anderson St., Ellensburg, WA 98926**

**State Environmental Policy Act (SEPA)
MITIGATED DETERMINATION OF NON-SIGNIFICANCE (MDNS)**

Proponent: Greg Singer, Property Owner

Description: A SEPA Environmental Checklist for the proposed new construction of 6 ministorage buildings, located on two adjacent vacant lots north of Old Highway 10, parcel ID #952909 (2.34 acres) and ID #952910 (3.48 acres). The proposed buildings total approximately 75,000 sf of new building storage space, and the applicant has proposed to pave most of the site with exception of some landscaped areas. Zoning for these parcels is Commercial Highway (C-H), and main access to the new storage buildings would be off Old Highway 10.

Location: The proposed project is located north of Old Highway 10 and east of Reecer Creek Rd, on adjacent vacant lots Parcel ID #952909 and ID #952910.

Lead Agency: City of Ellensburg

File #: P22-027

The City of Ellensburg acting as lead agency for this proposal, has determined that the proposal, as mitigated, does not have a probable significant adverse impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist and other information on file with the lead agency. This information is available to the public upon request.

The lead agency for this proposal has determined that certain **mitigation measures** shall be necessary in order to issue a Determination of Non-Significance for this proposal. Failure to comply with the mitigation measures herein will result in the issuance of a Determination of Significance (DS) for this project. **The mitigation measures include the following conditions which shall apply based on project specific analysis:**

1. The applicant shall comply with all requirements outlined in the City of Ellensburg Public Works division memo, dated 5/10/2022, regarding roadway and access, water, sewer, stormwater and traffic.
2. The applicant shall comply with all requirements outlined in the City of Ellensburg Fire Marshall division memo, dated 4/25/2022, regarding IFC and City of Ellensburg code requirements.
3. The applicant shall develop civil and building plans that address the storm water requirements of both the City of Ellensburg and the State Department of Ecology. These shall address any potential for flooding as may be required by Ellensburg City Code Chapter 15.630. Such plans shall be approved by City Staff prior to construction.
4. The applicant shall comply with all requirements included in the Critical Area Determination, P22-028.

5. The applicant shall comply with all requirements outlined in the Washington Department of Ecology memo, dated 5/10/2022, regarding water quality.
6. Per the request of the Department of Archaeology and Historic Preservation memo, dated 5/4/2022, and the email from the Yakama Nation Archaeologist, dated 5/3/2022, the applicant shall complete an archaeological survey of the property and send the completed report to all requesting parties, including the City, for review and approval prior to project implementation.
7. In the event that previously unknown cultural resources or human remains are encountered during the implementation of the project, work in the vicinity of the discovery shall be halted and a professional archaeologist, the Washington State DAHP, and all affected tribes should be consulted before proceeding.
8. Requirements of all City Departments, the Fire District, all utility providers, and affected agencies must be satisfied, as outlined in adopted City Codes and other regulatory documents.
9. If the applicant wishes to add to, or change, the proposed scope of work included in this application, a new SEPA proposal and/or addendum will need to be submitted to address any changes.

This **Mitigated Determination of Non-significance (MDNS)** is issued using the standard MDNS process under WAC 197-11-350.

Responsible Official: Jamey Ayling
Title: Interim Community Development Director
Address: City of Ellensburg
 Community Development Dept.
 501 N. Anderson St.
 Ellensburg WA 98926
 Phone: (509) 962-7232 Fax: (509) 925-8655

Date: 5-24-22 **Signature:** 

Appeals: Following the issuance of this MDNS, is a 14-day appeal period. Pursuant to ECC 15.270.200, appeals must be submitted as required by the City of Ellensburg's administrative appeal procedures for Type II permits per ECC 15.230.040(B), and shall be made to the Hearing Examiner and meet all requirements contained in Chapter 15.230 ECC.

	Site Specific Rezone Permit Application Form	PA-04 APPLICATION
--	---	----------------------

Community Development Department 501 N. Anderson, Ellensburg, WA 98926 (509) 962-7239 (Building) permits@ci.ellensburg.wa.us (509) 962-7231 (Planning) comdev@ci.ellensburg.wa.us	OCT 09 2025
--	-------------

A pre-application meeting is required prior to submitting a Rezone application. Site-specific rezones to change the current zoning of a property to a new zoning category that is consistent with the comprehensive plan land use designation for the property are reviewed as Type IV processes. Type V reviews involve the legislative revisions to the zoning map for area-wide changes including comprehensive plan updates and those proposed to implement subarea plans.

Application Fee: \$1200 (Pre-App Fee: \$500 may be applied here also) See breakdown of fees required at submittal and prior to issuance of a decision.

In addition to the existing application fee, the applicant shall be required to pay a \$600 Hearing Examiner fee. If the Hearing Examiner fee is less than \$600, the difference shall be returned to the applicant. If the Hearing Examiner fee exceeds \$600, the additional cost shall be billed to and paid by the applicant.

The Planning Division will be unable to accept your Rezone Application if you fail to provide ALL of the following required material.

OFFICIAL USE ONLY:	
Staff Person:	KB
Date Submitted:	10/9/25
Due at Submittal	\$1440.00
Due prior to issuance	\$360.00
FILE #:	P025-115
Associated Permit File #:	P25-070

PROPERTY OWNER: (Note: If the Applicant is not the Owner, attach written authorization from the legal owner(s).)

Legal Owner Name(s):	Solar Dolar, LLC - Joel Greear	Day Phone:	509-899-7371
Mailing Address:	1410 W Dolarway Road, Suite 301, Ellensburg, WA 98926		
E-mail:	joel@centralpavingllc.com	Cell Phone:	509-899-7371

*APPLICANT: Owner Contractor Tenant Other _____

Name:	Solar Dolar, LLC - Joel Greear	Day Phone:	509-899-7371
Mailing Address:	1410 W Dolarway Road, Suite 301, Ellensburg, WA 98926		
E-mail:	joel@centralpavingllc.com	Cell Phone:	509-899-7371

CONTACT PERSON: Owner Contractor Tenant Other _____

Name:	Solar Dolar, LLC - Joel Greear	Day Phone:	509-899-7371
Mailing Address:	1410 W Dolarway Road, Suite 301, Ellensburg, WA 98926		
E-mail:	joel@centralpavingllc.com	Cell Phone:	509-899-7371

PROJECT INFORMATION:

Parcel Number(s) of Site:	952909		
Site Address (if any):	2011 Old Hwy 10, Ellensburg, WA 98926		
Current City Zoning Designation:	Commercial Highway (C-H)	Requested City Zoning Designation:	Industrial Light (I-L)

(OVER)

PROJECT INFORMATION:

Ellensburg City Code 15.250.060 requires that application for site specific rezone amendments to the zoning district map may only be approved if/all the following criteria are satisfied. Please include responses as an attachment.

(INCLUDE RESPONSES AS AN ATTACHMENT TO THIS APPLICATION)

1. Narrative project description (include as attachment): Please include at a minimum the following information in your description: describe project size, location, and all qualitative features of the proposal; include every element of the proposal in the description.

2. Applicant for rezone must demonstrate that the following criteria are met (attach additional sheets as necessary):

A. Conditions have changed since the imposition of the zoning classification on the property.

B. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare.

C. The proposed rezone is consistent with the comprehensive plan; and

D. The proposed rezone to a particular zoning district shall be consistent with the development standards in the LDC for the zoning district.

Applicants may propose conditions to be imposed on the site-specific rezone in order to mitigate any detrimental effect the rezone might have on uses or property in the immediate vicinity of the proposed rezone. Any conditions imposed by the city on the rezone shall be incorporated in a development agreement executed by the city council and the property owners(s), under the procedures set forth in RCW 36.70B.170 through 36.70B170 through 36.70B.200 and ECC Chapter 15.380 (Development Agreements)

The burden of this demonstration is on the rezone applicant.

3. Site Plan Requirements:

The proposed project and dimensions in relation to the property boundaries. Show how the property is located in reference to existing streets, alleys and sidewalks.

The proposed project and dimensions in relation to all existing and proposed development on the property. Show all existing buildings or structures on subject property and those proposed to be located on property with setback dimensions and distances between buildings.

Show present and additional "off-street" parking, if required.

(The site plan shall be legibly drawn to a minimum scale of 1:20 on substantial paper a minimum 11" x 17" size)

SIGNATURE OF LEGAL OWNER or REPRESENTATIVE AS AUTHORIZED BY THE LEGAL OWNER:

I, Joel Greear, (print name) affirm that the above responses are made truthfully and to the best of my knowledge. I hereby apply for this permit application and acknowledge that I have read this application and state that the information is correct and that I agree to comply with all city ordinances pertaining to this permit if granted.

I further affirm that I am the owner of record of the area proposed for the above-identified land use action or, if not the owner, attached here within is written permission from the owner(s) authorizing my actions on his/her/their behalf.

Signature of Legal Owner:
(or Authorized Agent)



Date:

10/7/2025

Ellensburg Rezone Application Narrative for 2011 OLD HWY 10 EMC 15.250.060

This application is requesting a site-specific rezone of parcel #952909 located at 2011 Old Hwy 10, Ellensburg from Commercial Highway (C-H) to Industrial Light (I-L). The parcel is wholly owned by Solar Dolar, LLC and is currently being developed as a self storage facility. The parcel is approximately 5.82 acres in size. It is bordered to the West by a commercial property also zoned C-H, to the East a self storage facility zoned C-H, and to the North vacant land zoned C-H. It is currently served by city utilities.

- A. Conditions have changed since the imposition of the zoning classification on the property:

At the time of permitting the existing self storage facility, the use of “miniwarehouse facility” was allowed via a conditional use process in the Commercial Highway zone. A conditional use was approved by the City of Ellensburg per project #P22-029 on 7/20/2022 to allow the development and vesting of the existing self storage facility. Since then, the City Of Ellensburg development code has changed and the allowed use of miniwarehouse facility via Conditional Use Process is no longer allowed as a conditional use in the C-H zone. The applicant desires to rezone the property from Commercial Highway to Industrial Light to more closely conform the existing use with current allowed uses. Miniwarehouse facility is currently an allowed use via Conditional Use Process in the Industrial Light zone.

- B. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare:

Rezoning this parcel to Industrial Light will promote a safer, healthier, and more vibrant community. The parcel is served by City of Ellensburg infrastructure to enhance public health and safety. There are ample off-street parking spaces to accommodate a variety of commercial, retail and service opportunities.

The existing structures will conform to the Ellensburg City Code and will meet the goal of encouraging Industrial Light development as supported by the Comprehensive Plan without increasing an unexpected demand on utilities and services.

- C. The proposed rezone is consistent with the comprehensive plan:

The proposed rezone to Industrial Light is consistent with the comprehensive plan. The comprehensive plan land use category of this parcel is “mixed business park” (see attached “Exhibit A”). According to the COE “Future Land Use-Zoning Conversion Table” (Exhibit B), Industrial Light (I-L) is an allowed zoning option in the Mixed Business Park future land use category.

The comprehensive plan outlines goals for sustainable development, efficient land use, and vibrant neighborhoods. Rezoning to Industrial Light aligns with these objectives by promoting consistent and compact growth patterns, maximizing land use efficiency, and facilitating convenient access to amenities and services for residents.

In addition, the site-specific rezone request is consistent with the goals, policies and programs of the current Comprehensive Plan:

- D. The proposed rezone to a particular zoning district shall be consistent with the development standard in the LDC for the zoning district

The proposed rezoning to Industrial Light adheres to the specific development standards outlined in the Land Development Code (LDC) of the zoning district. The applicant will ensure any future development complies with regulations regarding building heights, setbacks, lot coverage, and other relevant criteria, maintaining the character and quality of the area while accommodating Industrial Light development.

The proposed rezone shall be consistent with the development standards in the LDC for the Light Industrial.

Figure 2. Future Land Use Map

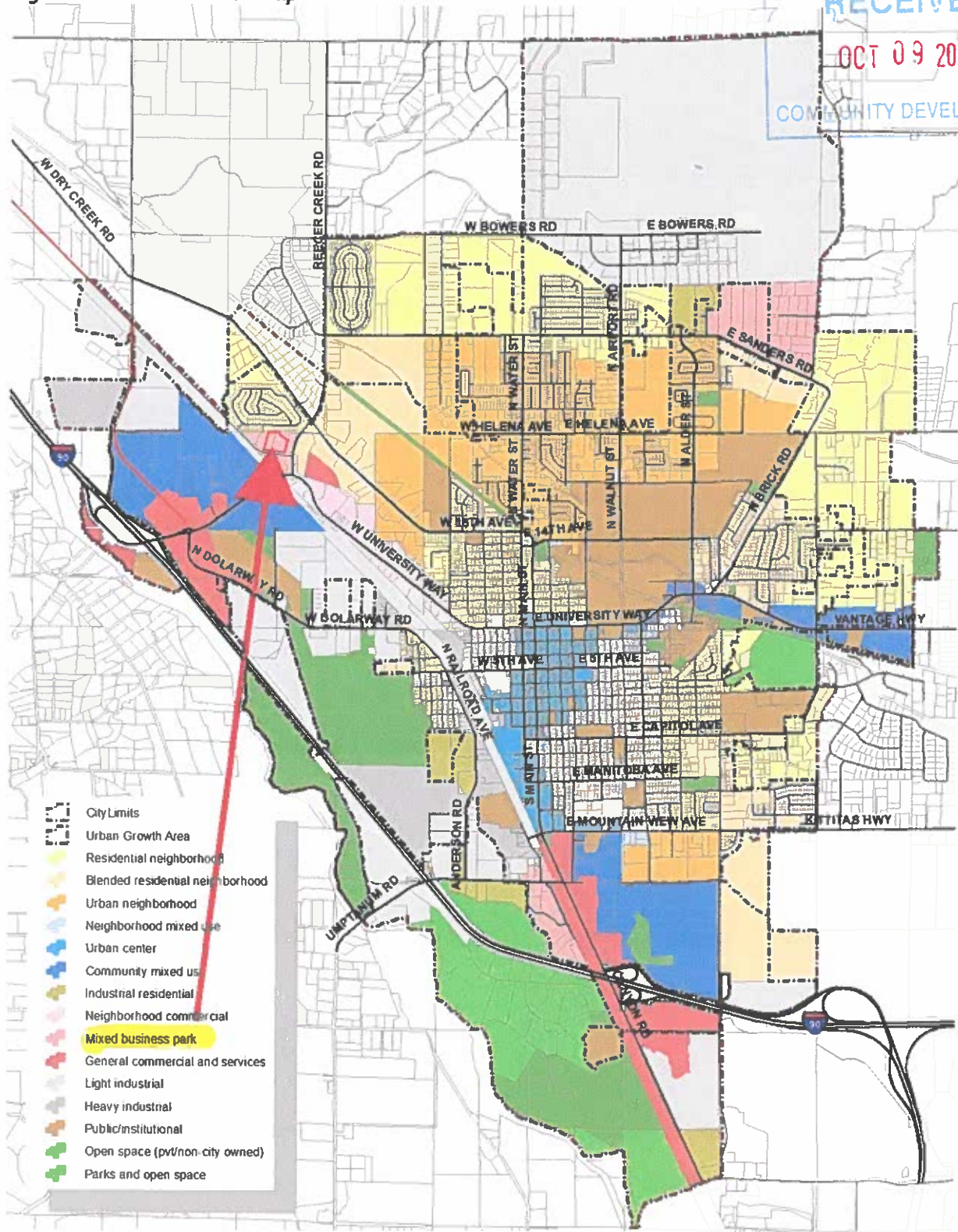


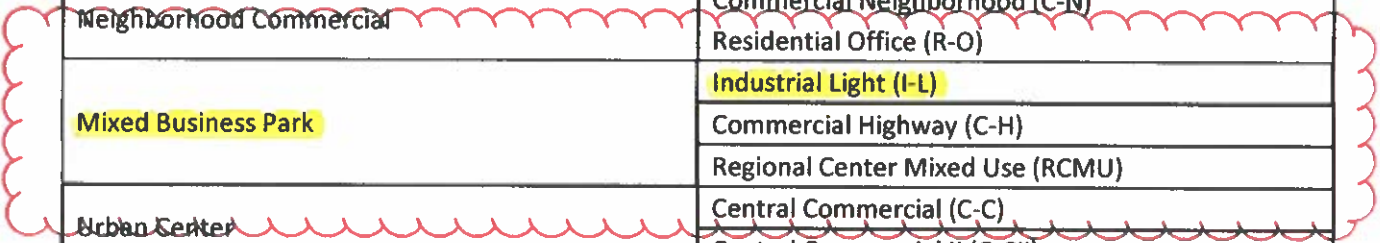
Exhibit B

P25-115

Table 7. Future Land Use- Zoning Conversion Table

Future Land Use	Zoning Options
Residential Neighborhood	Residential Suburban (R-S) Residential Low (R-L) Residential Medium (R-M) Residential High (R-H) Residential Office (R-O) Commercial Neighborhood (C-N)
Blended Residential Neighborhood	Residential Low (R-L) Residential Medium (R-M) Residential High (R-H) Commercial Neighborhood (C-N)
Urban Neighborhood	Residential High (R-H) Residential Medium (R-M) Residential Office (R-O) Commercial Neighborhood (C-N)
Neighborhood Mixed Use	Residential Medium (R-M) Residential High (R-H) Residential Office (R-O) Commercial Neighborhood (C-N)
Community Mixed Use	Residential Medium (R-M)
	Residential High (R-H)
	Residential Office (R-O)
	Neighborhood Center (NCMU)
	Regional Center Mixed Use (RCMU)
Neighborhood Commercial	Commercial Neighborhood (C-N)
	Residential Office (R-O)
Mixed Business Park	Industrial Light (I-L)
	Commercial Highway (C-H)
	Regional Center Mixed Use (RCMU)
Urban Center	Central Commercial (C-C)
	Central Commercial II (C-CII)
General Commercial and Services	Commercial Highway (C-H)
Light Industrial	Industrial Light (I-L)
Heavy Industrial	Industrial Heavy (I-H)
Industrial Residential	Industrial Light (I-L)
Public Institutional	Public Reserve (P-R)
Open Space (Private)	Public Reserve (P-R)
Parks and Open Space (Public)	Public Reserve (P-R)

RECEIVED
 OCT 09 2025
 COMMUNITY DEVELOPMENT



RECEIVED

OCT 09 2025

COMMUNITY DEVELOPMENT

P25-115



P25-115: 2011 Old Hwy 10 Rezone Record

Submitted to:

Andrew Kottkamp, City of Ellensburg Hearings Examiner

Submitted by:

Mark Rud, Associate Planner

Public Hearing Date:

December 16, 2025



COMMUNITY DEVELOPMENT DEPARTMENT
501 N. Anderson St., Ellensburg WA 98926

STAFF REPORT

TO: Andrew Kottkamp, City of Ellensburg Hearings Examiner

FROM: Mark Rud, Associate Planner
City of Ellensburg Community Development Department

RE: Open Record Public Hearing for Site-Specific Rezone Application P25-115,
from Commercial Highway (C-H) to Light Industrial (I-L)

DATE: Tuesday, December 16, 2025, 1:00pm via Zoom

I. GENERAL INFORMATION

Applicant: Joel Greear for property owner Solar Dolar LLC

Requested Action: The applicant seeks to rezone the subject property from Commercial Highway (C-H) to Light Industrial (I-L) for the purpose creating zoning conformance for an existing use and potential future development of similar uses.

Location: The property is located at 2011 Old Hwy 10 near the intersection of Reecer Creek Rd; Kittitas County Assessor's Parcel ID #952909 & 952910 were recently combined into a single parcel via Boundary Line Adjustment (BLA) under City File # P25-045 recorded as Kittitas County Survey document # 202506160017 (**Exhibit A**).

II. BACKGROUND AND SITE INFORMATION

Site History: The property is in the C-H zone, with 5 commercial storage unit buildings ("miniwarehouse facility"). Applicant has recently requested final inspections for occupancy.

Site Characteristics: The site topography is relatively flat except for on-site stormwater retention swales along north and south property line, and a large on-site floodplain compensatory storage pond at the east of the property. The Old Hwy 10 frontage is largely unimproved outside the road pavement section. A previous plat was approved with a deferral of street improvements (sidewalks, etc.). See **Exhibit B**.

Surrounding Properties: A zoning map of the surrounding properties is attached as **Exhibit C** and further described below:

- North:** Zoned Residential Suburban (R-S): consisting of detached single-family homes (Currier Creek Estates subdivision)
- South:** Zoned I-L and C-H: consisting of mixed uses including open-air aggregate storage between Old Hwy 10, Reecer Creek Rd, and W University Way; and unimproved agricultural lands south of the BNSF right-of-way (ROW) and W University Way
- East:** Zoned C-H, Commercial Neighborhood (C-N), and R-S: consisting of “miniwarehouse facilities” and open-air storage; and low-density residential and agricultural lands
- West:** Zoned C-H and Regional Center Mixed Use (RCMU): consisting of light industrial use northeast of Old Hwy 10 and the BNSF ROW; and unimproved agricultural lands southwest of the BNSF ROW
- Access:** Access to the property is from Old Hwy 10, designated a Minor Arterial, with secondary legal emergency access via existing thirty-foot (30’) wide easement established by the Currier Square Business Park short plat as shown on BLA P25-045.

Zoning and Development Standards, ECC Title 15: Ellensburg City Code (ECC) Table 15.310.040, “Nonresidential Uses,” indicates that “miniwarehouse facilities” are not permitted in current C-H zoning, and are permitted as a Conditional Use in the proposed I-L zone.

Comprehensive Plan: See the map attached as **Exhibit D**. The Ellensburg Comprehensive Plan’s Future Land Use Designation of the property is Mixed Business Park, intended to accommodate a range of commercial and industrial activities typified by office uses, low impact light industrial uses, businesses that may include several uses such as manufacturing, research and development, warehousing, distribution, office, retail customer service, or showrooms. Mixed Business Park Zoning Options include I-L, C-H and RCMU – see **Exhibit E**. The proposed I-L zoning is consistent with parcels south, and the Mixed Business Park Future Land Use designation is also consistent with the same south parcel, and those immediately east and west of the subject property.

Public Comments: Community Development issued a Notice Public of Application and Rezone hearing on November 6, 2025 via publication in the Ellensburg *Daily Record*, initiating a 21-day comment period that concluded November 27, 2025 (**Exhibit F**). The site was posted with a land use action sign on November 6, 2025 (**Exhibit G**). Notice of the Rezone was mailed to property owners within 300 feet of the proposed site on November 6, 2025 (**Exhibit H**).

As of the date of this staff report, no public comments have been received. The City of Ellensburg Public Works Department submitted comments on November 13, 2025 stating that future development applications will require consistency with Public Works

development standards (**Exhibit I**). These general requirements will apply absent any specific conditions pursuant to approval of the proposal.

III. ENVIRONMENTAL (SEPA) REVIEW

Structures have been established on the property as part of the site's development for "miniwarehouse facilities." This development was previously subject to SEPA Mitigated Determination of Non-Significance (MDNS) P22-027 (**Exhibit J**). No project is currently subject to review except the rezone's land use decision.

Rezoning is exempt from SEPA if in an Urban Growth Area for jurisdictions planning under the Growth Management Act (RCW 36.70A.040), the proposal is consistent with and does not require an amendment to the jurisdiction's Comprehensive Plan, and the Plan was previously subjected to an Environmental Impact Statement prior to its adoption that adequately addressed environmental impacts of the rezone. Ellensburg is part of a Kittitas County Urban Growth Area as a fully planning jurisdiction under the Growth Management Act. The rezone is consistent with the Ellensburg Comprehensive Plan, which has not required an amendment for the rezone and was subject to a Supplemental EIS prior to adoption of its Future Land Use Map and Zoning Conversion Table.

Because the preceding apply, the rezone is categorically exempt from SEPA pursuant to WAC 197-11-800(6)(a),(c) and ECC 15.270.110(A).

IV. PROJECT ANALYSIS

A. Ellensburg City Code Requirements for Site-Specific Rezone

Per Ellensburg City Code, site-specific rezone applications are subject to the Type IV review process, and the Hearings Examiner provides a recommendation to City Council after holding an open record public hearing. The Hearings Examiner must find that the application is in compliance with decision criteria of ECC 15.250.060(C). The applicant has the burden of establishing all the following criteria apply to the proposed rezone:

1. Conditions have changed since the imposition of the zoning classification on the property;
2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare;
3. The proposed rezone is consistent with the comprehensive plan;
4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the Land Development Code for the zoning district.

B. Analysis of Criteria for a Site-Specific Rezone

The applicant has submitted an application, a narrative with Comprehensive Plan attachments, and a site plan (**Exhibits K, L & M**) addressing the rezone criteria. Information submitted by the applicant is followed by staff analysis.

1. Conditions have changed since the imposition of the zoning classification on the property.

Applicant narrative: *At the time of permitting the existing self storage facility, the use of “miniwarehouse facility” was allowed via a conditional use process in the Commercial Highway zone. A conditional use was approved by the City of Ellensburg per project #P22-029 on 7/20/2022 to allow the development and vesting of the existing self storage facility. Since then, the City Of Ellensburg development code has changed and the allowed use of miniwarehouse facility via Conditional Use Process is no longer allowed as a conditional use in the C-H zone. The applicant desires to rezone the property from Commercial Highway to Industrial Light to more closely conform the existing use with current allowed uses. Miniwarehouse facility is currently an allowed use via Conditional Use Process in the Industrial Light zone.*

Staff analysis: Previous property owners applied for a Conditional Use Permit (CUP) on March 8, 2022 (File # P22-029) to develop storage units. At the time, “miniwarehouse facilities” were a Conditional Use in the C-H zone, and the application vested the proposal as submitted. Ellensburg City Council adopted Ordinance No. 4887 on May 16, 2022, which thereafter prohibited “miniwarehouse facilities” in the C-H zone; the existing use on the property would have no longer been permitted in the current C-H zoning district but for the vested CUP. CUP P22-029 was approved by the Ellensburg Planning Commission on July 20, 2022, with no expiration; concurrent SEPA MDNS P22-027 limited project evaluation to a set square footage of storage building space.

Solar Dolar LLC subsequently took ownership of the property, and applied for storage unit building permits on February 2, 2025. Applicant’s intent is to align the existing property entitlement (via CUP) with a zone that permits the use (as a Conditional Use). Following second reading of Ordinance No. 4975 on November 17, 2025, the I-L zone is the only Ellensburg zoning district that permits “miniwarehouse units,” and only as a Conditional Use.

The requested site-specific rezone to I-L is consistent with the Mixed Business Park and Zoning Options outlined in the Comprehensive Plan, and implementing development regulations under ECC Title 15 have since been revised several times to impact zones that permit the existing use of the subject property. Conditions have thus changed on the property since the imposition of its existing zoning.

2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare.

Applicant narrative: *Rezoning this parcel to Industrial Light will promote a safer, healthier, and more vibrant community. The parcel is served by City of Ellensburg infrastructure to enhance public health and safety. There are ample off-street parking spaces to accommodate a variety of commercial, retail and service opportunities. The existing structure will conform to the Ellensburg City Code and will meet the goal of encouraging Industrial Light development as supported by the Comprehensive Plan without increasing an unexpected demand on utilities and services.*

Staff analysis: The purpose of ECC Title 15 is in part “for the conservation, protection and enhancement of the public health, safety and general welfare” per ECC 15.110.020. The rezone of the subject property to I-L zoning would permit existing “miniwarehouse facilities” as a Conditional Use such as already entitled via CUP and developed, as well as permit other uses identified for the I-L zone by ECC 15.310.040. I-L is a commercial and industrial zone “intended to accommodate certain industrial structures and uses and having physical and operational characteristics which might adversely affect the economic welfare of adjoining residential and commercial uses” per ECC 15.300.050(C), purposes accomplished in part by “allowing a range of general service and light industrial uses which can be operated in a relatively clean, quiet and safe manner compatible with adjoining industrial uses and without serious effect, danger or hazard to nearby residential uses” per ECC 15.300.050(C)(1). The applicant will be responsible for meeting all standards in ECC Title 15 as applicable for any future development proposals or establishing any new uses. The proposed rezone thus bears a substantial relationship to the public health, safety, morals and general welfare of the City of Ellensburg as regulated by ECC Title 15.

3. The proposed rezone is consistent with the comprehensive plan.

Applicant narrative: *The proposed rezone to Industrial Light is consistent with the comprehensive plan. The comprehensive plan land use category of this parcel is “mixed business park” (see attached “Exhibit A”). According to the COW “Future Land Use-Zoning Conversion Table (Exhibit B), Industrial Light (I-L) is an allowed zoning option in the Mixed Business Park future land use category. The comprehensive plan outlines goals for sustainable development, efficient land use, and vibrant neighborhoods. Rezoning to Industrial Light aligns with these objective by promoting consistent and compact growth patterns, maximizing land use efficiency, and facilitating convenient access to amenities and services for residents. In addition,*

Staff Note: Applicant’s documents are included as Narrative attachments under this packet’s Exhibit L; referenced information is also found in packet Exhibits D & E.

Staff analysis: The Comprehensive Plan’s Future Land Use Designation for the parcel is Mixed Business Park, concentrated in 3 areas: at and near the subject property; south of Bowers Field airport on the north side of East Sanders Road; and on either side of West Umptanum Road near its South industrial Way intersection. This Future Land Use designation is intended to accommodate a range of commercial and industrial activities typified low impact light industrial uses such as currently on the property (among others), often as a transitional area between other uses, and whose scale and intensity of implement zoning districts should be compatible with adjacent developments. This applies to the subject property and parcels immediately east and west, and that south across Old Hwy 10.

The Plan’s Future Land Use-Zoning Conversation Table also indicates the rezone request to I-L is consistent with the Future Land Use Map.

In addition, the request for I-L zoning is consistent with the following goals, policies and action items in the Comprehensive Plan:

- **Goal LU-5:** Plan for commercial and industrial areas that serve the community, are attractive, and have long-term economic vitality.
 - **Policy A:** Provide a diversity of commercial and industrial lands to provide an array of businesses and development opportunities that serve the community.
- **Goal T-2:** Prioritize connection with state highway routes and removal of bottlenecks that delay the movement of people and goods.
 - **Policy G:** Focus industrial growth along specific transportation corridors that are designed to accommodate heavy vehicles and other industrial users.
- **Goal ED-2:** Stimulate and diversify Ellensburg’s economic.
 - **Policy D:** Encourage development of light industrial uses within the City of Ellensburg.
 - **Action Item:** *Increase usable industrial zoned property.* Review the industrial land inventory and identify and implement steps within the City’s control to make more light industrial land available in less constrained areas.

Based on the preceding, the proposed rezone is consistent with the Comprehensive Plan.

4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the LDC [ECC Title 15, “Land Development Code”] for the zoning district.

Applicant narrative: *The proposed rezoning to Industrial Light adheres to the specific development standards outlined in the Land Development Code (LDC) of the zoning district. The applicant will ensure any future development complies with regulations regarding building heights, setbacks, lot coverage, and other relevant criteria, maintaining the character and quality of the area while accommodating Industrial Light development. The proposed rezone shall be consistent with the development standards in the LDC for the Light Industrial.*

Staff analysis: The property is developed with existing “miniwarehouse facility” use from previously obtained entitlement via CUP P22-029. “Miniwarehouse facilities” have since been prohibited in the property’s current C-H zone, and permitted as a Conditional Use in the proposed I-L zoning designation. For any future uses, the applicant will be responsible for meeting all use permissions and development standards in ECC Title 15, as well as Public Works, Energy Services and building code standards as applicable for a project. The proposed rezone to I-L is thus consistent with ECC Title 15 regulations and related development and construction standards as applicable.

Staff Conclusion: Based on the assessment above, Community Development finds the proposal to be consistent with rezone evaluation criteria of ECC 15.250.060(C).

V. RECOMMENDATION

Based on Community Development's evaluation, Staff recommends that the Hearing Examiner forward a recommendation of approval for Ellensburg Rezone Request P25-115, from C-H to I-L on Parcel # 952909 and 952910, to the Ellensburg City Council.

Staff have no recommended conditions associated with approval of this request.

EXHIBITS:

- A.** Recorded Boundary Line Adjustment Survey P25-045
- B.** Location Map
- C.** Current Zoning Map
- D.** Comprehensive Plan Future Land Use Map
- E.** Comprehensive Plan Future Land Use-Zoning Conversion Table
- F.** Affidavit of Publication, *Ellensburg Daily Record*
- G.** Affidavit and Evidence of Posted Land Use Action Sign
- H.** Affidavit of Mailed Notice & Buffer Map
- I.** City of Ellensburg Public Works Comments
- J.** SEPA P22-027 MDNS
- K.** Rezone Application
- L.** Applicant's Narrative & Comprehensive Plan Attachments
- M.** Applicant's Site Plan

Solar Dolar Site-Specific Rezone

Open Record Hearing
December 16, 2025
File Number P25-115

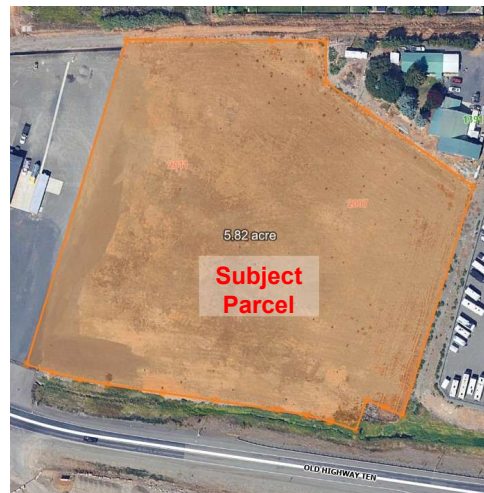


1

1

Solar Dolar Rezone Project Description

- **Location**
 - One parcel located at 2011 Old Hwy 10, created from a recent Boundary Line Adjustment for combination of Parcel ID's 952909 & 952910, per Kittitas County Survey document # 202506160017
- **Current Zoning**
 - Commercial Highway (C-H)
- **Proposed Zoning**
 - Light Industrial (I-L)



2

2

Future Land Use

- Site Specific Rezone for the purpose of general zoning conformance with existing use and entitlement.
- Light Industrial (I-L) zoning permits “miniwarehouse units” upon approval of a Conditional Use Permit.
- The comprehensive plan future land use designation for this parcel is Mixed Business Park, which is consistent with the rezone request to I-L.



3

3

Process and Permits

- Per the exemptions listed under WAC 197-11-800(6)(a),(c) and ECC 15.270.110(A), this site-specific rezone land use decision is exempt from SEPA.
- One comment was received from the City of Ellensburg Public Works department.
- One emailed public comment received from a mail Noticed party of record after the comment deadline.



4

4

Rezone Criteria: ECC 15.250.060(C)

1. Conditions have changes since the imposition of the zoning classification on the property;
2. The proposed rezone bears a substantial relationship to the public health, safety, morals, and general welfare;
3. The proposed rezone is consistent with the comprehensive plan;
4. The proposed rezone to a particular zoning district shall be consistent with the development standards in the Land Development Code for the zoning district.



5

5

Staff Recommendation

Staff recommends the Hearings Examiner forward to City Council a recommendation of approval of rezone request P25-115 as presented, from C-H to I-L.



6

6

Mark Rud

From: Pamela McMullin-Messier <pamelamcmm@yahoo.com>
Sent: Monday, December 15, 2025 3:27 PM
To: Mark Rud
Subject: [Ext] Public Hearing on rezoning 2007-2011 Old Hwy 10 from Commercial Highway to Light Industrial

CAUTION - EXTERNAL EMAIL: The email below is from an external source. Please exercise caution before opening attachments, clicking links, fulfilling requests, or following guidance.

Hi Mark

I received a notice about the public hearing, given that we own property right behind the area to be rezoned.

I know this is scheduled for tomorrow, which I hope to zoom in for, but my main concern is how this rezoning will impact our property value, as that is not clear from any of the materials posted.

I am also concerned about noise and traffic behind the house, as there is now a dirt road that is being used. Again, this is not clear from any of the materials posted.

Thank you for considering my questions.

Sincerely,
Pam McMullin-Messier
2006 W Clearview Drive
Ellensburg, WA

Exhibit 2- Affidavit of Closed Record Hearing Mailing

MCMULLIN-MESSIER, PAMELA A
2006 W CLEARVIEW DR
ELLENSBURG, WA 98926-2329

SOLAR DOLAR LLC
1410 W DOLARWAY RD STE 301
ELLENSBURG, WA 98926

CERTIFICATE OF TRANSMITT

On this day, the undersigned sent to
the addressee(s) the original
document(s) by U.S. Mail.
I certify under penalty of perjury
under the laws of the State of WA
that the forgoing is true and correct.

Date 4/6/2026

Signed *[Signature]*

P25-115



COMMUNITY DEVELOPMENT DEPARTMENT

501 N. Anderson St., Ellensburg WA 98926

Land Use Permitting (509) 962-7231
comdev@ci.ellensburg.wa.us

Construction Permitting (509) 962-7239
permits@ci.ellensburg.wa.us

January 20, 2026

Notice of Hearing Examiner Recommendation and Closed Record Public Hearing for a Site-Specific Rezone P25-115, to rezone one parcel at 2011 Old Hwy 10 from Commercial Highway (C-H) to Light Industrial (I-L).

Dear Party of Record,

NOTICE IS HEREBY GIVEN that the City of Ellensburg Hearing Examiner has made a **recommendation of Approval** for City File # P25-115 on December 29, 2025, a request further described below. This recommendation is being forwarded to City Council for a final decision on the site-specific rezone request.

NOTICE IS FURTHER GIVEN that a **Closed Record Public Hearing** has been scheduled before the Ellensburg City Council during its meeting on **Tuesday, January 20, 2026, at 7:00 pm**, to consider Site-Specific Rezone Application P25-115. The meeting will be conducted in-person and remotely via Zoom.

You are being notified pursuant to Ellensburg City Code (ECC) 15.230.090(B)(3) and 15.230.060(B). **No new testimony will be considered by City Council, whose closed record public hearing shall be limited solely to the record established in the Hearing Examiner's open record predecision hearing.**

Hearing Zoom Link will be published in the January 20, 2026 City Council Meeting Agenda Packet prior to the meeting at <https://ellensburgwa.portal.civicclerk.com/event/1333/files>.

Project Description: The applicant seeks a site-specific rezone of Lot G of Kittitas County document # 202506160017, a recent combination of Parcels 952909 & 952910 into a single lot of record at 2007-2011 Old Hwy 10 (5.82 acres), from Commercial Highway (C-H) to Light Industrial (I-L). The property is currently under development, and future plans potentially include development of additional buildings. The rezone proposal is categorically exempt from SEPA under Washington Administrative Code (WAC) 197-11-800(6)(a),(c) and Ellensburg City Code (ECC) 15.270.110(B)(3).

Project Information:

Date of application: October 9, 2025

Notice of Complete Application: November 4, 2025

Public Notice of Application: November 6, 2025

Comments due date: November 27, 2025

Public Hearing Date: Tues Dec 16, 2025, 1:00pm, Ellensburg City Hall (501 N Anderson) & Zoom

Project Location: 2007-2011 Old Hwy 10, Ellensburg

Materials and the Hearing Examiner's Recommendation are available on the City of Ellensburg Community Development Department webpage at: <https://www.ci.ellensburg.wa.us/623/Public-NoticesCurrent-Projects>.

Staff Contact: Mark Rud, Associate Planner, (509) 962-7235, rudm@ellensburgwa.gov



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: First Reading of Ordinance 4978 - Amending Ellensburg City Code Chapter 2.07 - Sale or Disposition of Surplus Personal Property (Public Comment Opportunity)

Submitted by: Keith Bassett, Assistant Finance Director

Department: Finance

Suggested Motion/Action:
Conduct First Reading of Ordinance 4978 - Amending Ellensburg City Code Chapter 2.07 - Sale or Disposition of Surplus Personal Property.

Background/Summary:
Chapter 2.07 of Ellensburg City Code which outlines policies for disposing of surplus personal property is due for an update. State requirements for disposal of surplus personal property originally acquired for utility purposes were modified in 2018 and other opportunities for efficiencies have been identified by staff.

Previous Council Action:
Chapter 2.07 was last amended in 2016. The prior surplus personal property ordinance was adopted in 1991. Currently, all surplus personal property with an estimated value over \$10,000 and surplus personal property of any value originally acquired for utility purposes is brought to Council for formal declaration of surplus and disposition approval.

Analysis:
Departments of the City regularly identify personal property that is no longer of public use to the City or is otherwise in the best interests of the City to sell or dispose of. Chapter 2.07 of Ellensburg City Code identifies the process by which various City departments may dispose of surplus personal property.

The Washington State Legislature amended RCW 35.94.040 in 2018 to set a threshold of an estimated surplus value of \$50,000 before requiring a public hearing for declaration of surplus personal property or equipment originally acquired for public utility purposes.

Requiring a formal declaration by Council for all surplus personal property with an estimated value greater than \$10,000 and requiring a public hearing before declaring items of any value acquired for public utility purposes as surplus can cause delays in replacing surplus property and equipment, missing out on opportunities for best-value disposition, and impose some administrative costs.

This ordinance streamlines surplus personal property disposition for items with an estimated value of \$50,000 or less and clarifies the requirements for disposition for all surplus personal

property.

Several sections of Chapter 2.07 relating to disposition of surplus personal property are unchanged by this ordinance. Specifically, Section 2.07.100 related to intergovernmental transfer of personal property over \$50,000 in value, Section 2.07.120 related to disposition of confiscated, forfeited and released firearms, and Section 2.07.140 related to sale of surplus personal property to Councilmembers or City employees are unmodified by this Ordinance.

Financial Impact:

Updating the City's surplus personal property policies as proposed in the ordinance is anticipated to result in minor administrative cost savings and allow for more timely disposition of items.

Budget Adjustment: No

Attachments:

1. Ordinance 4978- Chapter 2.07 Surplus Personal Property (First Reading)

ORDINANCE NO. 4978

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, AMENDING ELLENSBURG CITY CODE CHAPTER 2.07 SALE OR DISPOSITION OF SURPLUS PERSONAL PROPERTY TO CLARIFY POLICIES AND ALIGN WITH STATE REQUIREMENTS.

WHEREAS, the City Council approved Ordinance No. 4749, in 2016 which revised and expanded the City's policies for disposition of surplus personal property; and

WHEREAS, the Washington State Legislature amended RCW 35.94.040 in 2018 to set a threshold of an estimated surplus value greater than \$50,000 before requiring a public hearing for declaration of surplus personal property or equipment originally acquired for public utility purposes; and

WHEREAS, requiring a formal declaration by Council for all surplus personal property with an estimated value greater than \$10,000 and requiring a public hearing before declaring items of any value acquired for public utility purposes as surplus can cause delays in replacing surplus property and equipment, missing out on opportunities for best-value disposition, and impose some administrative costs; and

WHEREAS, obligations for disposition of surplus personal property in the best interest of the City do not change depending on the value of the personal property or procedures used to declare personal property surplus; and

WHEREAS, revising Chapter 2.07 to clarify recordkeeping and other administrative considerations for declaring and disposing of surplus property demonstrates enhanced accountability for all personal property of the City;

NOW, THEREFORE, the City Council of the City of Ellensburg, Washington do hereby ordain as follows:

Section 1. Sections 2.07.020 through 2.07.080 of Chapter 2.07 the Ellensburg City Code, as last amended by Section 2 of Ordinance 4749, are hereby emended to read as follows:

2.07.020 Sale or disposition of surplus property owned by the city.

Except as provided in ECC 2.07.040(B), the city manager may authorize department directors to declare as surplus any personal property owned by the city and which is in the custody of their departments when they have certified in writing that the property is no longer of public use to the city, or that the sale or other disposition thereof would be in the best interests of the city.

Records of property surplus declaration and disposition shall be prepared by each department director or their designee, retained as required by law, and the surplussing department shall cause city asset management records to be updated as appropriate.

2.07.040 Sale or disposition of surplus personal property.

A. Approval of the council is given for the sale or disposition of any personal property with an estimated value of ~~\$10,000.00~~\$50,000.00 or less which has been certified for disposition by the city manager, who shall designate the appropriate department director to proceed with such sale or disposition in accordance with informal procedures, requirements of the original funding source, and in the city's best interests.

B. If surplus property has an estimated value greater than ~~\$10,000.00~~\$50,000.00, prior approval of the sale and/or method of disposition must be obtained from the city council.

C. Surplus property may be transferred between city ~~departments~~funds upon approval by the city manager regardless of value in exchange for payment of fair market value. Notwithstanding the foregoing, transfer of property originally acquired for public utility purposes shall only be transferred to another city department as provided in ECC 2.07.080.

2.07.060 Methods of sale.

A. Notwithstanding any other section of this chapter, ~~when surplus city property with an estimated value of over \$10,000.00 is to be sold,~~ department directors with custody of surplus personal property, or his/her designee may, with prior approval of the city manager, or city council if required, sell or dispose of the property in any legal, commercially reasonable manner in the best interests of the city and obtain fair market value for the property, including but not limited to:

1. *Public auction.* The city may use a professional auction service or online auction site.
2. *Sealed bids.* Sealed bids may be solicited for the sale of surplus personal property. Surplus personal property disposed of in this manner shall be sold to the highest responsible bidder.
3. *Negotiated sale.* If the city has been unable to find a buyer for surplus personal property after having used a competitive public process, the city may negotiate to sell the personal property outright if a potential buyer is subsequently found.
4. Intergovernmental transfer to the state, any municipality or any political subdivision.

5. *Selling for scrap.* Surplus personal property may be sold as scrap if the city deems that the value of the raw material exceeds the value of the property as a whole.

6. *No value item.* Where the department director determines that specific supplies or equipment are surplus and of minimal or no value to the city due to spoilage, obsolescence or other cause, or where the cost of disposal of such supplies or equipment would exceed the recovery value, the department director shall dispose of the same in such a manner as he or she deems appropriate and in the best interest of the city.

7. *Trade-in.* Personal property declared as surplus may be offered as a trade-in for credit toward the acquisition of new personal property. All trade-in offers will be submitted for the review and approval of the city manager. If surplus personal property is to be applied to a purchase order, the trade-in value shall be itemized on the purchase order.

8. *Transfer to nonprofit agency.* Surplus personal property may be sold, transferred, or donated to qualified nonprofit agencies. Surplus personal property may also be sold below fair market to qualified nonprofit agencies if the cost of selling or otherwise disposing of it would exceed the fair market value.

B. The city shall comply with any notice and hearing requirements imposed by law for the sale or disposal of any surplus property.

2.07.080 Sale or disposition of personal property or equipment originally acquired for public utility purposes.

Whenever the city shall determine, ~~by council resolution,~~ that any personal property or equipment originally acquired for public utility purposes with an estimated value of more than \$50,000.00 is surplus to the city's needs and is not required for providing continued public utility service, then the council by resolution and after a public hearing may cause such property or equipment to be sold or leased. Such resolution shall declare that the property is surplus to the city's needs and is not required for providing continued public utility service, state the fair market value and such other terms and conditions for such disposition as the council deems to be in the best public interest per RCW 35.94.040. Personal property or equipment originally acquired for public utility purposes with an estimated value of \$50,000.00 or less may be disposed of without a public hearing or council action in accordance with the other provisions of this chapter.

Section 2. Severability. If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

Section 3. Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance Ordinance 4978 – Amending Chapter 2.07 ECC - Page 3 of 4 (1/20/2026)

including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of the ordinance or a summary thereof consisting of the title.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the 2nd day of February, 2026.

MAYOR

ATTEST:

CITY CLERK

Approved as to form:

CITY ATTORNEY

Publish:

I, Beth Leader, City Clerk of said City, do hereby certify that Ordinance No. 4978 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4978 was published as required by law.

BETH LEADER



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Resolution 2026-03 for Allocation of 2026 Lodging Tax Funds (Public Comment Opportunity)
Submitted by: Kelle Vandenberg, Arts & Economic Development Manager
Department: City Manager

Suggested Motion/Action:
Move to adopt Resolution 2026-03, approving the allocation and distribution of 2026 Lodging Tax Funds for special events and projects as presented.

Background/Summary:
The City previously entered into an Interlocal Agreement with Kittitas County for an annual consolidated countywide process for award and distribution of lodging tax funds. Pursuant to the Interlocal Agreement, each participating municipality will contribute 13% of their annual lodging tax collections through the consolidated lodging tax process. The City's designated amount for 2026 is \$108,259.12.

Total Funding requested in this application cycle was \$964,573.66 from 29 applicants. The Consolidated Lodging Tax group met on November 14, 2025, to hear applicant presentations and discuss allocation of available funding. Funding requested from 25 applicants were selected for consideration and allocation of the available 2026 lodging tax funds in the amount of \$480,887.39. The City's funding of \$108,259.12 will be allocated to the following special events and projects:

WEBB EVENTS LLC	\$11,368.74
Cle Elum Roundup Association	\$5,628.09
Top Tier Sports	\$14,633.04
Ellensburg Downtown Association PLACES	\$1,238.18
Kittitas Environmental Education Network	\$3,376.85
Punch Projects	\$4,502.47
Washington State Ski & Snowboard Museum	\$3,376.85
Roslyn Downtown Association	\$7,693.60
Ellensburg Downtown Association	\$10,715.89
Kittitas County Historical Society, Inc.	\$3,827.10
Gallery One	\$3,376.85
Ellensburg Rodeo Association	\$6,753.71
Suncadia Springfest	\$658.04
Suncadia Harvest Festival	\$3,376.85
Cle Elum Roundup Association	\$2,476.36

Valley Theatre/Laughing Horse Arts Foundation	\$2,251.24
All Things Fun Sports!	\$1,688.43
Suncadia Wine in the Pines	\$1,688.43
Junk-tiquen in the Burg	\$900.49
Roslyn Ronald Cle Elum Heritage Club	\$3,376.85
Suncadia Summer Concert Series	\$2,251.24
Suncadia Holiday Drone Show	\$7,314.13
Ellensburg Rodeo Hall of Fame	\$2,701.48
The Clymer Foundation	\$2,251.24
Ellensburg Shakespeare Project	\$832.96

Previous Council Action:

Council previously approved the Interlocal Agreement creating the consolidated lodging tax process. Council most recently approved an Amendment to the Interlocal Agreement between Kittitas County and the Cities of Ellensburg, Roslyn, and Cle Elum for the Consolidated Lodging Tax Grant Process on November 17, 2025.

Analysis:

The City Lodging Tax Advisory Committee budgets each year to allocate funds for events, festivals, and marketing. The combined countywide process allows more applicants to receive funding. The Kittitas County Consolidated Lodging Tax Committee met on December 5, 2025, to rank applications and recommend funding.

Financial Impact:

The \$108,259.12 is included in the 2025-2026 Biennial Budget.

Budget Adjustment: No

Attachments:

1. Resolution No 2026-03 Ellensburg Funding Recommendations

RESOLUTION NO. 2026-03

A RESOLUTION of the City Council of the City of Ellensburg adopting the distribution of the 2026 lodging tax fund grants.

WHEREAS, RCW 39.34.080 and other Washington State law, as amended, authorizes any city to contract with any other city/county to perform any governmental service, activity or undertaking which each contracting city/county is authorized by law to perform; and

WHEREAS, the governing bodies of Kittitas County and the cities of Ellensburg, Cle Elum, and Roslyn previously entered into an interlocal agreement for the purposes of creating a consolidated lodging tax grant process for special events and projects; and

WHEREAS, in accordance with the interlocal agreement, Kittitas County solicited applications for the distribution of the 2026 Hotel/Motel tax funds in the form of reimbursable grants for special events and projects throughout Kittitas County; and

WHEREAS, in accordance with the interlocal agreement, the respective Lodging Tax Advisory Committees (LTACs) or designees of Kittitas County and the cities of Ellensburg, Cle Elum, and Roslyn have reviewed all the applications submitted to Kittitas County; and

WHEREAS, in accordance with the interlocal agreement, Kittitas County compiled the various participating entity's scoring and funding recommendations and forwarded them to the combined county-wide LTAC Consolidated Work Group for further review; and

WHEREAS, in accordance with the interlocal agreement, the combined county-wide LTAC Consolidated Work Group met in an open public meeting on November 14, 2025, at Ellensburg City Hall to receive presentations from applicants, and deliberated to reach a final funding recommendation which is to be forwarded to each entity's legislative body for final approval; and

WHEREAS, in accordance with an amendment to the interlocal agreement, each participating municipality agreed to make available 13% of their annual lodging tax collections to be awarded through the consolidated lodging tax grant process; and

WHEREAS, Kittitas County designated \$341,015.40, Ellensburg designated \$108,259.12, Cle Elum designated \$24,340.67, and Roslyn designated \$4,272.20; and

WHEREAS, the combined county-wide LTAC Work Group recommended expending \$480,887.39 of the designated funds; and

WHEREAS, in accordance with the interlocal agreement, Kittitas County will provide notice to each successful applicant and will require a contract be agreed to by each successful applicant prior to funding awards being available for reimbursement; and

WHEREAS, in accordance with the interlocal agreement, Kittitas County will serve as the single reimbursing agency for all successful applicants and will bill each participating municipality's lodging tax fund for its respective share of any reimbursements awarded and applied for; and

WHEREAS, the legislative authorities for Kittitas County and the cities of Ellensburg, Cle Elum, and Roslyn are approving only their respective lodging tax fund grant awards.

NOW, THEREFORE BE IT RESOLVED: That the City of Ellensburg hereby awards the 2026 Hotel/Motel Tax fund grants distribution for special events and projects as follows:

APPLICANT	AWARDED	ELLENSBURG		
WEBB EVENTS LLC	50,500.00	11,368.74	Roslyn	4,272.20
Cle Elum Roundup Association	25,000.00	5,628.09	Cle Elum	27,340.67
Top Tier Sports	65,000.00	14,633.04	Ellensburg	108,259.12
Ellensburg Downtown Association PLACES	5,500.00	1,238.18	Kittitas County	341,015.40
Kittitas Environmental Education Network	15,000.00	3,376.85	Total	480,887.39
Punch Projects	20,000.00	4,502.47		
Washington State Ski & Snowboard Museum	15,000.00	3,376.85		
Roslyn Downtown Association	34,175.00	7,693.60		
Ellensburg Downtown Association	47,600.00	10,715.89		
Kittitas County Historical Society, Inc.	17,000.00	3,827.10		
Gallery One	15,000.00	3,376.85		
Ellensburg Rodeo Association	30,000.00	6,753.71		
Suncadia Springfest	2,923.00	658.04		
Suncadia Harvest Festival	15,000.00	3,376.85		
Cle Elum Roundup Association	11,000.00	2,476.36		
Valley Theatre/Laughing Horse Arts Foundation	10,000.00	2,251.24		
All Things Fun Sports!	7,500.00	1,688.43		
Suncadia Wine in the Pines	7,500.00	1,688.43		
Junk-tiquen in the Burg	4,000.00	900.49		
Roslyn Ronald Cle Elum Heritage Club	15,000.00	3,376.85		
Suncadia Summer Concert Series	10,000.00	2,251.24		
Suncadia Holiday Drone Show	32,489.39	7,314.13		
Ellensburg Rodeo Hall of Fame	12,000.00	2,701.48		
The Clymer Foundation	10,000.00	2,251.24		

Ellensburg Shakespeare Project

3,700.00

832.96

ADOPTED this _____ day of January 2026.

Mayor

Attest: _____
City Clerk



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: 2026 Professional Services Agreement Between City of Ellensburg and Kittitas County Chamber of Commerce for Tourism and Visitor Center Services (Public Comment Opportunity)

Submitted by: Kelle Vandenberg, Arts & Economic Development Manager

Department: City Manager

Suggested Motion/Action:
Move to approve the 2026 Professional Services Agreement between the City of Ellensburg and the Kittitas County Chamber of Commerce as recommended by the Lodging Tax Advisory Committee and authorize City Manager's signature on the Agreement.

Background/Summary:
The City of Ellensburg and the Kittitas County Chamber of Commerce seek to renew their professional services agreement related to tourism marketing/advertising and operation of the Visitor Information Center within the City of Ellensburg. The previous agreement expired at the end of 2025. This is a renewal of the previous professional services between the City of Ellensburg and the Kittitas County Chamber of Commerce with adjustments for 2026 to Exhibit A Scope of Work, Exhibit B Metrics, and Exhibit C Budget, which reflects a decrease from the 2025 amended budget.

Previous Council Action:
On January 21, 2025, Council approved the previous one-year agreement with the Kittitas County Chamber of Commerce which expired on December 31, 2025. The Agreement was amended on March 17, 2025 to add Visitor Center services at Unity Park for the 2025 summer season only.

Analysis:
Kittitas County Chamber of Commerce has long managed the visitor information center and tourism marketing for the City, ensuring accountability and assessment of lodging tax investments in tourism and marketing. In 2025, they expanded their offerings to include:

- Enhanced social media management and tourism campaigns
- Support for the development and maintenance of the Ellensburg Community Calendar
- Creation of an Ellensburg Creative District page on MyEllensburg.com

These initiatives exemplify the successful partnership and service provided by the Chamber of Commerce and will continue in 2026.

The City's Lodging Tax Advisory Committee (LTAC) recommended Council approval of the Agreement at their meeting on January 7, 2026.

Financial Impact:

The 2026 Exhibit C Budget Overview notes a decrease from the amended 2025 Budget, which included the operation of the Visitor Center at Unity Park from May-October.

2025 Amended Budget \$324,600

2026 Budget \$292,600

Budget Adjustment: No

Attachments:

1. KCCoC PSA-Exbt ABC Binder2

**AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE CITY OF ELLENSBURG
AND
KITITAS COUNTY CHAMBER OF COMMERCE**

**RELATING TO: TOURISM MARKETING/ADVERTISING AND VISITOR
INFORMATION CENTER (VIC) OPERATIONS**

THIS LUMP SUM AGREEMENT is made and entered into this 7th day of January, 2026 ("Effective Date"), by and between THE CITY OF ELLENSBURG, a non-charter code city of the State of Washington (hereinafter called the "CITY") and KITITAS COUNTY CHAMBER OF COMMERCE, a Washington non-profit organization authorized to do business in the state of Washington (hereinafter called the "CONSULTANT").

1. RECITALS.

1.1. The CITY desires to obtain professional services for work related to the operation of the marketing/advertising for tourism and operation of the Visitor Information Center within the CITY.

1.2. The CITY has solicited for such professional services as required by law, including RCW Chapter 39.80 if applicable.

1.3. CONSULTANT represents that it is available and able to provide qualified personnel and facilities necessary for the work and services contemplated herein, and can accomplish the work and services within the required time period and in accordance with CITY's specifications, WSDOT Standard Specifications (as applicable), and professional standards.

1.4. CONSULTANT agrees to perform the work and services specified herein in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the above representations and the terms, conditions, covenants, and agreements set forth below, the parties hereto agree as follows:

2. SCOPE OF WORK.

2.1. The scope of professional services to be performed and the results to be achieved by the CONSULTANT shall be as detailed in the attached Exhibit A and shall include all services and material necessary to accomplish the work ("Services").

2.2. The CITY may review the CONSULTANT'S work product, and if it is not satisfactory, the CONSULTANT shall make such changes as may be required by the

CITY. Such changes shall not constitute "Extra Work" as related in Section 13 of this Agreement.

2.3. The CONSULTANT agrees that all services performed under this Agreement shall be in accordance with the standards of the profession and in compliance with applicable federal, state and local laws.

2.4. The Scope of Work may be amended upon written approval of both parties.

3. TIME OF PERFORMANCE. The CONSULTANT may begin work upon the Effective Date of this Agreement by both parties, or the CITY's issuance of a Notice to Proceed, whichever is applicable. The Agreement shall extend from January 1, 2026 through December 31, 2026. The work performed and results of marketing efforts will be evaluated by the Lodging Tax Advisory Committee ("LTAC") annually, using metrics for evaluation as listed in the attached Exhibit B.

4. PAYMENT. The CITY shall pay the CONSULTANT as set forth in this section of the Agreement. Such payment shall be full compensation for work performed, services rendered, and all labor, materials, supplies, equipment and incidentals necessary to complete the work.

4.1. In no event shall the amount paid by CITY exceed the Maximum Compensation as set forth in Section 5, unless otherwise agreed to by the CITY in writing. Such payment shall be full compensation for work performed, services rendered, and all labor, materials, supplies, equipment and incidentals necessary to complete the work.

4.2. The CONSULTANT shall submit invoices to the CITY for work completed in accordance with Exhibit A. Invoices shall detail the work, and shall itemize with receipts and invoices the non-salary direct costs.

4.3. The CITY shall review the invoices and make payment for the portion of the project or tasks that have been completed less the amounts previously paid.

4.4. The CONSULTANT invoices are due and payable within 30 days of receipt. In the event of a disputed billing, only the disputed portion will be withheld from payment.

4.5. Payment for "Extra Work" performed under Section 13 of this Agreement shall be as agreed to by the parties in writing.

4.6. Payment shall be made from the CITY's Lodging Tax Fund to the CONSULTANT for the provision of the Services based upon the budget included in Exhibit C which is made a part of this Agreement. Payments for those budget items shown on Exhibit C for Administration of Marketing and Visitor Information Center

Operations shall be made on a monthly basis. Payment for the Services and products covered by this Agreement shall be on a reimbursable basis to the CONSULTANT for costs incurred.

5. MAXIMUM COMPENSATION.

5.1. The CONSULTANT's total compensation and reimbursement under this Agreement, including labor, direct non-salary reimbursable costs and outside services, shall not exceed the maximum sum of Two hundred and ninety-two thousand, six hundred dollars and 00/100 (\$292,600.00). This amount is the maximum amount to be paid under this Agreement and shall not be exceeded without prior written authorization from CITY in the form of a negotiated and executed amendment of this Agreement.

5.2. The budget for each task is as set forth in the attached Exhibit C. Budgets for task(s) may be modified upon mutual agreement between the two parties, but in any event, the total payment to CONSULTANT shall not exceed the maximum amount per Section 5.1 above.

6. RELATIONSHIP OF PARTIES.

6.1. The relationship created by this Agreement is that of owner-independent contractor. Neither the CONSULTANT nor CONSULTANT's employees are employees of the CITY and are not entitled to the benefits provided by the CITY to its employees. The CONSULTANT, as an independent contractor, has the authority to control and direct the performance of the details of the services to be provided. No employee, agent, representative or subconsultant of CONSULTANT shall be or shall be deemed to be the employee, agent representative or subconsultant of the CITY. The CONSULTANT shall assume full responsibility for all wages, along with any Federal, State, and local taxes or contributions imposed or required, including, but not limited to, unemployment insurance, Social Security, and income tax, payable as a result of work performed under this Agreement.

6.2. Employees of the CONSULTANT, while engaged in the performance of any work or services under this Agreement, shall be considered employees of the CONSULTANT only and not of the CITY, and claims that may arise under the Workman's Compensation Act on behalf of said employees while so engaged, and any and all claims made by a third party as a consequence of any negligent act or omission on the part of the CONSULTANT'S employees while so engaged, on any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the CONSULTANT. On or before the Effective Date, CONSULTANT shall file, maintain and/or open all necessary records with the Internal Revenue Service and the State of Washington, and as may be required by RCW 51.08.195, to establish CONSULTANT's status as an independent contractor.

7. OWNERSHIP OF DOCUMENTS.

7.1. The work product and all documents produced under this Agreement shall be furnished by the CONSULTANT to the CITY, and upon completion of the work shall become the property of the CITY, for use without restriction and without representation as to suitability for reuse by any other party unless specifically verified or adapted by the CONSULTANT, except that the CONSULTANT may retain one copy of the work product and documents for its records. The CONSULTANT will be responsible for the accuracy of the work, even though the work has been accepted by the CITY.

7.2. In the event that the CONSULTANT shall default on this Agreement or in the event that this Agreement shall be terminated prior to its completion as herein provided, all work product of the CONSULTANT, along with a summary of work as of the date of default or termination, shall become the property of the CITY. Upon request, the CONSULTANT shall tender the work product and summary to the CITY. Tender of said work product shall be a prerequisite to final payment under this Agreement. The summary of work done shall be prepared at no additional cost to the CITY.

7.3. CONSULTANT will not be held liable for reuse of documents produced under this Agreement or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of CONSULTANT.

8. RECORDS. As a public agency, the CITY is subject to the Public Records Act, Chapter 42.56 RCW (the "Act"). To the extent that CONSULTANT keeps records that are deemed public records and are needed for the CITY to respond to a request under the Act, as determined by the CITY, CONSULTANT agrees to make them promptly available to the CITY. Pursuant to Chapter 40.14 RCW, CONSULTANT shall retain records associated with this Agreement in accordance with the applicable retention schedule. CONSULTANT also agrees to indemnify and hold the CITY harmless from any claims or losses caused by CONSULTANT'S failure to make records available to the CITY as provided in this Agreement.

9. NONDISCRIMINATION. The CONSULTANT shall conduct its business in a manner, which assures fair, equal and non-discriminatory treatment of all persons, in particular:

9.1. The CONSULTANT shall maintain open hiring and employment practices and will welcome applications for employment in all positions, from qualified individuals who are members of minorities protected by federal equal opportunity/affirmative action requirements; and,

9.2. The CONSULTANT shall comply with all requirements of applicable federal, state or local laws or regulations issued pursuant thereto, relating to the establishment of non-discriminatory requirements in hiring and employment practices and assuring the service of all persons without discrimination as to any person's race, creed, color, religion, national origin, status as a military veteran, marital status, gender, sexual orientation, disability or other legally protected classification.

10. SUBCONTRACTING.

10.1. The CONSULTANT shall not sublet or assign any of the work covered by this Agreement without the written consent of the CITY.

10.2. In all solicitation either by competitive bidding or negotiation made by the CONSULTANT for work to be performed pursuant to a subcontractor, including procurement of materials and equipment, each potential subconsultant or supplier shall be notified by the CONSULTANT of CONSULTANT's obligations under this Agreement, including the nondiscrimination requirements.

10.3. In performing this Agreement, the CONSULTANT shall not subcontract with or employ any CITY employee without the CITY's written consent.

11. SUPERVISION, INSPECTION AND PERFORMANCE.

11.1. Even though CONSULTANT is an independent contractor with the authority to control and direct the performance and details of the Services, the Services must meet the approval of CITY and shall be subject to CITY's general right of inspection and supervision to secure the satisfactory completion of this Agreement.

11.2. CONSULTANT represents that it has or will obtain all personnel necessary to perform the Services and that such personnel shall be qualified, experienced, and licensed as may be necessary or required by applicable laws and regulations to perform the Services. All Services shall be performed by CONSULTANT, its employees, or by subconsultants whose selection has been authorized by CITY; provided that CITY's authorization shall not relieve CONSULTANT or its subconsultants from any duties or obligations under this Agreement, or at law, to perform the Services in a satisfactory and competent manner. CONSULTANT shall ensure that all contractual duties, requirements and obligations that CONSULTANT owes to CITY shall also be owed to CITY by CONSULTANT's subconsultants retained to perform the Services.

11.3. CONSULTANT shall be responsible for the professional quality, technical adequacy, accuracy, timely completion, and coordination of the Services and all plans, designs, drawings, specifications, reports, and other work performed pursuant to this Agreement. CONSULTANT shall perform the Services in accordance with the standard of care of its profession in the same or similar localities at the time services are performed. CONSULTANT shall be responsible for the professional standards, performance, and actions of all persons and firms performing the Services under this Agreement. CONSULTANT shall, without additional compensation, correct any specific breach of a contractual obligation in the Services and revise any errors or omissions in any plans, designs, drawings, specifications, reports, and other products prepared under this Agreement.

12. CHANGES IN WORK. Other than changes directed by the CITY as set forth in Section 1 above, either party may request changes in the scope of work. Such changes

shall not become part of this Agreement unless and until mutually agreed upon and incorporated herein by written amendments to this Agreement executed by both parties.

13. EXTRA WORK. The CITY may desire to have the CONSULTANT perform work or render services in connection with this project, in addition to the Scope of Work set forth in Exhibit A and minor revisions to satisfactorily completed work. Such work shall be considered as "Extra Work" and shall be addressed in a written supplement to this Agreement. The CITY shall not be responsible for paying for such extra work unless and until the written supplement is executed by both parties.

14. TERMINATION.

14.1. The CITY may terminate this Agreement in whole or in part whenever the CITY determines, in its sole discretion that such termination is in the best interests of the CITY, upon not less than ten (10) days' written notice to the CONSULTANT. Written notice will be by certified mail sent to the CONSULTANT'S designated representative at the address provided by the CONSULTANT. If this Agreement is terminated in its entirety by the CITY for its convenience, the CITY shall pay the CONSULTANT for satisfactory services performed through the date of termination, but no amount shall be allowed for anticipated profit on unperformed Services or other work.

14.2. The CITY may terminate this Agreement, in whole or in part and at any time, in writing if CONSULTANT substantially fails to fulfill any or all of its material obligations through no fault of CITY. If CITY terminates all or part of this Agreement for default, CITY shall determine the amount of Services satisfactorily performed to the date of termination and the amount owing to CONSULTANT using the criteria set forth below; provided that (a) no amount shall be allowed for anticipated profit on unperformed Services or other work, and (b) any payment due to CONSULTANT at the time of termination may be adjusted to the extent of any additional costs CITY incurs or will incur because of CONSULTANT's default. In such event, CITY shall consider the actual costs incurred by CONSULTANT in performing the Services to the date of termination, the amount of Services originally required which was satisfactorily completed to the date of termination, whether the Services or deliverables were in a form or of a type which is usable and suitable to CITY at the date of termination, the cost to CITY of either completing the Services itself or employing another firm to complete the Services in addition to the inconvenience and time which may be required to do so, and other factors which affect the value to CITY of the Services performed to the date of termination. Under no circumstances shall payments made under this provision exceed the Schedule of Charges. This provision shall not preclude CITY from filing claims and/or commencing litigation to secure compensation for damages incurred beyond that covered by withheld payments.

14.3. In the event this Agreement is terminated prior to the completion of the work, a final payment shall be made to the CONSULTANT, which, when added to any payments previously made, shall compensate the CONSULTANT for the portion of work completed. Whenever the Agreement is terminated in accordance with this Section 14,

the CONSULTANT shall be entitled to payment for actual work performed up to the termination date. Upon such termination, whether for convenience or default, an equitable adjustment in the contract price will be made by the CITY for partially completed items of work, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination under this Section 14 shall not constitute a breach of the Agreement by the CITY.

15. INDEMNIFICATION/HOLD HARMLESS.

15.1. CONSULTANT shall defend, indemnify and hold the CITY, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the CONSULTANT in performance of this Agreement, except for injuries and damages caused by the sole negligence of the CITY.

However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the CONSULTANT and the CITY, its officers, officials, employees, and volunteers, the CONSULTANT's liability, including the duty and cost to defend, hereunder shall be only to the extent of the CONSULTANT's negligence.

15.2. It is further specifically and expressly understood that the indemnification provided herein constitutes the CONSULTANT's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

15.3. The provisions of this section shall survive the expiration or termination of this Agreement. Further, the indemnity obligations shall extend to claims that are not reduced to a suit and to any claims that may be compromised prior to the culmination of any litigation or the institution of any litigation. Inspection, acceptance or payment by CITY of or for any Services performed by CONSULTANT shall not be grounds for avoidance of any Indemnity Obligations.

16. INSURANCE.

16.1. The CONSULTANT shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, employees or subcontractors.

16.2. CONSULTANT'S maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the CONSULTANT to the coverage provided by such insurance, or otherwise limit the CITY'S recourse to any remedy available at law or in equity.

16.3. Minimum Scope of Insurance. CONSULTANT shall obtain insurance of the types described below:

16.3.1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contract liability coverage; and,

16.3.2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, and personal injury and advertising injury. The CITY shall be named or added as an additional insured under the Consultant's Commercial General Liability insurance policy using ISO endorsement form CG 20 26, or coverage at least as broad; and,

16.3.3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington; and

16.3.4. Professional Liability insurance appropriate to the CONSULTANT's profession.

16.4. Minimum Amounts of Insurance. CONSULTANT shall maintain the following insurance limits:

16.4.1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.

16.4.2. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.

16.4.3. Professional Liability insurance shall be written with limits no less than \$2,000,000 per claim and \$2,000,000 policy aggregate limit.

16.5. Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

16.5.1. The CONSULTANT's insurance coverage shall be primary insurance with respect to the CITY. Any insurance, self-insurance, or insurance pool coverage maintained by the CITY shall be excess of the CONSULTANT's insurance and shall not contribute with it.

16.5.2. Any payment of deductible or self-insured retention shall be the sole responsibility of the CONSULTANT.

16.5.3. The CONSULTANT'S insurance shall contain a clause stating that

coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respects to the limits of the insurer's liability.

16.6. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

16.7. Verification of Coverage. CONSULTANT shall furnish the CITY with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured and primary coverage endorsements, evidencing the insurance requirements of the CONSULTANT before commencement of the work.

16.8. Cancellation. CONSULTANT will provide notice to the CITY of any cancelation of coverage by no later than three (3) days after CONSULTANT is notified by its insurer that coverage will or has been canceled, whichever occurs earliest.

16.9. CITY Full Availability of CONSULTANT Limits. If the CONSULTANT maintains higher insurance limits than the minimum amounts shown above, the CITY shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the CONSULTANT, irrespective of whether such limits maintained by the CONSULTANT are greater than those required by this Agreement or whether any certificate of insurance furnished to the CITY evidences limits of liability lower than those maintained by the CONSULTANT.

17. APPLICABLE LAW/VENUE. This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, and in the event of dispute the venue of any litigation brought hereunder shall be Kittitas County.

18. NOTICE. All communications regarding this Agreement shall be sent to the parties at the addresses listed below, or at such other address as given pursuant to this Section, and shall be effective on the next business day if sent by registered or certified mail or deposited with an overnight delivery service.

City of Ellensburg
Department of Arts & Economic Development
Attention: Kelle Vandenberg
501 N. Anderson
Ellensburg, WA 98926

Kittitas County Chamber of Commerce
Amy McGuffin, President/CEO
609 N. Main Street
Ellensburg, WA 98926

19. ENTIRE AGREEMENT. The written terms and provisions of this Agreement, together with all referenced Exhibits, supersede all prior verbal statements of any officer

or other representative of CITY, and such statements shall not be effective or be construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement. The entire agreement between the parties with respect to the subject matter hereunder is contained in this Agreement and the referenced Exhibits.

20. PRIORITY OF DOCUMENTS. In the event that the language and provisions of this Agreement are contrary to or conflict with any language or provisions set forth in any exhibit to this Agreement, the language and provisions of this Agreement shall control, and the contrary or conflicting language or provisions of the exhibit(s) shall be disregarded and shall be considered void.

21. MODIFICATION. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of CITY and CONSULTANT.

22. ASSIGNMENT. Any assignment of this Agreement by CONSULTANT without the prior written consent of CITY shall be void.

23. WAIVER. A waiver of any breach by either party shall not constitute a waiver of any subsequent breach.

24. THIRD-PARTY BENEFICIARIES. There are no third-party beneficiaries to this Agreement.

25. EXHIBITS AND SIGNATURES. This Agreement, including its exhibits, constitutes the entire Agreement, supersedes all prior written or oral understandings, and may only be changed by a written amendment executed by both parties. The following exhibits are hereby made a part of this Agreement:

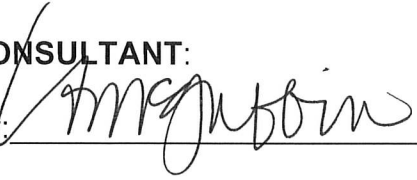
Exhibit A – Scope of Work

Exhibit B – Metrics for Evaluation

Exhibit C – Budget Overview

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

CONSULTANT:

By: 

Printed Name: Amy McGuffin

Title: President/CEO

Tax ID#: 91-0210430

THE CITY OF ELLENSBURG:

By: _____

Printed Name: _____

Title: _____

ATTEST: _____
Clerk

Approved as to Form:

City Attorney

EXHIBIT A

CITY OF ELLENSBURG

2026 TOURISM SCOPE OF WORK

Prepared for City Lodging Tax Committee

Submitted by: Kittitas County Chamber of Commerce

INTRODUCTION

The following packet contains the full 2026 Scope of Work prepared by the Kittitas County Chamber of Commerce for administration of Ellensburg tourism activities. This document reflects updates based on the 10-Year Tourism Strategic Plan, new seasonal tourism initiatives, and strengthened reporting metrics.

VISITOR INFORMATION CENTER OPERATIONS

- Operate the Visitor Information Center year-round.
- Maintain phone, email, and in-person visitor support.
- Conduct quarterly staff and volunteer trainings.
- Maintain tourism brochures, maps, and updated materials.

DIGITAL PRESENCE & SMART TOURISM

- Maintain and update Ellensburg tourism website.
- Conduct quarterly digital audits.
- Maintain active social media presence.
- Deploy QR-based guides and visitor information.

MARKETING MATERIALS & COLLATERAL

- Develop and distribute visitor guides, maps, and brochures.
- Conduct semiannual rack audits.
- Produce co-branded materials with tourism partners.

MARKETING, ADVERTISING & PUBLIC RELATIONS

- Deliver four seasonal campaigns.
- Conduct media outreach and secure earned media placements.
- Promote CWU, Creative District, events, and downtown visitation.

BUSINESS, CONVENTION & SPORTS TOURISM

- Recruit meetings and events.
- Support sports tourism events.
- Convene meeting planner working group.

OUTDOOR RECREATION, AGRITOURISM & VISITOR EDUCATION

- Promote outdoor recreation and agritourism.
- Publish recreation itineraries.
- Promote responsible recreation messaging.

NEW 2026 SEASONAL PROGRAMS

SHOP LOCAL (Jan 18–Mar 31)

- Shop local incentives, Restaurant Week, business recruitment.

ROAM LOCAL (Jun–Sep)

- Outdoor recreation promotion, guides, business partnerships.

ADMINISTRATION & REPORTING

- Attend LTAC meetings.
- Submit monthly financial and activity reports.
- Provide quarterly analytics dashboards.
- Submit annual tourism report by February 1.

TOURISM ADVOCACY

- Promote Ellensburg's tourism assets.
- Strengthen partnerships.
- Conduct annual State of Tourism presentation.

EXHIBIT B

CITY OF ELLENSBURG 2026 TOURISM SCOPE OF WORK

Prepared for City Council Review

Submitted by: Kittitas County Chamber of Commerce

INTRODUCTION

The following packet contains the full 2026 Scope of Work prepared by the Kittitas County Chamber of Commerce for administration of Ellensburg tourism activities. This Scope incorporates the 10-Year Tourism Plan, expands reporting metrics, and introduces two new seasonal programs to strengthen year-round tourism.

SECTION 1 – VISITOR INFORMATION CENTER OPERATIONS

DELIVERABLES:

- Operate the Visitor Information Center Mon–Fri (9–5) and Sat (10–2) year-round.
- Maintain brochures, maps, tourism materials, and visitor resources.
- Provide visitor assistance via in-person, phone, and digital communication.
- Conduct quarterly staff and volunteer trainings.
- Maintain VIC displays, signage, cleanliness, and customer service standards.

METRICS:

- Monthly tracking of VIC contacts (in-person, phone, email).
- 3% year-over-year increase in VIC engagement.
- Four trainings completed annually.
- Visitor satisfaction rating \geq 85% (if surveying is deployed).

SECTION 2 – DIGITAL PRESENCE & SMART TOURISM

DELIVERABLES:

- Maintain and update Ellensburg tourism website.
- Conduct quarterly web content audits.
- Maintain and engage social media channels.
- Deploy QR codes, guides, and smart-tourism tools.
- Provide annual digital vendor cost analysis.

METRICS:

- +10% increase in website sessions annually.

- Top 10 SEO ranking for at least 15 priority keywords.
- +8% social media engagement.
- Quarterly analytics reporting.

SECTION 3 – MARKETING MATERIALS & COLLATERAL

DELIVERABLES:

- Produce and distribute brochures, maps, and promotional materials.
- Conduct semiannual rack audits.
- Develop new co-branded collateral with partners.
- Maintain updated agritourism and recreation materials.

METRICS:

- 30,000+ pieces distributed annually.
- Two rack audits completed.
- Three new co-branded materials created.

SECTION 4 – MARKETING, ADVERTISING & PUBLIC RELATIONS

DELIVERABLES:

- Implement four seasonal marketing campaigns.
- Conduct ongoing PR outreach and media engagement.
- Promote CWU, Creative District, cultural and recreation assets.
- Deliver quarterly updates aligned with the 10-Year Tourism Plan.
- Deploy responsible recreation messaging (Visit Like a Local).

METRICS:

- Minimum 12 earned media placements annually.
- +5% CTR improvement on campaigns.
- Quarterly marketing analytics.
- Downtown visitation tracking via Placer.ai.

SECTION 5 – BUSINESS, CONVENTION & SPORTS TOURISM

DELIVERABLES:

- Recruit small and mid-sized meetings, conferences, and events.
- Support sports tourism with welcome packets and itineraries.
- Convene Meeting Planner Work Group.
- Promote hotel and group travel packages.

METRICS:

- Secure 6+ new meetings/events annually.
- Track hotel room nights associated with events.
- Submit post-event economic impact analyses.

SECTION 6 – OUTDOOR RECREATION, AGRITOURISM & VISITOR EDUCATION

DELIVERABLES:

- Promote Ellensburg recreation: trails, river, wildlife, biking, winter recreation.
- Publish updated recreation and agritourism itineraries.
- Participate in Visitor Management & Education Working Group.
- Deploy responsible recreation messaging.

METRICS:

- 6+ recreation/agritourism itineraries annually.
- +5% engagement increase on recreation content.
- Quarterly recreation updates.

SECTION 7 – 2026 SEASONAL PROGRAMS

SHOP LOCAL (January 18–March 31)

DELIVERABLES:

- Campaign branding and promotion.
- 40+ business participants recruited.

- Restaurant Week implementation (optional).
- Winter itineraries developed.

METRICS:

- Business participation total.
- Campaign engagement (check-ins, receipts, pass activity).
- Downtown foot traffic (Placer.ai).
- Website and social analytics.

ROAM LOCAL (June–September)

DELIVERABLES:

- Outdoor recreation campaign branding.
- Creation of adventure guides.
- Safety and responsible recreation messaging.
- Business partnership program.
- Summer campaign launch event.

METRICS:

- Number of downloads/engagements.
- Social media outdoor content engagement.
- Recreation and downtown visitation tracking.
- Number of ROAM Local partner businesses.

SECTION 8 – ADMINISTRATION & REPORTING

DELIVERABLES:

- Attend LTAC meetings.
- Submit monthly expenditure and reporting packets.

- Deliver quarterly analytics dashboards.
- Submit Annual Tourism Report by February 1.
- Maintain Tourism Committee participation.
- Support Strategic Tourism Plan updates.

METRICS:

- 100% on-time reporting.
- Quarterly dashboard compliance.
- Annual report delivered on schedule.

SECTION 9 – TOURISM ADVOCACY

DELIVERABLES:

- Promote tourism assets: cultural, historic, natural, recreational.
- Strengthen partnerships across business and community sectors.
- Provide tourism education to residents and businesses.
- Deliver annual State of Tourism presentation.

METRICS:

- Participation in 12+ partner/industry meetings.
- Launch at least one tourism education campaign.
- Annual State of Tourism report delivered.

2026 Tourism Reporting Framework

Stand-Alone Reporting Requirements for the City of Ellensburg

Monthly Reporting

- Visitor Information Center (traffic, inquiries, trends)
- Digital performance (web, social metrics)
- Marketing campaign updates
- Business/meeting/sports tourism activity
- Seasonal program updates (when applicable)
- Community partner engagement
- Monthly financial reporting
- Narrative: challenges, opportunities, next steps

Quarterly Reporting

- Quarterly analytics dashboard (web, social, Placer.ai)
- VIC quarterly trends
- Seasonal campaign results (Shop Local, ROAM Local)
- Marketing & PR performance summary
- Meeting & sports tourism outcomes
- Recreation/agritourism updates
- Administrative reporting and LTAC updates

Annual Performance Metrics

- Executive summary of annual accomplishments
- Full-year VIC traffic and YoY change
- Website, SEO, and social media annual metrics
- Placer.ai annual visitor movement analysis
- Meeting & sports tourism annual summary
- Seasonal program outcomes
- Marketing & PR achievements
- Partnerships & tourism development summary
- Annual reporting compliance
- Challenges, opportunities, and recommendations

EXHIBIT C

MARKETING	BUDGET
Salaries including Administration Fee	\$110,000.00
Website including widget/application Fee	\$9,000.00
Online including ad design, production, paid/organic ads Fees	\$60,000.00
Print Advertising including traditional media, signage, and collateral with production costs	\$7,500.00
Traditional Media including TV media, earned media stories	\$15,000.00
Data Resources – acquiring and management for reporting	\$9,500.00
TOTAL MARKETING	\$211,000.00

OPERATION OF VISITOR CENTER (Main)	BUDGET
Salaries including Administration Fee	\$60,000.00
Office Expense: such as Office Supplies, Equipment Maintenance, Cleaning Services, etc.	\$21,600.00
TOTAL OPERATION:	\$81,600.00

TOTAL CONTRACT:	\$292,600
------------------------	------------------



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Pathways Place Amended and Restated Affordable Housing Agreement (Public Comment Opportunity)
Submitted by: Lily Frey, Housing Program Manager
Department: Community Development

Suggested Motion/Action:

Move to authorize the City Manager to sign the amended and restated affordable housing agreement and related documents for the Pathways Place project as presented or in substantially similar form.

Background/Summary:

In May 2022, the City contributed funds for the purchase of the former Nites Inn property at 1200 S Ruby Street for the renovation of the motel; the original purchase contemplated additional housing development on the nearly five-acre property. In 2024, HopeSource and its development partner, Stewardship Development, proposed additional construction of housing buildings on the site and applied for a variety of different sources of funding to support a total of 78 new housing units on the 1200 S Ruby property, including an amended design for the previously planned hotel renovation.

The partnership has secured several sources of funding including low-income housing tax credits, Apple Health and Homes (AHAH) and national Housing Trust Fund awards and is ready to move forward with the larger scope development on the property. The revised target completion date is June 30, 2027, and the outside completion date is December 31, 2027.

Previous Council Action:

Council approved an Affordable Housing Agreement with HopeSource, including the requested \$750,000 from the affordable housing sales tax funds, at its May 23, 2022 Special Meeting. Council approved the first amendment to the Affordable Housing Agreement on December 18, 2023 as part of the consent agenda.

At the February 18, 2025 meeting, Council authorized the City Manager to sign a second amendment to the affordable housing agreement extending the target and outside completion dates.

On March 17, 2025, Council authorized the City Manager to sign the Connecting Housing to Infrastructure (CHIP) grant for the Pathways Place project.

Analysis:

The amended and restated agreements incorporate the revised scope of development and affordability levels, including 78 total units, of which 39 units will be affordable to households

with incomes up to 30% of the area median and 39 units will be affordable to households with incomes up to 50% of the area median. 20 units within the project will be permanent supportive housing (this set aside is part of another funder's restrictions for the property). The amended documents restructure funding to the partnership as a deferred loan to meet the requirements of the other project funding sources. No loan payments are planned and the balance would be forgivable at the loan's term at the City's discretion. The revised documents incorporate the Connecting Housing to Infrastructure Program (CHIP) award from the Washington State Department of Commerce, for which the City is the primary grantee. These funds are specific to this project and can only be used to support the water, sewer and stormwater improvement costs and connection fees for this project.

HopeSource and its development partners have completed their land use and building permitting reviews and are ready to move forward with construction once agreement documents are approved and fees are paid. This project responds to Council's goal from the initial property acquisition and will serve the lowest income populations that are hardest to serve and typically require projects with layered funding that can be slow to finalize. The Pathways Project is consistent with the City's comprehensive plan goal to encourage and accommodate a variety of housing types and densities to meet housing needs of all economic segments of the community and with the City's housing action plan goal of creating income-restricted affordable housing units.

The amended and restated agreements requiring the City's signature include the Affordable Housing Agreement, City Note, Covenant and Deed of Trust. Other related new documents requiring the City's signature for this project include the Assignment and Assumption Agreement and the Priority and Subordination Agreement. City staff have worked closely with outside counsel and the developer's legal team to ensure the documents reflect the City's goal of supporting redevelopment of the property for affordable housing while aligning with other project funders' requirements.

Financial Impact:

There is no financial impact from the amended and restated agreements. A separate agenda item (11B) will consider fee waivers for this project that require signature of these amended and restated documents.

Budget Adjustment: No

Attachments:

1. Ellensburg - Pathways - AR Affordable Housing Agreement
2. Ellensburg - Pathways - Attachment 5-2025 AR City Note
3. Ellensburg - Pathways- Attachment 6-AR Covenant
4. Ellensburg - Pathways - Attachment 7-AR Deed of Trust 2025
5. Ellensburg - Pathways - Assignment and Assumption Agreement
6. 1.8.26_Priority and Subordination Agreement [Pathways]

AMENDED AND RESTATED AFFORDABLE HOUSING AGREEMENT

by and between

CITY OF ELLENSBURG

and

HOPESOURCE

and

STEWARDSHIP DEVELOPMENT LLC

TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION2

 1.1 Defined Terms.....2

 1.2 Singular and Plural Terms.....6

 1.3 References and Other Terms.....6

 1.4 Exhibits Incorporated.....7

2. FINANCING.....7

 2.1 Deferred Loan7

 2.2 Terms of the City Loan7

 2.3 Security for the City Loan.....7

 2.4 Disbursement of City Loan Proceeds.....7

 2.5 Consent Required for Assignment and Assumption.....7

3. CONDITION OF PROPERTY; SCOPE OF DEVELOPMENT7

 3.1 Developer Representations to City re Existing Condition of the Site.....7

 3.2 Environmental Condition Prior to City Loan Disbursement.8

 3.3 Duty to Prevent Hazardous Material Contamination.....8

 3.4 Environmental Indemnification8

 3.5 Release of City by Developer9

 3.6 Environmental Inquiries.....9

 3.7 Scope of Development.....9

4. LOAN DISBURSEMENT; CONDITIONS PRECEDENT9

 4.1 Outside Closing Date10

 4.2 Project Documents10

 4.3 Insurance10

 4.4 Title Insurance.....10

 4.5 Escrow Expenses.....10

 4.6 Corporate Resolution10

 4.7 Representations and Warranties.....10

 4.8 No Default.....10

5. REPRESENTATIONS AND WARRANTIES OF THE PARTIES10

 5.1 City Representations10

 5.2 Developer Representations11

 5.3 Covenant Not to Transfer Except in Conformity.....11

6. AFFORDABLE HOUSING COVENANT; MAINTENANCE, PROPERTY MANAGEMENT, DEVELOPER COVENANTS, AND OPERATION OF THE PROJECT.....12

 6.1 Nondiscrimination.....12

 6.2 Taxes and Assessments13

 6.3 Compliance with Laws.....13

 6.4 Property Management13

 6.5 Capital Reserve Requirements15

 6.6 Operating Budget15

 6.7 Monitoring and Recordkeeping16

 6.8 Right of Entry for Inspection16

 6.9 General Maintenance16

 6.10 Effect of Violation of this Agreement after Completion of Construction17

 6.11 Department of Commerce Funds17

7. DEFAULTS AND REMEDIES17

 7.1 Events of Default by Developer.....17

 7.2 Remedies Upon Default18

 7.3 Cumulative Remedies; No Waiver18

 7.4 Termination.....19

8.	INSURANCE AND INDEMNIFICATION.....	20
8.1	Indemnification / Hold Harmless – STEWARDSHIP.....	20
8.2	Indemnification / Hold Harmless – HOPESOURCE.....	20
8.3	Insurance – STEWARDSHIP.....	21
8.4	Insurance – HOPESOURCE.....	23
8.5	Obligation to Repair and Restore Damage Due to Casualty.....	25
8.6	Non-Liability of City.....	26
9.	MISCELLANEOUS.....	26
9.1	Covenant Not to Sue.....	26
9.2	Enforced Delay; Extension of Times of Performance.....	26
9.3	Nonliability of Officials and Employees of City.....	27
9.4	Obligations Unconditional and Independent.....	27
9.5	Notices.....	27
9.6	Survival of Representations and Warranties.....	27
9.7	Developer Payment of Third Party Costs.....	27
9.8	No Third Parties Benefited.....	28
9.9	Use of Consultants by City.....	28
9.10	Binding Effect; Assignment of Obligations.....	28
9.11	Superiority of City Agreement.....	28
9.12	Prior Agreements; Amendments; Consents.....	28
9.13	Governing Law.....	28
9.14	Attorney Fees.....	29
9.15	Severability of Provisions.....	29
9.16	Headings.....	29
9.17	Conflicts.....	29
9.18	Time of the Essence.....	29
9.19	Conflict of Interest.....	29
9.20	Warranty against Payment of Consideration.....	29
9.21	Real Estate Commissions.....	29
9.22	Counterparts.....	29

ATTACHMENTS

ATTACHMENT NO. 1	LEGAL DESCRIPTION OF THE SITE
ATTACHMENT NO. 2	CHIP CONTRACT
ATTACHMENT NO. 3	RESERVED
ATTACHMENT NO. 4	RESERVED
ATTACHMENT NO. 5	AMENDED AND RESTATED CITY NOTE
ATTACHMENT NO. 6	AMENDED AND RESTATED AFFORDABLE HOUSING COVENANT
ATTACHMENT NO. 7	CITY AMENDED AND RESTATED DEED OF TRUST

AMENDED AND RESTATED AFFORDABLE HOUSING AGREEMENT

THIS AMENDED AND RESTATED AFFORDABLE HOUSING AGREEMENT (the “Agreement”), dated, for identification purposes only, as of _____, 2026 (the “Effective Date”) is entered into by and between the **CITY OF ELLENSBURG**, a Washington municipal corporation (“City”), **HOPESOURCE**, a Washington nonprofit corporation (“HopeSource”) and **STEWARDSHIP DEVELOPMENT LLC**, an Oregon limited liability company (“Stewardship”) and together with HopeSource, each, a “Developer” and collectively the “Developer” as the context may require)

RECITALS

A. HopeSource and the City previously entered into that certain unrecorded Affordable Housing Agreement dated as of May 25, 2022 (the “Original Agreement”) for the development of a multifamily development consisting of at least sixteen (16) units providing affordable housing.

B. HopeSource and Stewardship entered into that certain Joint Development Agreement dated as of August 1, 2024 (as may be amended, “JDA”), for the joint development of the Project (as defined below) and formation of Pathways Place LLLP, a Washington limited liability limited partnership (the “Partnership”) to own the Project upon the LIHTC Closing (as defined in the JDA).

C. HopeSource purchased that certain real property consisting of approximately 4.86 gross acres of land and structure located at 1200 South Ruby Street (the “Site” or the “Property”) within the corporate limits of the City of Ellensburg pursuant to that certain Real Property Purchase and Sale Agreement dated March 1, 2022 by and between Star Hospitality, LLC, as seller (“Seller”) and HopeSource, as buyer (as may be amended, the “PSA”). The Site is legally described on Attachment 1. D. Developer will develop the Site with a unit multifamily development consisting of seventy-eight (78) units (“Project”) providing permanent housing to persons and families of limited income, as more particularly provided herein, with all of the dwelling units on the Site to be restricted to occupancy by low-income residents.

E. Pursuant to the Original Agreement, HopeSource requested assistance from City in the form of contribution of moneys the City has obtained upon application of sales taxes under the authority of RCW 82.14.530 and the City made a deferred loan to HopeSource in the amount of \$750,000 (which was not funded with proceeds from tax exempt bonds) to support the creation of at least sixteen (16) units of low-income housing. Consistent with Washington law, the 16 units of affordable housing to be created with these funds pursuant to the Original Agreement are required to serve households serving sixty percent (60%) or less of the Area Median Income for Kittitas County (“AMI”) and fall within the specific population groups as described in RCW 82.14.530(2)(b).

F. HopeSource has requested additional assistance from the City for infrastructure improvements and the City has agreed to make an additional deferred loan in a total amount of \$829,857 to HopeSource pursuant to that certain CHIP Contract (as defined herein), to pay certain infrastructure-related facility charges and/or impact fees in connection with the Project.

G This Agreement amends and restates in full the Original Agreement.

H. By this Agreement, and subject to the terms and conditions herein, City desires to aid in the implementation of the Project as more fully described herein. The permitted income levels of the tenants of each Housing Unit and the permissible rents price to be charged for occupancy of each Housing Unit are set forth in detail in this Agreement and the Covenant, in order to ensure compliance with the requirements this Agreement and other applicable federal and state laws and regulations.

I. Initially capitalized terms used in these Recitals are defined in these Recitals and in Section 1.1.

J. The Project is in the vital and best interest of City and the health, safety and welfare of the residents of the City, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

“Affiliate” means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer which, if Developer is a partnership or limited liability company, shall include each of the constituent partners or members, respectively thereof. The term “control” as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of at least 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

“Affordability Period” means the duration of the affordable housing requirements that are required by this Agreement and set forth in the Covenant. The Affordability Period shall commence on the date of initial residential occupancy and continue until the later to occur of (i) the fifty-first (51st) anniversary of the Effective Date, or (ii) the fiftieth (50th) anniversary of the date of Completion of Construction.

“Affordable Rent” means the maximum amount of monthly Rent to be charged by Developer and paid by the Low Income Households occupying the Housing Units at the Project, which shall be determined and calculated in accordance with the Covenant.

“Area Median Income” or **“AMI”** means the Area Median Income for Kittitas County, Washington, as published annually, effective July 1, by the U.S. Department of Housing and Urban Development – HOME Income Limits.

“Building Permit” means the building permit(s) issued by City and required for the Improvements.

“Capital Replacement Reserve” means a separate reserve fund account to be established and maintained by Developer as more particularly set forth herein. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Site and all common areas and common improvements in the manner prescribed herein. To the extent the Senior Lender and/or the Investor Limited Partner requires Developer to maintain a reserve fund or account for any or all of the same purposes as the Capital Replacement Reserve, City will allow Developer to credit any funds actually reserved for any or all of the same purposes pursuant to the requirements of the Senior Lender and/or the Investor Limited Partner against Developer's obligation to make deposits into the Capital Replacement Reserve.

“CHIP Contract” is defined in Section 6.11.1, substantially in the form of Attachment 2 hereto.

“City” means the City of Ellensburg, a Washington municipal corporation.

“City Code” means the municipal code of City as amended from time to time.

“City Council” means the governing board of the City.

“City Deed of Trust” means a deed of trust securing the City Loan and other obligations of Developer hereunder, as amended and restated substantially in the form of Attachment 7 hereto.

“City Loan” means a deferred loan provided to Developer in the original amount of the City Loan Amount.

“**City Loan Amount**” means the combined sum of One Million Five Hundred Seventy-Nine Thousand Eight Hundred and Fifty-Seven and No/100 Dollars (\$1,579,857.00), which is the total of the City’s original 2022 loan amount of \$750,000 and 2026 loan amount of \$829,857 from CHIP funds.

“**City Loan Documents**” means this Agreement, the City Note, the City Deed of Trust, and the Covenant.

“**City Manager**” means the City Manager of City and the authorized designee(s) of the City Manager. Whenever the consent, approval or other action of the “City Manager” is required herein such consent may be provided by the City Manager or the authorized designee(s).

“**City Note**” means the promissory note, as amended and restated, substantially in the form of Attachment 5 hereto, which evidences the City Loan. The City Note shall be in the original amount of the City Loan Amount.

“**Completion of Construction**” means the latter of final acceptance of the Project or issuance of the final certificate of occupancy for the Project.

“**Conditions Precedent**” means the conditions precedent to the disbursement of any portion of the City Loan as set forth in Section 4.

“**County**” means the County of Kittitas, Washington.

“**County Recorder**” means the County Auditor or other official charged with recording of documents pertaining to title to land in the County.

“**Covenant**” means the Affordable Housing Covenant, as amended, supplemented, or restated from time to time substantially in the form of Attachment 6 hereto.

“**Developer**” means, individually or collectively as the context may require, HopeSource, a Washington nonprofit corporation and Stewardship Development LLC, an Oregon limited liability company.

“**Environmental Claim**” means (i) any judicial or administrative enforcement actions, proceedings, claims, orders (including consent orders and decrees), directives, notices (including notices of inspection, notices of abatement, notices of noncompliance or violation and notices to comply), requests for information or investigation instituted or threatened by any governmental authority pursuant to any Governmental Requirement; or, (ii) any suits, arbitrations, legal proceedings, actions or claims instituted, made or threatened that relate to any damage, contribution, cost recovery, compensation, loss or injury resulting from the release or threatened release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Hazardous Materials, or the violation or alleged violation of any Governmental Requirement, or the general, manufacture, use, storage, transportation, treatment, or disposal of Hazardous Materials.

“**Environmental Laws**” as used in this Agreement means all laws, ordinances and regulations relating to Hazardous Materials, including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986), 42 U.S.C. Section 9601, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601, et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, et seq., the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Section 11001, et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801, et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f, et seq.; all comparable state and local laws, laws of other jurisdictions or orders and regulations; and all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Developer, or the Site.

"Environmental Report" means reports, if any, prepared by third parties hired by Developer that describe soils and subsurface conditions of the Site.

"Escrow" means, unless the context requires otherwise, the escrow established for distribution of the City Loan Amount to Developer and the recording of the City Deed of Trust and the Covenant.

"Escrow Holder" means the holder of the Escrow, as designated by City.

"Event of Default" has the meaning set forth in Section 7.1.

"Fair Housing Laws" means the Fair Housing Act of 1968 as amended from time to time (42 U.S. Code Sections 3601-3619 and 3631), and State laws pertaining to housing including without limitation the Washington Law Against Discrimination, Chapter 49.60 RCW.

"Financing Plan" means a plan which accounts for all sources necessary for the construction of the Improvements; such Financing Plan is to be subject to review and approval by the City Manager.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, City, or any other political subdivision in which the Site is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over Developer or the Project. The Governmental Requirements shall be deemed to require, without limitation, the payment of fees charged by governmental agencies having jurisdiction over the development of the Site.

"Hazardous Material" or **"Hazardous Materials"** means: (a) any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Washington, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "dangerous wastes", "hazardous substances", "hazardous household substances", "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under RCW Title 70, Chapter 70.105, (ii) petroleum, (iii) asbestos and/or asbestos containing materials; (iv) lead-based paint or any lead based or lead products; (v) polychlorinated biphenyls, (vi) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), (vii) Methyl-tertiary Butyl Ether; (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); (viii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any "Environmental Laws" (as defined above) either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as "hazardous" or harmful to the environment; and/or (ix) lead based paint pursuant to and defined in the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, et seq., specifically §§4821-4846, and the implementing regulations thereto. Notwithstanding the foregoing, "Hazardous Materials" shall not include such products in quantities as are customarily used in the construction, maintenance, rehabilitation, management, operation and residence of residential developments or associated buildings and grounds, or typically used in residential activities in a manner typical of other comparable residential developments, or substances commonly ingested by a significant population living within the Project, including without limitation alcohol, aspirin, tobacco and saccharine.

"Hazardous Materials Contamination" means the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on, in or of the Site by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time (whether before or after the Effective Date) emanating from the Site.

"Housing Unit" or **"Housing Units"** means the seventy-eight (78) individual dwelling units at the Site to be constructed, rehabilitated, leased, managed, and operated by Developer and/or the Partnership as long term affordable housing and in implementation of the Project.

“Improvements” means all of the improvements required to be made under this Agreement and all other Project Documents.

“Indemnitees” means City and its elected officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers.

“Investor Limited Partner” means the investor limited partner of the Partnership. The initial investor limited partner of the Partnership is PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited Partnership, a Delaware limited partnership.

“Legal Description of the Site” means Attachment 1.

“Low-Income Household” means those households earning not greater than sixty percent (60%) of Kittitas County Area Median Income, adjusted for household size, which is to be determined consistent with RCW 82.14.530 and any regulations promulgated thereunder.

“Material Adverse Change” means any event any occurrence of which is reasonably likely to have a material adverse effect on Developer's ability to fulfill its obligations under any Transaction Document, including without limitation:

- (a) a voluntary or involuntary bankruptcy of Developer (which is not dismissed within ninety (90) calendar days of institution);
- (b) a court order placing Developer under receivership;
- (c) a sale of all or substantially all of the assets held by Developer, except any such sale made in accordance with the terms of this Agreement;
- (d) subject to any applicable cure periods, the continued violation of Developer or other failure of Developer to comply at all times with any applicable law, statute, ordinance, code, rule, regulation, judgment, order, ruling, condition or other requirement of a statutory, regulatory, administrative, judicial or quasi-judicial nature or any other legal or governmental requirement of whatever kind or nature related to the Project, which violation is likely to have a material adverse effect on the ability of Developer to perform its duties and obligations under any Transaction Document; and/or
- (e) Developer incurs one or more liabilities, contingent or otherwise, or pending or threatened litigation or any asserted claim or unasserted claim known to Developer exists against Developer with respect to the Project, which would have a material adverse effect on its ability to perform its duties and obligations under any Transaction Document.

“Outside Closing Date” means November 28, 2026.

“Outside Completion Date” means December 31, 2027.

“Partnership” means Pathways Place LLLP, a Washington limited liability limited partnership.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Liability Limited Partnership of the Partnership dated as of [_____], as may be amended from time to time.

“Project” is defined in Recital D above.

“Project Documents” means the following documents evidencing the City Loan required as consideration for City to make the City Loan: (i) this Agreement, (ii) the City Note;(iii) the City Deed of Trust; (iv) the Covenant; (v) the Request for Notice of Default, if applicable; (vi) the CHIP Contract and (vii) any other agreement, document, or instrument that City may reasonably require Developer to execute in connection with the execution of this

Agreement or the provision of the City Loan to Developer or otherwise, from time to time, to effectuate the purposes of and to implement this Agreement.

“**RCW**” means the Revised Code of Washington.

“**Relocation**” or “**Relocation Laws**” shall mean all applicable federal and state relocation laws and regulations, including without limitation, (i) the relocation obligations provided under Chapter 8.26 of the Revised Code of Washington and any implementing regulations thereto as prescribed from time to time by the State of Washington, and (ii) any other applicable federal, state or local enactment, regulation or practice providing for relocation assistance, benefits, or compensation for moving and for property interests, and (iii) any federal law or regulation prohibiting payment of relocation benefits or assistance to persons ineligible for relocation benefits or assistance. Developer shall be solely responsible for payment of all costs, expenses, and payments required to be made and/or incurred pursuant to any and all applicable Relocation Laws; City shall not incur any costs or expenses as a result of the application of the Relocation Laws to the Project or this Agreement.

“**Rent**” means the total of monthly payments by tenants of a Housing Unit for use and occupancy for the Housing Unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service.

“**Request for Notice of Default**” means a request for notice of default to be recorded against the Site in connection with the Escrow, substantially in the form of Attachment No. 4 hereto, if applicable. It is applicable if (1) the City is not the senior lender, and (2) there is not a separate priority and subordination agreement among the lenders requiring the senior lender to provide the City notice of a borrower default under the senior loan.

“**Senior Lender**” means a lender of the Senior Loan.

“**Senior Loan**” means those loan(s) senior to the City Loan as set forth in that certain Priority and Subordination Agreement to be dated on or about [January 27, 2026] and entered into by and among HopeSource, the City, the Partnership, and certain other parties thereto, and any refinancing thereof, as well as any other senior loans as may be consented to by the City from time to time.

“**Site**” is defined in the Recitals to this Agreement.

“**Special Limited Partner**” means the special limited partner of the Partnership. The initial special limited partner of the Partnership is Columbia Housing SLP Corporation, an Oregon corporation.

“**Subcontractor**” and “**Subcontractors**” means, individually and collectively, one or more subcontractors hired by Developer or Developer’s Contractor for the Improvements to perform and complete, or to engage and supervise others to perform and complete, the construction of the Improvements. Each of the Subcontractors shall be selected after competitive bidding, and City shall have every reasonable right and opportunity to observe and review all material stages of such competitive bidding process, including a right to review the invitation to bidders, each bid package, each responsive bid form, each submitted bid package and the right to be present when each bid is opened by Developer and/or the Contractor. Developer shall submit to City information regarding the entity serving as the Subcontractor for any portion of the construction of the Improvements, including compliance with plans approved by City and the obtaining by Developer of all required licenses, certifications, insurance, etc., as reasonably requested by the City Manager.

“**Target Completion Date**” means June 30, 2027.

“**Title Company**” means First American Title Insurance Company or another title insurer designated by City.

“**Transaction Documents**” means all Project Documents and any and all financing documents in connection with the Senior Loan or other financing sources for the Project.

“**WAC**” means the State of Washington Administrative Code as amended from time to time.

1.2 Singular and Plural Terms. Any defined term used in the plural in this Agreement or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 References and Other Terms. Any reference to this Agreement or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term “document” is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms “including” and “include” mean “including (include) without limitation.”

1.4 Exhibits Incorporated. All attachments and exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

2. FINANCING

2.1 Deferred Loan. City hereby commits and agrees, subject to the terms and provisions of this Agreement, to provide Developer with the City Loan, and Developer hereby agrees to accept the City Loan from City, in an amount not to exceed the City Loan Amount, all subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the Project Documents, including the “City Note,” the “City Deed of Trust,” the “CHIP Contract” and the “Covenant.” The City Loan shall be evidenced by the City Note and secured by the City Deed of Trust, which shall be recorded against the Site with the County Recorder in a position junior and subordinate to Senior Loan.

2.2 Terms of the City Loan. All funds provided by the City for this Project under this Agreement shall be in the form of a deferred loan to the Developer. The secured loan shall be evidenced by the City Note. At the Maturity Date all principal and interest will be due and payable as outlined in the City Note.

2.3 Security for the City Loan. The City Loan shall be secured by the City Deed of Trust, which instrument shall be recorded against the Site with the County Recorder.

2.4 Disbursement of City Loan Proceeds. The initial \$750,000 loan was disbursed in 2022, The City shall use the CHIP funds to reimburse the Developer for eligible expenses pursuant to Section 6.11. Disbursement of the City Loan proceeds shall also be subject to the prior satisfaction of those conditions described in Section 4.

2.5 Consent Required for Assignment and Assumption. Except for Transfers permitted pursuant to Section 5.3 below, the City Note shall not be assignable or assumable by any successor or assignee of Developer without the prior written consent of City, which consent may be withheld in the sole and absolute discretion of City Manager. Notwithstanding the foregoing, the City agrees to allow Developer to assign the City Loan Documents, including the City Note, to the Partnership and for the Partnership to assume the Developer obligations under the City Loan Documents, including the City Note, pursuant to that certain Assignment and Assumption Agreement to be executed in conjunction with the LIHTC closing.

3. CONDITION OF PROPERTY; SCOPE OF DEVELOPMENT

3.1 Developer Representations to City re Existing Condition of the Site. Developer represents, to and for the benefit of City, to the best of Developer's knowledge, that except as set forth in the Environmental Report as heretofore delivered to City, it is not aware of and it has not received any notice or communication from any governmental agency having jurisdiction over the Site, City, or any other person or entity, notifying it of the presence of Hazardous Materials or Hazardous Materials Contamination in, on, or under the Site, or any portion thereof, or the violation of any Environmental Laws. Developer represents that any inspection reports with respect to the Site, environmental audits, reports and studies which concern the Site, or inspection reports from applicable regulatory authorities with respect to the Site, which Developer has received, have been delivered to City. Except as set forth in the Environmental Report, to the best of Developer's knowledge, there are no circumstances, conditions or events that

may, now or with the passage of time, give rise to any Environmental Claim against or affecting the Site. As and when obtained or received by Developer from the current owner or from any other person or entity, true and correct copies of internal inspection reports with respect to the Site, environmental audits, reports and studies which concern the Site, and inspection reports from applicable regulatory authorities with respect to the Site, if any, shall be promptly delivered to City.

Developer acknowledges that Developer located and selected the Site without any assistance from (or involvement by) City. Developer has independently conducted all necessary and appropriate due diligence and determined that the condition of the Site and all improvements located thereon are suitable for the development and operation of the Project; and all such due diligence and Developer's investigations of the condition of the Site were conducted independently and not in consultation with City's officers, employees, agents or consultants. City's reasonable approval of the environmental condition of the Site is a Condition Precedent, as set forth in Section 4.

3.2 Environmental Condition Prior to City Loan Disbursement. Developer shall evidence to City that it is prepared to take the steps necessary to undertake and complete, upon the recording of the City Deed of Trust, any necessary and recommended remediation of Hazardous Materials in full conformity with all Environmental Laws.

3.3 Duty to Prevent Hazardous Material Contamination After disbursement of all or any portion of the City Loan to or on behalf of Developer, Developer shall, at its sole cost and expense, promptly take: (i) all actions required by any federal, state or local governmental City or political subdivision or any Governmental Requirements with respect to the Site pursuant to this Agreement; (ii) all actions necessary to prepare the soil on the Site for the development required hereunder; and (iii) all actions necessary to make full use of the Site for the development and operation of affordable housing pursuant to this Agreement, which actions, requirements or necessity arise from the presence upon, about or beneath the Site of any Hazardous Materials regardless of when such Hazardous Materials were introduced to the Site and regardless of who is responsible for introducing such Hazardous Materials to the Site. Developer shall take all actions necessary to promptly restore the Site to an environmentally sound condition for uses contemplated by this Agreement consistent with the standard of remediation required under applicable Governmental Requirements. Developer shall take all reasonably necessary precautions to prevent the release of any Hazardous Materials into the environment, in, on, under, or about the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with applicable Environmental Laws and then-prevailing industry standards as respects the disclosure, storage, use, abatement, removal and disposal of Hazardous Materials. The obligations under this section shall survive Completion of Construction.

3.4 Environmental Indemnification Developer shall save, protect, pay for, defend (with counsel acceptable to City), indemnify and hold harmless the Indemnitees from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, Consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (for purposes of Section 3, et seq., the foregoing shall be collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the Indemnitees by reason of, resulting from, in connection with, or arising in any manner whatsoever as a direct or indirect result of (i) the ownership of the Site or operation of all or any part of the Site, (ii) any act or omission on the part of Developer, or its agents, employees, representatives, agents, contractors, occupants, or invitees, (iii) the presence on, under, or about, or the escape, seepage, leakage, spillage, discharge, emission or release from the Site of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws, (iv) the environmental condition of the Site, and (v) any Liabilities incurred under any Environmental Laws relating to Hazardous Materials. Developer's obligations hereunder shall survive this Agreement and Completion of Construction, and shall be a covenant running with the land in perpetuity, binding on all successors and assigns of Developer's interest in either this Agreement or any part of the Site. Developer may assign its obligations hereunder to an approved or permitted successor or assignee of Developer's interest in this Agreement or the Site and Developer's obligations hereunder shall automatically transfer to a transferee that acquires title to the Site as a result of an Involuntary Transfer, for those events or conditions related to the requirements in this Section 3.4 that may occur subsequent to Developer's conveyance to such successor or assign, provided that Developer shall remain liable for all of its obligations hereunder to the extent related to events occurring prior to such assignment. Notwithstanding the foregoing, Developer shall not have any obligation to indemnify, defend or hold harmless the Indemnitees to the extent the Liabilities have arisen as a result of the negligence or willful misconduct of any of the Indemnitees or from acts or omissions of any parties acquiring ownership of the

Property as a result of foreclosure or deed in lieu of foreclosure. At the request of Developer, City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance.

3.5 Release of City by Developer Developer hereby waives, releases and discharges forever City and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with Developer's ownership, improvement and/or disposition of the Site, any Hazardous Materials on the Site, or the existence of Hazardous Materials Contamination in any state on the Site, however they came to be located there.

3.6 Environmental Inquiries Developer shall notify City, and provide to City a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Site: notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Developer shall report to City, as soon as possible after each incident, all material information relating to or arising from such incident, including but not limited to, the following: (a) All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials as required by any Governmental Requirement; (b) All notices of suspension of any permits; (c) All notices of violation from Federal, State or local environmental authorities; (d) All orders under the State Hazardous Waste Control Act and the State Hazardous Substance Account Act and corresponding federal statutes, concerning investigation, compliance schedules, clean up, or other remedial actions; (e) All corrective action orders, cease and desist orders, and clean up and abatement orders; (f) Any notices of violation from OSHA or WISHA concerning employees' exposure to Hazardous Materials; (g) All complaints and other pleadings filed against Developer and/or City relating to Developer's storage, use, transportation, handling or disposal of Hazardous Materials on the Site; and (h) Any and all other notices, citations, inquiries, orders, filings or any other reports containing information which would have a material adverse effect on the City Loan, the Site or City's liability or obligations.

In the event of a release of any Hazardous Materials into the environment, Developer shall, as soon as possible after the release, furnish to City a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of City, Developer shall furnish to City a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Site including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

3.7 Scope of Development Developer shall develop the Improvements which shall generally consist of seventy-eight (78) dwelling units. Developer shall complete all off-site improvements required by City as condition(s) of approval included in the land use entitlement for the Project at no cost to City. Developer will use commercially reasonable efforts to achieve Completion of Construction on or before the Target Completion Date.

4. LOAN DISBURSEMENT; CONDITIONS PRECEDENT.

The City and Developer acknowledge that the City Loan Amount has been previously disbursed as follows: (1) \$750,000 was disbursed on or about May 25, 2022 and (2) a portion of the CHIP funds was used by the City to reimburse itself for waived water plant impact and meter fees and sewer plant impact fees. Disbursement of the remainder of the City Loan Amount is subject to the fulfillment by Developer or waiver by City of each and all of the Conditions Precedent described in this Section 4, which are solely for the benefit of City, and any of which may be waived by the City Manager in his or her discretion.

4.1 Outside Closing Date The close of Escrow ("Closing") for the recording of the City Deed of Trust, Request for Notice of Default (if applicable), and Covenant shall have occurred on or before the Outside Closing Date.

4.2 Project Documents Not later than one (1) day prior to the date set for the Closing Developer shall have executed and delivered to the Escrow Holder, in recordable form where required, each of the Project Documents required hereunder in connection with the City Loan.

4.3 Insurance City shall have received evidence that all of the insurance policies, certificates, and endorsements required by this Agreement have been duly obtained and such insurance policies, certificates and endorsements are and remain in full force and effect.

4.4 Title Insurance City shall have received (or Title Company shall be ready to issue) a 2021 ALTA lender's policy of title insurance excluding any survey or arbitration exceptions, reasonably satisfactory to City Manager relating to the City Deed of Trust ("City Policy"). The City Policy shall have a liability limit of not less than the City Loan Amount and shall insure City's interest under the City Deed of Trust as a valid lien or charge upon the Site with the priority required by this Agreement. The City Policy shall include mechanics' lien coverage and such other endorsements as City may reasonably require, the City Policy shall contain only such exceptions from coverage as shall have been approved in writing by City Manager. Under the City Policy, the City Deed of Trust shall be but junior to the deed of trust securing payment of the Senior Loan.

4.5 Escrow Expenses Developer shall have paid, or caused the payment of, all costs, fees, and expenses of the Escrow (other than City's deposit of the City Loan proceeds), including all costs or fees in connection with the recording of the City Deed of Trust, Request for Notice of Default (if applicable), and Covenant, Escrow fees, title insurance costs, documentary transfer taxes, or recording fees.

4.6 Corporate Resolution Developer shall deliver to City certified copies of Developer Resolutions of the Developer entity's respective boards of directors specifically authorizing the City Loan and execution of the Project Documents.

4.7 Representations and Warranties The representations and warranties of Developer contained in this Agreement shall be correct in all material respects as of Closing.

4.8 No Default No Event of Default by Developer shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer. All Conditions Precedent set forth in Section 4, et seq., to the disbursement of proceeds of the City Loan and close of the Escrow for the recording of the City Deed of Trust, or to City's obligations hereunder, are for City's benefit only and the City Manager may waive all or any part of such rights by written notice to Developer. If City Manager shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to City's approval (and such items are not cured by Developer within applicable time frames), or if any of the conditions set forth in this Agreement are not met within the times called for, City may thereafter terminate this Agreement without any further liability on the part of City by giving written notice of termination to Developer. Escrow Holder shall thereupon, without further consent from Developer, return to each party the documents and funds deposited by them as to the Site.

5. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

5.1 City Representations City represents and warrants to Developer as follows:

- The execution, performance and delivery of this Agreement by City has been fully authorized by all requisite actions on the part of the City.
- To the best of City's knowledge, City's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement, or order to which City is a party or by which it is bound.
- City is not the subject of a bankruptcy proceeding.

- Until the Closing, City shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 5.1 not to be true, immediately give written notice of such fact or condition to Developer.

5.2 Developer Representations As a material inducement to City to enter into this Agreement, each Developer represents and warrants to City on behalf of itself and not with respect to the other Developer that:

5.2.1 Formation, Qualification and Compliance of Developer. Developer (a) as applicable, (i) is a Washington nonprofit corporation, validly existing under the laws of the State of Washington or (ii) is an Oregon limited liability company, validly existing under the laws of the State of Oregon; (b) has all requisite authority to conduct its business and own, purchase, improve and lease its properties. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental City that are necessary for the transaction of its business; (c) There are no tenants or other persons who have a lawful interest in the Site; (d) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement; (e) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of Developer to carry out its obligations hereunder; (f) There are no material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by Developer to City in this Agreement which could materially adversely affect the ability of Developer to carry out its obligations hereunder; (g) There is no action or proceeding pending or, to Developer’s best knowledge, threatened, looking toward the dissolution or liquidation of Developer and there is no action or proceeding pending or, to Developer’s best knowledge, threatened by or against Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of Developer to carry out its obligations hereunder; (h) Developer has disclosed to City all information, records, and studies obtained or received by Developer as to the Site concerning Hazardous Materials that are or have been stored, handled, disposed of, or released on the Site; and (i) upon Closing, Developer will have fee title to the Site. Each of the foregoing items (a) to (i), inclusive, shall be deemed to be an ongoing representation and warranty. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (i), inclusive.

5.2.2 Formation, Qualification and Compliance of Partnership. Partnership (a) is a Washington limited liability limited partnership, validly existing under the laws of the State of Washington; (b) has all requisite authority to conduct its business and own, purchase, improve and lease its properties. Partnership is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental City that are necessary for the transaction of its business; and (c) upon the LIHTC Closing, Partnership will have fee title to the Site. Each of the foregoing items (a) to (c), inclusive, shall be deemed to be an ongoing representation and warranty. Developer shall cause Partnership to advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (c), inclusive.

5.2.3 Execution and Performance of Project Documents. Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

5.3 Covenant Not to Transfer Except in Conformity. Developer shall not sell or otherwise transfer or convey all or any part of the Site, or any interest therein (including Developer’s interests in this Agreement), unless Developer has first obtained the prior written consent of the City Manager, which consent may be withheld in the City Manager’s sole and absolute discretion. Any sale, lease, transfer or conveyance without such consent shall, at City’s option, be void. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon Developer’s particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion of all of the Improvements, and the marketing and renting of the Housing Units to Low-Income Households at Affordable Rent to afford the community a substantial long-term, quality affordable housing

resource. Notwithstanding the foregoing, consent from the City Manager shall not be required for the leasing of Housing Units to Low-Income Households in compliance with this Agreement.

6. AFFORDABLE HOUSING COVENANT; MAINTENANCE, PROPERTY MANAGEMENT, DEVELOPER COVENANTS, AND OPERATION OF THE PROJECT.

The operation of the Project, including without limitation, repair and maintenance, income qualifications of tenants, rent, maintenance, monitoring, and reporting, and any subsequent development of the property, shall be accomplished by Developer in conformity with the Covenant, as more particularly set forth therein. The provisions of the Covenant shall constitute portions of this Agreement as effectively as if set out at length herein.

6.1 Nondiscrimination Developer by and for itself and any successors in interest covenants that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical or mental disability or medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

Developer hereby covenants, by and for itself, its successors and assigns, and shall require all contractors and subcontractors providing work or services related to the Site to covenant, to comply with the following laws relating to nondiscrimination and equal opportunity: The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

Developer further covenants, by and for itself, its successors and assigns, and shall require all contractors and subcontractors providing work or services related to the Site to covenant, not to inquire about the sexual orientation or gender identity of an applicant for, or occupant of, the Project or any Housing Unit at the Site, for the purpose of determining eligibility for occupancy of such Housing Units or otherwise making such Housing Units available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity. Further, determinations of eligibility for occupancy of Housing Units at the Project shall be made in accordance with the eligibility requirements provided for such program by HUD, and such Housing Units shall be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

The covenants established in this section shall, without regard to technical classification and designation, be binding for the benefit and in favor of City and its successors and assigns, and shall remain in effect in perpetuity.

6.2 Taxes and Assessments Developer shall be responsible to and shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Site; and (b) all other taxes and assessments and charges of every kind that are assessed upon the Site and that create or may create a lien upon the Site (or upon any personal property or fixtures used in connection with the Site), including nongovernmental levies and assessments pursuant to applicable covenants, conditions or

restrictions. If permitted by law, Developer may pay any Imposition in installments (together with any accrued interest).

6.2.1 Right to Contest. Developer shall not be required to pay any Imposition so long as (a) the validity of such Imposition is being actively contested in good faith and by appropriate proceedings, and (b) either (i) Developer has demonstrated to City's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of any parcel in satisfaction of such Imposition or otherwise impair City's interests under the Project Documents, or (ii) Developer has furnished City with a bond or other security satisfactory to City in an amount not less than 120% of the applicable claim (including interest and penalties).**6.1.2**

6.2.2 Evidence of Payment. Upon demand by the City Manager from time to time, Developer shall deliver to the City Manager within thirty (30) calendar days following the due date of any Imposition, evidence of payment of said Imposition reasonably satisfactory to the City Manager, unless Developer is contesting the imposition in conformity with Section 6.2.1. In addition, upon demand by City from time to time, Developer shall furnish to City a tax reporting service for the Site of a type and duration, and with a company, reasonably satisfactory to City.

6.3 Compliance with Laws Developer shall carry out the design, construction and operation of the Improvements in conformity with all applicable laws, including all applicable state labor standards and federal prevailing wage laws, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Code, and the Fair Housing Act, 42 U.S.C. Section 3601 et seq. (and 24 C.F.R. Part 100), and the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., and the Fair Housing Act of 1968 as amended from time to time (42 U.S. Code Sections 3601-3619 and 3631), and State laws pertaining to housing including without limitation the Washington Law Against Discrimination, Chapter 49.60 RCW.

6.4 Property Management

6.4.1 Property Manager. Developer shall cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with property management standards for other comparable high quality, well-managed rental housing projects in Kittitas County, Washington. Developer shall provide property management services or shall contract with a property management company or property manager to operate and maintain the Project in accordance with the terms of this Section 6.4 ("Property Manager"); provided, however, the selection and hiring of the Property Manager (and each successor or assignee Property Manager) is and shall be subject to prior written approval of City Manager in his or her sole and reasonable discretion. The Property Manager shall not be an Affiliate of Developer without the prior written consent of the City Manager, which consent shall not be unreasonably withheld, delayed or conditioned. Developer shall conduct due diligence and background evaluation of any potential outside property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have prior experience with rental housing projects and properties comparable to the Project and the references and credit record of such manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to the City Manager for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the City Manager. Approval of a Property Manager by City Manager shall not be unreasonably delayed but shall be in his or her sole and reasonable discretion, and City Manager shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved Property Manager shall not be changed without the prior written approval of the City Manager, which approval shall not be unreasonably withheld or delayed, but shall be in his or her sole and reasonable discretion. The selection by Developer of any new Property Manager also shall be subject to the foregoing requirements. Quantum Residential is hereby approved by the City as the Property Manager for the Project.

6.4.2 Management Plan. Developer shall prepare and submit to the City Manager for review and approval a management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and

other rental and operational policies for the Project ("Management Plan"). City Manager approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City Manager the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Developer and Property Manager may from time to time submit to the City Manager proposed amendments to the Management Plan, which are also subject to the prior written approval of the City Manager, which approval shall not be unreasonably withheld or delayed.

6.4.2.1 Gross Mismanagement. In the event of "Gross Mismanagement" (as that term is defined below) of the Project or any part of the Project, City Manager shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager, and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) calendar days from the date of written notice from City Manager. Said written notice will be provided by the City to Developer, the Partnership and the Investor Limited Partner. If Developer or Property Manager has commenced to cure such Gross Mismanagement condition(s) on or before the 20th day from the date of written notice (with evidence of such submitted to the City Manager), but has failed to complete such cure by the 30th day, then Developer or Property Manager shall have an additional ten (10) calendar days to complete the cure of such Gross Mismanagement condition(s). In no event shall any condition of Gross Mismanagement continue uncured for a period exceeding forty-five (45) calendar days from date of the initial written notice of such condition(s). If such condition(s) do persist beyond such period City Manager shall have the sole and absolute right to immediately and without further notice to Developer (or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of the City Manager's selection at the sole cost and expense of Developer. If Developer takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

(a) For purposes of this Agreement, the term "Gross Mismanagement" shall mean management of the Project (or any part of this Project) in a manner which violates the terms and/or intention of this Agreement to operate a high quality, covenanted affordable rental housing complex comparable to other similar complexes in Kittitas County, Washington, and shall include, but is not limited to, any one or more of the following:

(i) Knowingly or repeatedly leasing to tenants who at initial occupancy do not qualify as a Low-Income Household or as tenants eligible to be housed in the Project pursuant to RCW 82.14.530(2)(b) (to the extent required for the sixteen (16) units funded pursuant to RCW 82.14.530(2)(b)) or charging more than Affordable Rent;

(ii) Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking appropriate action to stop such overcrowding;

(iii) Underfunding required reserve accounts, unless funds are not reasonably available to deposit in such accounts;

(iv) Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;

(v) Failing to submit timely and/or adequate annual reports to City as required herein;

(vi) Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

(vii) Failing to reasonably cooperate with the Ellensburg Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

(viii) Failing to reasonably cooperate with Kittitas Valley Fire and Rescue or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

(ix) Failing to reasonably cooperate with the Ellensburg Community Development Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

(x) Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) (and/or, as applicable, generally accepted auditing principles); and

(xi) Failing to re-lease Housing Units within ninety (90) calendar days (on an annual average basis) following a notice of vacancy or termination by a tenant household and/or failing to maintain average (over the prior three (3) years) annual vacancy rates at less than ten percent (10%).

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Developer is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the Property Manager as provided above. Developer shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Developer and its Property Manager.

6.4.3 Code Enforcement. Developer acknowledges and agrees that City's employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual units, both exterior and interior, at reasonable times during normal business hours and upon reasonable notice (not less than forty-eight (48) hours prior notice) to Developer and/or an individual tenant, subject to any applicable landlord tenant laws and the rights of individual tenants under their leases. If such notice is provided by City representative(s) to Developer, then Developer (or its Property Manager) shall promptly advise any affected tenant of such upcoming inspection and use commercially reasonable efforts to cause the area(s) and/or units on the Project to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the approved lease/rental agreements for each Housing Unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

6.4.4 Occupancy Limits. The maximum occupancy of the Housing Units in the Project shall not exceed more than such number of persons as is equal to two persons per bedroom, plus one. Thus, for the one (1) bedroom Housing Units, the maximum occupancy shall not exceed three (3) persons. For the two (2) bedroom Housing Units, the maximum occupancy shall not exceed five (5) persons.

6.5 Capital Reserve Requirements Developer shall annually set aside and fund the Capital Replacement Reserve amounts defined and required under this Agreement (Three Hundred Fifty Dollars (\$350.00) per year for each Housing Unit, increased annually by 3%) or shall cause the Property Manager to do so. The Capital Replacement Reserve deposits shall be allocated from the gross rents received from the Site and shall be deposited into a separate interest-bearing trust account; provided, that as long as a replacement reserve account is required by the Senior Lender and/or the Investor Limited Partner, the requirements of this Section 6.5 can be satisfied by the replacement reserve account required by the Senior Lender and/or Investor Limited Partner. Funds in the Capital Replacement Reserve shall be used for capital replacements to the fixtures and equipment on the Site (including common areas) that are normally capitalized under generally accepted accounting principles and shall include the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Site and all common areas and common improvements in the manner prescribed herein.

6.5.1 Annual Accounting of Reserve. Not less than once per year, Developer, at its expense, shall submit to City an accounting for the Capital Replacement Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 6.5.

6.6 Operating Budget Within twelve (12) months after commencement of construction of the Project, but in no event later than ninety (90) calendar days prior to the Completion of Construction, and not less than annually thereafter on or before October 1 of each year, Developer shall submit to City on not less than an annual basis an Operating Budget for the Project, which budget shall be subject to the written approval of City Manager or his or her designee, which approval shall not be unreasonably withheld. The City Manager's discretion in review and approval of each proposed annual Operating Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: existing balance(s) in and proposed deposits to the Capital Replacement Reserve to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits (provided that required annual deposits into the Capitalized Replacement Reserve are not required to exceed \$350/per unit); reasonableness and conformity to prevailing market rates in the City and rates and fees for goods and services to be provided by Developer or any Affiliate. The Operating Budget shall be in form reasonably acceptable to the City Manager. City shall not unreasonably withhold, condition, or delay City's approval of the annual Operating Budget or any amendments thereto.

6.7 Monitoring and Recordkeeping Throughout the Affordability Period, Developer shall comply with all recordkeeping and monitoring requirements as described herein. On or before April 30 in each year following the Closing, Developer shall annually complete and submit to City (a) an annual report including all information required by this Agreement and (b) a Certification of Continuing Program Compliance substantially in the form provided by City Manager. Developer agrees to maintain records in a businesslike manner, to make such records available to City upon forty-eight (48) hours' notice, and to maintain such records for the entire Affordability Period.

6.7.1 Annual Monitoring Fee. Concurrently with the delivery of each annual report and Certificate of Continuing Program Compliance to City, Developer shall pay an Annual Monitoring Fee to compensate City for its costs incurred to monitor Developer's compliance with the Affordable Housing Covenant Agreement and this Agreement.

6.8 Right of Entry for Inspection Representatives of City shall be entitled to enter the Site during normal business hours, upon at least forty-eight (48) hours' notice, to monitor compliance with the Covenant and this Agreement, to inspect the records of the Project with respect to the Housing Units, and to conduct an independent audit of such records. Developer agrees to reasonably cooperate with City in making the Site and records relating to the Project available for such inspection. If for any reason City is unable to obtain Developer's consent to such an inspection, Developer understands and agrees that City may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Site. This Section 6.8 shall be in addition to and shall not limit the exercise by City of its police powers.

6.9 General Maintenance Developer shall maintain the Site and all improvements thereon, including lighting and signage, in good condition, free of debris, waste and graffiti, and in compliance with all applicable provisions of the City Codes. Developer shall maintain in accordance with the Maintenance Standards (as hereinafter defined) the improvements and landscaping on the Site. Such Maintenance Standards shall apply to all buildings, signage, common amenities, lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and the Project. To accomplish the maintenance, Developer shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

Developer and its maintenance staff, contractors or subcontractors shall comply with the following standards as to the Project (collectively, "Maintenance Standards"):

6.9.1 The Site and the Project shall be maintained in conformance and in compliance with the approved final as-built plans, and reasonable maintenance standards which comply with the industry standard for comparable high quality affordable housing projects in the County, including but not limited to painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curb line. The Site shall be maintained in good condition and in accordance with the industry custom and practice generally applicable to comparable High Quality affordable housing projects in the County.

6.9.2 Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

6.9.3 Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

City agrees to notify Developer in writing if the condition of the Site does not meet with the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) calendar days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to the public health and safety, then Developer shall have forty-eight (48) hours to rectify the problem. In the event Developer does not maintain the Site in the manner set forth herein and in accordance with the Maintenance Standards. City shall have, in addition to any other rights and remedies hereunder, the right to maintain the Site, or to contract for the correction of such deficiencies, after written notice to Developer, and Developer shall be responsible for the payment of all such costs incurred by City.

6.10 Effect of Violation of this Agreement after Completion of Construction The covenants established in this Agreement, the City Note, City Deed of Trust, the CHIP Contract and the Covenant, without regard to technical classification and designation, be binding for the benefit and in favor of City, its successors and assigns, as to those covenants which are for its benefit. The covenants contained in this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination shall remain in effect in perpetuity.

City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of City, without regard to whether City has been, remains or is an owner of any land or interest therein in the Site or in the Project. City shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

6.11 Department of Commerce Funds

6.11.1 A portion of the funds available to Developer herein represent Washington State Department of Commerce funds (“CHIP Funds”) granted to City pursuant to that certain Capital Agreement with City through Connecting Housing to Infrastructure Program in the amount of \$829,857, a copy of which is attached as Attachment 2 (“CHIP Contract”), which in turn are being loaned by City to Developer to pay certain infrastructure-related facility charges and/or impact fees in connection with the Project. A portion of the CHIP Funds have been applied by the City to reimburse it for the City’s waived water plant impact and meter fees and sewer plant impact fees and are therefore deemed drawn. For the remainder, Developer may request reimbursement for infrastructure improvements.

6.11.2 Developer shall (a) only use the CHIP Funds to pay or reimburse for certain infrastructure-related facility charges and/or impact fees in accordance with the CHIP Contract, and (b) reasonably cooperate with the City in order to insure full compliance and satisfaction of the CHIP Contract.

7. DEFAULTS AND REMEDIES

7.1 Events of Default by Developer The occurrence of any of the following, whatever the reason therefor, shall constitute an event of default by Developer (an “Event of Default”):

7.1.1 Developer fails to perform any obligation for the payment of money (other than payments of principal or interest) under any Project Document, and such failure is not cured within 10 days after Developer’s receipt of written notice that such obligation was not performed when due;

7.1.2 Developer fails to perform any obligation (other than obligations described in subparagraph 7.1.1. above) under any Project Document, and such failure is not cured within 30 days after Developer’s receipt of written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such 30-day period, such failure shall not be an Event of Default so long as Developer (in any event, within 10 days after receipt of such notice) commences cure, and thereafter diligently (in any event within 90 days after receipt of such notice) prosecutes such cure to completion;

7.1.3 Any representation or warranty in any Project Document proves to have been incorrect in any material respect when made;

7.1.4 Construction on the Improvements ceases for 30 consecutive days for any reason (other than governmental orders, decrees or regulations, acts of God, strikes, pandemic or other causes beyond Developer’s control, including those described in Section 9.2);

7.1.5 Developer fails to achieve Completion of Construction on or before the Outside Completion Date (other than governmental orders, decrees or regulations, acts of God, strikes, pandemic or other causes beyond Developer’s control, including those described in Section 9.2);

7.1.6 Developer is enjoined or otherwise prohibited by any governmental entity from constructing and/or occupying the Improvements and such injunction or prohibition continues unstayed for 30 days or more for any reason, subject to extensions permitted under Section 9.2;

7.1.7 Developer transfers or conveys the Site (or attempts to transfer or convey the Site) in any manner that is not in conformity with this Agreement; or

7.1.8 Developer provides any certification to City Manager that contains any information that Developer knows, or should have discovered using reasonable diligence, to be false or misleading when made; or

7.1.9 Prior to the end of the Affordability Period, Developer is dissolved, liquidated or terminated, or all or substantially all of the assets of Developer are sold or otherwise transferred without the City Manager’s prior written consent.

7.1.10 (i) Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; (ii) Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitate or similar officer for it or any part of its property; (iii) any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer and the appointment continues undischarged or unstayed for 90 days; (iv) Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer and continues undismissed or unstayed for 90 days; or (v) any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer is not released, vacated or fully bonded within 90 days after its issue or levy.

7.1.11 For the avoidance of doubt, in the event City is in default or, after the passage of time, would be in default under the CHIP Contract as a result of Developer’s failure to comply with the terms of the Project

Documents or the CHIP Contract, then Developer will be deemed to be in default under this Agreement.

Remedies Upon Default In addition to the rights of the City pursuant to Section 7.4.2 below, upon the occurrence of any Event of Default, City may, at its option and in its sole and absolute discretion, do any or all of the following:

7.2.1 In its own right or by a court-appointed receiver, take possession of the Site, enter into contracts for and otherwise proceed with the completion of the Improvements on the Site (or portions thereof) by expenditure of its own funds;

7.2.2 Exercise any of its rights under the Project Documents and any rights provided by law, including the right to foreclose on any security and exercise any other rights with respect to any security, all in such order and manner as City elects in its sole and absolute discretion; and

7.2.3 Seek and obtain an order for specific performance.

7.3 Cumulative Remedies; No Waiver City's rights and remedies under the Project Documents are cumulative and in addition to all rights and remedies provided by law from time to time. The exercise by City of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice City in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by City to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of any Project Document shall be construed as a waiver of any subsequent breach of the same provision. City's consent to or approval of any act by Developer requiring further consent or approval shall not be deemed to waive or render unnecessary City's consent to or approval of any subsequent act. City's acceptance of the late performance of any obligation shall not constitute a waiver by City of the right to require prompt performance of all further obligations; City's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of City's right to proceed with the exercise of its remedies for any unfulfilled obligations; and City's acceptance of any partial performance shall not constitute a waiver by City of any rights relating to the unfulfilled portion of the applicable obligation.

7.4 Termination

7.4.1 Termination by City. This Agreement may be terminated, at the option of City, 30 days after written notice thereof is delivered to Developer by the City, under the following circumstances:

(a) Developer (or any successor in interest) assigns or attempts to assign, encumber, transfer, or convey the Agreement or any rights therein or in the Site (or any portion thereof) in violation of this Agreement (for avoidance of doubt, neither an assignment to or an assumption by the Partnership of this Agreement nor a conveyance of the Site to the Partnership is a violation of this Agreement); or

(b) the Closing does not occur by the Outside Closing Date; or

(c) in the event of any default of Developer under any Project Document which has not been cured; or

(d) Developer fails to perform any other obligation for the payment of money (other than payments of principal or interest) under any Project Document, and such failure is not cured within 10 days after Developer's receipt of written notice that such obligation was not performed when due; or

(e) Developer fails to perform any obligation (other than obligations described in Section 7.1.1 above) under any Project Document, and such failure is not cured within 30 days after Developer's receipt of written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such 30 day period, such failure shall not be an Event of Default so long as Developer (in any event, within 10 days after receipt

of such notice) commences cure, and thereafter diligently (in any event within 90 days after receipt of such notice) prosecutes such cure to completion; or

(f) Any representation or warranty by Developer in any Project Document proves to have been incorrect in any material respect when made; or

(g) Work on the Improvements ceases for 30 consecutive days for any reason (other than governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Developer's control as described in Section 9.2); or

(h) Developer is enjoined or otherwise prohibited by any governmental entity from constructing and/or occupying the Improvements and such injunction or prohibition continues unstayed for 30 days or more for any reason, subject to extensions allowed under Section 9.2; or

(i) Developer transfers or conveys the Site (or attempts to transfer or convey the Site) in any manner that is not in conformity with this Agreement; or

(j) Developer provides any certification to City Manager that Developer knows to be false or misleading when made; or

(k) Developer is dissolved, liquidated or terminated, or all or substantially all of the assets of Developer are sold or otherwise transferred without the City Manager's prior written consent; or

(l) Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer and the appointment continues undischarged or unstayed for 90 days; or Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer and continues undismissed or unstayed for 90 days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer is not released, vacated or fully bonded within 90 days after its issue or levy; or

(m) Developer does not submit certificates of insurance, construction plans, drawings and related documents as required by this Agreement, in the manner and by the dates respectively provided in this Agreement therefor and such default or failure shall not be cured within 30 days after the date of written demand therefor by City; or

(n) Developer is otherwise in default under this Agreement and has not cured or commenced to cure such default within the time period set forth in Section 7.1 herein (or has not diligently prosecuted such cure to completion).

From the date of the Notice of termination of this Agreement by City to Developer, this Agreement shall be deemed terminated and neither party shall have any further rights against the other under this Agreement. The setting forth of events as grounds for termination shall not limit the ability of City to seek remedies in the event this Agreement has not been terminated. The termination of this Agreement shall not limit the rights of City to enforce the Covenant or the City Deed of Trust.

The City hereby acknowledges and agrees that the Senior Lender, the Investor Limited Partner and the Special Limited Partner shall have the right but not the obligation to cure any event of default under this Agreement and such cure will be accepted or rejected by the City on the same basis as if made by the Developer.

8. INSURANCE AND INDEMNIFICATION.

8.1 Indemnification / Hold Harmless – STEWARDSHIP Stewardship shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Stewardship and the City, its officers, officials, employees, and volunteers, Stewardship's liability hereunder shall be only to the extent of Stewardship's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes Stewardship's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

8.2 Indemnification / Hold Harmless – HOPESOURCE HopeSource shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

However, should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of HopeSource and the City, its officers, officials, employees, and volunteers, HopeSource's liability hereunder shall be only to the extent of HopeSource's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes HopeSource's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

8.3 Insurance – STEWARDSHIP

8.3.1 Insurance Term. Stewardship shall procure and maintain insurance, as required in this Section, without interruption from commencement of the Stewardship's work on the Project until the earlier of (i) the end of the Affordability Period or (ii) the termination of Stewardship's interest in the Partnership, unless otherwise indicated herein.

8.3.2 No Limitation. Stewardship's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of Stewardship to the coverage provided by such insurance, or otherwise limit the City's or HopeSource's recourse to any remedy available at law or in equity.

8.3.3 Minimum Scope of Insurance. Stewardship's required insurance shall be of the types and coverage as stated below:

8.3.3.1 Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be at least as broad as Insurance Services Office (ISO) form CA 00 01.

8.3.3.2 Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop gap liability, independent Developers, products-completed operations for a period of three (3) years following final Certificate of Occupancy (CO), personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit, using ISO form CG 25 03 05 09 or an endorsement providing at least as broad coverage. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. The City shall be named as an additional insured under Stewardship's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.

8.3.3.3 Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

8.3.3.4 Builders Risk insurance covering interests of the City, HopeSource, Stewardship, Subcontractors in the work. Builders Risk insurance shall be on a special perils policy form and shall insure against the perils of fire and extended coverage and physical loss or damage including flood, earthquake, theft, vandalism, malicious mischief, and collapse. The Builders Risk insurance shall include coverage for temporary buildings, debris removal, and damage to materials in transit or stored off-site. This Builders Risk insurance covering the work will have a deductible of \$25,000 for each occurrence, which will be the responsibility of Stewardship. Higher deductibles for flood and earthquake perils may be accepted by the City and HopeSource upon written request by Stewardship and written acceptance by the City and HopeSource. Any increased deductibles accepted by the City and HopeSource will remain the responsibility of Stewardship. The Builders Risk insurance shall be maintained until the City has granted substantial completion of the project. An installation floater may be acceptable in lieu of Builders Risk for renovation projects only if approved in writing by the City and HopeSource.

8.3.4 Minimum Amounts of Insurance. Stewardship shall maintain the following insurance limits:

8.3.4.1 Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.

8.3.4.2 Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate and a \$2,000,000 products- completed operations aggregate limit.

8.3.4.3 Builders Risk insurance shall be written in the amount of the completed value of the project with no coinsurance provisions.

8.3.5 City Full Availability of Stewardship Limits. If Stewardship maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by Stewardship, irrespective of whether such limits maintained by Stewardship are greater than those required by this Contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by Stewardship.

8.3.6 Other Insurance Provision. Stewardship's Automobile Liability, Commercial General Liability, Excess/Umbrella Liability, and Builders Risk insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City and HopeSource. Any insurance, self-insurance, or self-insured pool coverage maintained by the City and/or HopeSource shall be excess of Stewardship's insurance and shall not contribute with it.

8.3.7 Stewardship's Insurance for Other Losses. Stewardship shall assume full responsibility for all loss or damage from any cause whatsoever to any tools, Stewardship's employee-owned tools, machinery, equipment, or motor vehicles owned or rented by Stewardship, or Stewardship's agents, suppliers, or Subcontractors as well as to any temporary structures, scaffolding and protective fences.

8.3.8 Waiver of Subrogation. Stewardship hereby agrees to waive rights of subrogation which any insurer of Stewardship may acquire from Stewardship by virtue of the payment of any loss. Stewardship agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. The General Liability and Workers' Compensation policies shall be endorsed with a waiver of subrogation in favor of the City for all work performed by Stewardship, its employees, agents and Subcontractors.

8.3.9 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. best rating of not less than A: VII.

8.3.10 Verification of Coverage. Stewardship shall furnish the City and HopeSource with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the Automobile Liability and Commercial General Liability insurance of Stewardship before commencement of the work. Before any exposure to loss may occur, Stewardship shall file with the City and HopeSource a copy of the Builders Risk insurance policy that includes all applicable conditions, exclusions, definitions, terms and endorsements related to this project. Upon request by the City and/or HopeSource, Stewardship shall furnish certified copies of all required insurance policies, including endorsements, required in this Contract and evidence of all Subcontractors' coverage.

8.3.11 Subcontractors. Stewardship shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of Stewardship-provided insurance as set forth herein, except Stewardship shall have sole responsibility for determining the limits of coverage required to be obtained by such Subcontractor. Stewardship shall ensure that the City and HopeSource are each additional insureds on each Subcontractor's Commercial General liability insurance policy using an endorsement as least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations. Subcontractor's policies shall also be primary to any policy or policies that the City and HopeSource may maintain.

8.3.12 Notice of Cancellation. Stewardship shall provide the City, HopeSource, and all additional insureds for this work with written notice of any policy cancellation within two business days of their receipt of such notice.

8.3.13 Failure to Maintain Insurance. Failure on the part of Stewardship to maintain the insurance as required shall constitute a material breach of contract, upon which the City and/or HopeSource may, after giving five business days' notice to Stewardship to correct the breach, immediately terminate the Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City and/or HopeSource on demand, or at the sole discretion of the City and/or HopeSource, offset against funds due to Stewardship from the City and/or HopeSource

8.4 Insurance – HOPESOURCE

8.4.1 Insurance Requirements. HopeSource shall secure from a company or companies licensed to conduct insurance business in the State of Washington, pay for, and maintain in full force and effect from and after the Closing, and continuing for the entire Affordability Period, insurance for the Project as required herein, against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by HopeSource, its agents, representatives, or employees.

8.4.2 No Limitation. HopeSource's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of HopeSource to the coverage provide by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

8.4.3 Minimum Scope of Insurance. HopeSource shall obtain insurance of the types and coverages described below:

8.4.3.1 Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 001 and shall cover liability arising from premises, operations, stop-gap, independent contractors, products-completed operations for a period of three (3) years from Certificate of Occupancy, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit, using ISO form CG 25 03 05 09 or an endorsement providing at least as broad coverage. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. The City shall be named as an additional insured under HopeSource's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.

8.4.3.2 Tenant Discrimination insurance shall cover tenant discrimination claims. The City shall be named as an additional insured using an additional insured endorsement to a separate Tenant Discrimination policy of insurance or a Commercial General Liability policy specifically endorsed to cover third party tenant discrimination claims.

8.4.3.3 Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be at least as broad as ISO form CA 00 01.

8.4.3.4 Property insurance shall be written on an all-risk basis.

8.4.3.5 Excess or Umbrella Liability insurance shall be excess over and at least as broad in coverage as HopeSource's Commercial General Liability and Automobile Liability insurance. The City shall be named as an additional insured on HopeSource's Excess or Umbrella Liability insurance policy. The Excess or Umbrella insurance coverage will drop down when underlying policy aggregate limits are exhausted.

8.4.3.6 Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

8.4.4 Minimum Amounts of Insurance. HopeSource shall maintain the following insurance limits:

8.4.4.1 Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$3,000,000 general aggregate and a \$3,000,000 products-completed operations aggregate limit.

8.4.4.2 Tenant Discrimination insurance shall be written with limits no less than \$1,000,000 per claim and \$3,000,000 policy aggregate limit.

8.4.4.3 Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.

8.4.4.4 Property insurance. Commencing with HopeSource's acquisition of the Site and continuing until the later of (i) the expiration or earlier termination of the Affordability Period or (ii) the date HopeSource vacates the Site:

8.4.4.5 All-risk physical damage insurance coverage ("Property Insurance"), on an all-risk basis, covering (a) all insurable structures and equipment, including coverage for building code changes, but excluding the perils of earthquake (land movement) and flood, in an amount not less than 100% of the replacement cost of the total values at risk, which shall be adjusted for increased costs of construction and replacement on an annual basis, to protect against loss of, damage to, or destruction of the Project; such insurance shall not contain a coinsurance clause; (b) business interruption and extra expense insurance to protect HopeSource and all additional loss payees covering loss of revenues and/or extra expense incurred by reason of the total or partial suspension or delay of, or interruption in, the operation of the Project, or any portion thereof, caused by loss or damage to or destruction of any part of the insurable real property structures or equipment as a result of the perils insured against under such Property Insurance, covering a period of suspension, delay or interruption of at least eighteen (18) calendar months, in an amount not less than the amount required to cover such business interruption and/or extra expense loss during any such period; such insurance shall not contain a deductible in an amount in excess of a thirty (30) day period; and (c) as applicable, boiler and machinery insurance in the aggregate amount of the full replacement value of the equipment typically covered by such insurance. On the coverage required under this subparagraph 8.4.4.5, City shall each be named as an additional loss payee, as its interests may appear, with a Lenders Loss Payable endorsement whenever possible, and if not attainable for Additional Insured other than City, then a loss payable endorsement may be utilized, which shall be delivered to City at the completion of construction and prior to the expiration of the Builders Risk insurance coverage required herein.

8.4.4.6 Excess or Umbrella Liability insurance shall be written with limits of not less than \$5,000,000 per occurrence and \$5,000,000 annual aggregate. The Excess or Umbrella Liability requirement and limits may be satisfied instead through the Contractor's Commercial General Liability and Automobile Liability insurance, or any combination thereof that achieves the overall required limits.

8.4.5 City Full Availability of HopeSource Limits. If HopeSource maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by HopeSource, irrespective of whether such limits maintained by HopeSource are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by HopeSource.

8.4.6 Other Insurance Provision. HopeSource's Automobile Liability, Commercial General Liability, and Excess or Umbrella Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of HopeSource's insurance and shall not contribute with it.

8.4.7 Acceptability of Insurers. Insurance is to be placed with a current A.M. Best rating of not less than A: VII.

8.4.8 Verification of Coverage. HopeSource shall furnish the City with original certificates of insurance, policy or policies, and endorsement(s) to City not fewer than fifteen (15) calendar days prior to the Closing and shall provide to City original certificate and endorsements annually, including but not limited to the additional insured endorsement, evidencing the insurance requirements of the Agreement. Upon request by the City, HopeSource shall furnish certified copies of all required insurance policies, including endorsements, required in this Agreement and evidence of all subcontractors' coverage.

8.4.9 Failure to Maintain Insurance. Failure on the part of HopeSource to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to HopeSource to correct the breach, immediately terminate the Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due HopeSource from the City.

8.4.10 HopeSource's policies shall bear an endorsement or shall have attached a rider providing that City shall be notified not less than thirty (30) calendar days before any expiration, cancellation, nonrenewal, reduction in coverage, increase in deductible, or other material modification of such policy or policies, and shall be notified not less than ten (10) calendar days after any event of nonpayment of premium (collectively, "Cancellation Notice"), provided, however, that an individual endorsement specifically naming City shall not be required if HopeSource provides documentation which, in the sole discretion of City, demonstrate s that City will automatically receive such Cancellation Notice under some sort of blanket policy language, without the need for a separate endorsement in favor of City.

8.4.11 HopeSource shall also file with City the following signed certification: "I am aware of, and will comply with, Title 51 RCW, requiring every employer to be insured against liability of Workers' Compensation or to undertake self-insurance before commencing any of the work."

8.4.12 HopeSource shall comply with Title 51 RCW and in connection therewith shall secure, pay for and maintain in full force and effect from and after the Closing of Escrow, and continuing for the entire Affordability Period, complete Workers' Compensation insurance with Employers Liability limits not less than One Million Dollars (\$1,000,000.00) per occurrence, and shall furnish a Certificate of Insurance to City. Every Workers' Compensation insurance policy shall bear an endorsement or shall have attached a rider providing that, in the event of expiration, proposed cancellation, or reduction in coverage of such policy for any reason whatsoever, City shall be notified, giving HopeSource a sufficient time to comply with applicable law, but in no event less than thirty (30) calendar days before such expiration, cancellation, or reduction in coverage is effective or ten (10) calendar days in the event of nonpayment of premium.

8.4.13 Minimum Insurance Requirements. HopeSource acknowledges and agrees that the insurance requirements contained herein are the minimum requirements of the City, and the City reserves the right to review and amend the minimum insurance requirements every five (5) years.

8.5 Obligation to Repair and Restore Damage Due to Casualty If the Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by HopeSource and/or Stewardship, HopeSource and/or Stewardship shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Improvements to substantially the same condition as the Improvements are required to be constructed pursuant to this Agreement, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and HopeSource and/or Stewardship shall complete the same as soon as possible thereafter so that the Improvements can be occupied as an affordable housing project in accordance with this Agreement. In no event shall the repair, replacement, or restoration period exceed 12 months from the date HopeSource and/or Stewardship obtains insurance proceeds unless the City Manager, in his sole and absolute discretion, approves a longer period of time. City shall cooperate with HopeSource and/or Stewardship, at no expense to City, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration or the cost of such repair, replacement or restoration exceeds such insurance proceeds, HopeSource and/or Stewardship may elect not to repair, replace, or restore the Improvements by giving notice to City (in which event HopeSource will be entitled to all insurance proceeds) or HopeSource and/or Stewardship may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by City and the other governmental City or agencies with jurisdiction, and City may pursue remedies of its choosing under this Agreement, including without limitation termination. If the Improvements are completely destroyed or substantially damaged by a casualty for which HopeSource and/or Stewardship is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild, then HopeSource and/or Stewardship shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing City with written notice of election not to repair, replace, or restore within ninety (90) calendar days after such substantial damage or destruction. In such event, HopeSource and/or Stewardship shall concurrently repay the full outstanding balance of the City Loan to City and this Agreement shall be automatically terminated. As used in this Section 8.5, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten percent (10%) or more of the replacement cost of the improvements comprising the Improvements.

8.6 Non-Liability of City Stewardship and HopeSource acknowledge and agree that, notwithstanding any other provision of any Project Document (a) City is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Stewardship or HopeSource, and City does not intend to ever assume any such status; (b) City shall not be deemed responsible for or a participant in any acts, omissions or decisions of Stewardship or HopeSource, (c) City (and all Indemnitees) shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Site, whether arising from : (i) any defect in any building, grading, landscaping or other on-site or off-site improvement; (ii) any act or omission of Stewardship or HopeSource, or of any of Stewardship's or HopeSource's agents, employees, independent contractors, licensees, invitees or volunteers; or (iii) any accident on the Site or any fire or other casualty or hazard thereon; and (d) by accepting or approving anything required to be performed or given to City under the Project Documents, including any certificate, financial statement, survey, appraisal or insurance policy, City (and all indemnitees) shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by City (or any of the indemnitees) to anyone.

9. MISCELLANEOUS.

9.1 Covenant Not to Sue The following covenant relating to Developer's obligation not to sue regarding the Project or the Site or any issues ancillary thereto (but excluding the specific performance of this Agreement) is a material incentive for and a part of the consideration to City to enter into this Agreement with Developer. Therefore, City shall have no obligation to make the City Loan to Developer, and the performance obligations of City under this Agreement shall automatically terminate, in the event from and after the Effective Date and until the Closing, Developer, or any Affiliate of Developer or any of its partners, officers, directors, employees, agents, representatives,

consultants, attorneys, or any person acting at the direction of Developer, undertakes any act to oppose, or to commence, participate in, prosecute, or otherwise object to, or to litigate, directly or indirectly, any permit or discretionary decision of City, City's Planning Commission, or any other City Council or commission relating to the Site and/or the Project of whatever form or nature (but excluding the specific performance of this Agreement).

Notwithstanding the foregoing, nothing set forth in this Section 9.1 shall prevent Developer from asserting its rights relating to the performance and enforcement of this Agreement or due to the abuse of discretion by a governmental entity considering and acting upon a future discretionary decision related to the parameters of this covenant. Further, nothing in the foregoing covenant shall prevent Developer from asserting Developer's rights with respect to prospective action or future conduct by any person who interferes, opposes, or delays implementation and completion of the Project.

9.2 Enforced Delay; Extension of Times of Performance In addition to specific provisions of this Agreement, performance by a party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; litigation; unusually severe weather; acts or omissions of the other party; acts or failures to act of a public or governmental City or entity (other than City acting as required pursuant to this Agreement); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties within 30 days of the commencement of the cause. Any requests for extension shall be in writing. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer.

Notwithstanding the foregoing portion of this section, Developer is not entitled to an extension of time to perform because of past, present, or future difficulty in obtaining suitable temporary, construction, or permanent financing for the acquisition, development or lease of Housing Units on the Site.

9.3 Nonliability of Officials and Employees of City No member, official or employee of City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by City or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement.

9.4 Obligations Unconditional and Independent Notwithstanding the existence at any time of any obligation or liability of City to Developer, or any other claim by Developer against City, in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under this Agreement (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

9.5 Notices Any notice to or demand upon the following parties shall be given by registered or certified mail, return receipt requested, or by express delivery service, as follows, or to such other address as is specified in writing by any of the following to the others:

If to Developer:	HopeSource 606 West 3rd Avenue Ellensburg, Washington 98926 Attention: Susan Grindle
	Stewardship Development LLC 1247 Villard Street Eugene, Oregon 94703 Attention: Amanda Perkins

If to City: City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

With Copies to:

Senior Lender: Columbia Bank
PO Box 1580
Roseburg, OR 97470-9972

Investor Limited
Partner: PNC Real Estate Tax Credit Capital Institutional Fund 47 Limited
Partnership
c/o PNC Bank, National Association
Fox Tower
805 SW Broadway, Suite 2200
Portland, Oregon 97205-3339
Building Code: YFTP
Attn: Asset Management (Pathways Place)

Special Limited
Partner: [_____] Columbia Housing SLP
c/o PNC Bank, National Association
Fox Tower
805 SW Broadway, Suite 2200
Portland, Oregon 97205-3339
Building Code: YFTP
Attn: Asset Management (Pathways Place)

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

9.6 Survival of Representations and Warranties All representations and warranties in the Project Documents shall survive the conveyance of the Site and have been or will be relied on by City notwithstanding any investigation made by City.

9.7 Developer Payment of Third Party Costs Developer shall, within ten (10) days of written request (which shall include copies of invoices or billings for Third Party Costs incurred) pay for and reimburse City for all costs reasonably incurred by City for any and all out of pocket, third party costs, fees, and expenses incurred by City (but not in-house staff time) for attorneys, economic consultants, appraisers, engineers, affordable housing consultants, escrow company fees, title company fees, and other consulting and/or professional services incurred by City arising from and/or related in any respect to the implementation of this Agreement or the Project from the period of time commencing upon the Effective Date through the term of the Affordability Period (together, "Third Party Costs"). The Third Party Costs may include costs incurred in connection with (a) drafting, negotiation, and execution of post-Closing agreements, if any, (b) post-Closing enforcement of the Covenant, City Note, City Deed of Trust, or other Project Documents, including the following: (i) commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Documents, and (ii) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents, provided as to defense of any action which City has tendered the defense to Developer and

Developer fails to defend any such action; and (c) other reasonable costs incurred related to requests for or provision of estoppel certificates, subordination agreements, affordable housing documents, escrow instructions, advisory assistance, amendments, implementation agreements, interpretations, modifications, any other agreements, instruments, documentation, legal advice, economic development/affordable housing advice, or other third party contracts for consulting or professional services necessitated by City's, City's or Developer's post-Closing implementation of this Agreement, and/or requested by Developer, and/or its Lender or other independent contractor or consultant to Developer post-Closing arising from or related in any manner to this Agreement. Notwithstanding the foregoing, Third Party Costs shall not include costs incurred or attributable to (i) City Council, Planning Commission, Zoning Administrator, or other City official with discretionary approval and/or disapproval rights over the Project or the implementation of this Agreement disapproves, denies, or refuses to take action on an application for a permit or other discretionary application necessary to commence and complete the Project; (ii) Default by City under this Agreement; or (iii) Any amendment to this Agreement or any other Project Documents that is initiated by City.

9.8 No Third Parties Benefited This Agreement is made for the purpose of setting forth rights and obligations of Developer and City, and no other person shall have any rights hereunder or by reason hereof. There shall be no third-party beneficiaries of this Agreement.

9.9 Use of Consultants by City City, at its sole cost, may engage consultants to assist City in connection with matters to be undertaken or reviewed under this Agreement, such as in connection with the calculation of allowable housing costs. Developer shall cooperate fully with any such consultants.

9.10 Binding Effect; Assignment of Obligations This Agreement shall bind, and shall inure to the benefit of, Developer and City and their respective successors and assigns. Except for assignments or transfers permitted herein, Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the City Manager, which consent may be withheld in the City Manager's sole and absolute discretion. Any such assignment without such consent shall, at City's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Improvements and the qualification of eligible occupants of each Housing Unit in conformity with this Agreement.

9.11 Superiority of City Agreement Developer agrees and acknowledges that any agreements between Developer and third parties, shall be subject and subordinate in all cases to this Agreement (including, without limitation, the Attachments hereto) and that in the event of conflict, this Agreement (including, without limitation, the Attachments hereto) shall control.

9.12 Prior Agreements; Amendments; Consents This Agreement (together with the other Project Documents) contains the entire agreement between City and Developer with respect to the Site, and all prior negotiations, understandings and agreements with respect to such matters, including without limitation this Agreement, are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in two duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 27 and Attachments 1 through 7 (which attachments are incorporated herein by reference), which constitutes the entire understanding and agreement of the parties.

This Agreement integrates all terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of City and Developer, and all amendments hereto must be in writing by the appropriate authorities of City and Developer; provided that after conveyance of the Site to Developer, only the consent of City shall be required.

9.13 Governing Law All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of Washington for the County of Kittitas or the United States District

Court of the Central District of Washington, as City may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or *in rem* jurisdiction or venue.

9.14 Attorney Fees If either party places the enforcement of this Agreement, or any part thereof, in the hands of an attorney, or files suit upon the same, or seeks a judicial declaration of rights hereunder, the prevailing party shall recover its reasonable attorneys' fees, court costs, and collection agency charges. As used herein, "prevailing party" shall mean the party who substantially prevails in the matter at issue, including without limitation, a party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of covenants allegedly breached or consideration substantially equal to the relief sought in the action.

9.15 Severability of Provisions No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

9.16 Headings Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

9.17 Conflicts In the event of any conflict between the provisions of this Agreement and those of any other Project Document, this Agreement shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

9.18 Time of the Essence Time is of the essence of all of the Project Documents.

9.19 Conflict of Interest No member, official or employee of City shall have any direct or indirect financial interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

9.20 Warranty against Payment of Consideration Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

9.21 Real Estate Commissions Each of City and Developer represents to the other party that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of all or part of the Site, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.

9.22 Counterparts Any Project Document (including this Agreement) may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

[Remainder of page blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.

DEVELOPER:

HOPE SOURECE,
a Washington nonprofit corporation

By: _____

Name: Susan K. Grindle

Title: Chief Executive Officer

STEWARDSHIP DEVELOPMENT LLC,
an Oregon limited liability company

By: JCP Real Estate LLC,
an Oregon limited liability company,
Member

By: _____

Name: Amanda Perkins

Title: Member

CITY:

CITY OF ELLENSBURG,
a Washington municipal corporation

By: _____

Name: _____

Title: City Manager

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE SITE

The Land referred to herein below is situated in the County of Kittitas, State of Washington, and is described as follows:

PARCEL "A" OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984, IN BOOK 13 OF SURVEYS, PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF KITTITAS COUNTY, WASHINGTON; BEING A PORTION OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON;

AND THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER;

THENCE NORTH 89°27'27" WEST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, 1313.02 FEET TO THE PROJECTED EAST RIGHT OF WAY BOUNDARY FOR RUBY STREET AS SHOWN ON THAT CERTAIN SURVEY RECORDED OCTOBER 25, 1984 IN BOOK 13 OF SURVEYS AT PAGE 55, UNDER AUDITOR'S FILE NO. 483209, RECORDS OF KITTITAS COUNTY, WASHINGTON;

THENCE SOUTH 00°14'13" WEST, ALONG SAID EAST RIGHT OF WAY BOUNDARY, 830.96 FEET, MORE OR LESS, TO THE PROJECTED NORTH LINE OF PARCEL A OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984 IN BOOK 13 OF SURVEYS AT PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF SAID COUNTY;

THENCE SOUTH 89°10'50" EAST, ALONG SAID PROJECTED NORTH LINE, 2.40 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING ON THE EAST BOUNDARY OF PARCEL 1 CONVEYED TO THE CITY OF ELLENSBURG BY DEED RECORDED UNDER AUDITOR'S FILE NO. 199905100024;

THENCE SOUTH 00°31'48" WEST, ALONG SAID EAST BOUNDARY OF SAID PARCEL 1, 319.53 FEET, MORE OR LESS, TO THE PROJECTED SOUTH LINE OF SAID PARCEL A;

THENCE NORTH 89°10'49" EAST, ALONG SAID PROJECTED SOUTH LINE, 17.95 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL A;

THENCE NORTH 00°09'39" WEST, ALONG THE WEST BOUNDARY OF SAID PARCEL A, 319.57 FEET TO THE NORTHWEST CORNER OF SAID PARCEL A;

THENCE NORTH 89°10'50" WEST ALONG SAID PROJECTED NORTH LINE, 14.10 FEET TO THE TRUE POINT OF BEGINNING.

ATTACHMENT NO. 2

CHIP CONTRACT

ATTACHMENT NO. 3

RESERVED

ATTACHMENT NO. 4

RESERVED

ATTACHMENT NO. 5

AMENDED AND RESTATED CITY NOTE

ATTACHMENT NO. 6

AMENDED AND RESTATED AFFORDABLE HOUSING COVENANT

ATTACHMENT NO. 7

CITY AMENDED AND RESTATED DEED OF TRUST

AMENDED AND RESTATED CITY NOTE

\$1,579,857

Ellensburg, Washington

[_____, 2026]

FOR VALUE RECEIVED, **HOPESOURCE**, a Washington nonprofit corporation ("Developer"), promises to pay to the **CITY OF ELLENSBURG**, a municipal corporation ("City"), at its offices at 501 North Anderson Street, Ellensburg, Washington 98926, or at such other place as City may from time to time designate in writing, (a) the principal sum of One Million Five Hundred Seventy-Nine Thousand Eight Hundred Fifty-Seven and no/100 Dollars (\$1,579,857.00) ("City Note Amount"); and (b) all costs and expenses payable hereunder.

THIS NOTE AMENDS AND RESTATES IN FULL THE ORIGINAL NOTE.

RECITALS

A. The Developer executed a Promissory Note for the benefit of the City ("Original Note") in the amount of \$750,000 on May 25, 2022 promising to repay a loan from the City to develop the Project. On July 1, 2023, the Washington Department of Commerce entered a Capital Agreement awarding the City \$829,529 to pay for the utility infrastructure for the Project, which the City is now loaning to the Developer. In consideration for the additional loan to the Developer, the Developer and City desire to amend and restate the Original Note to increase the amount by \$829,529 to a total sum of \$1,579,857.

B. The loan is secured by an Amended and Restated Deed of Trust ("City Deed of Trust") dated of even date hereof and recorded on or about the date hereof and is made pursuant to that certain unrecorded Amended and Restated Affordable Housing Agreement by and between Developer and City, dated of even date hereof ("Agreement").

C. The Developer and City entered into an Amended and Restated Affordable Housing Covenant ("Covenant") dated of even date hereof and recorded on or about the date hereof for the benefit of the City promising to develop, maintain and operate the units in the Project as income- and rent-restricted housing for at least fifty years.

D. Capitalized terms used in this City Note shall have the meaning set forth in the Agreement, unless expressly otherwise defined herein.

NOW, THEREFORE, for good valuable consideration, receipt of which is hereby acknowledged, Developer agrees as follows:

1. Agreement. The principal sums hereunder have been and are being loaned by City to Developer in accordance with and pursuant to the Agreement, which is a public record on file in the office of the City Clerk. The proceeds of the City Loan shall be disbursed only to pay for the items and in accordance with the procedures set forth in the Agreement. The terms of the Agreement are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. In the event of any inconsistencies between the terms of this City Note and the terms of the Agreement or any other document related to the City Note Amount, the terms of this City Note shall prevail.

A default by Developer under any of the provisions of the Agreement, the City Deed of Trust of even date herewith, Covenant or any of the other Transaction Documents shall, after the expiration of any cure period under the respective agreement, be a default hereunder, and a default hereunder after the

expiration of any applicable cure periods shall be a default under the Project Documents.

2. Interest. Zero percent simple interest (0%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) shall accrue on the Note Amount and all other amounts due under this City Note (other than accrued interest), except as set forth in Section 8 hereof.

3. Payment. The principal amount of this Promissory Note and all incurred interest shall be due and payable on [REDACTED], 2077, the fifty-first anniversary of the date of this Note (the "Maturity Date").

4. Form of Payments. All amounts due hereunder are payable in immediately available funds and lawful monies of the United States of America.

5. Application of Payments. All payments shall be applied (i) first, to costs and fees owing hereunder, (ii) second, to the payment of unpaid accrued interest owing hereunder for each calendar year in which no payment was made by Developer pursuant to Section 3 hereof, (iii) third, to the payment of accrued interest for the preceding calendar year, and (iv) fourth, to the payment of principal.

6. Prepayment. At any time, Developer may prepay in whole or in part the outstanding principal balance under this City Note, together with all accrued interest, if any, and unpaid fees, costs and expenses, if any, payable hereunder, without penalty or premium. In the event of prepayment by Developer, the Affordable Housing Covenant shall remain intact, and shall be unaffected by the prepayment of this Note by Developer.

7. Security. This City Note and all amounts payable hereunder are secured by the City Deed of Trust of even date herewith, executed by Developer in favor of City and recorded against the Site in the Official Records of Kittitas County, which City Deed of Trust shall only be subordinate to (i) certain deeds of trust securing the repayment of senior loans and certain restrictive covenants as described in that certain Priority and Subordination Agreement by and among Developer, City and certain other parties thereto to be entered into shortly after the date hereof (the "Priority and Subordination Agreement") and recorded in the official records of Kittitas County, and, if applicable (ii) such other encumbrances reasonably approved by City in writing. The terms of the City Deed of Trust are incorporated herein and made a part hereof to the same extent and with the same force and effect as if fully set forth herein. A default under any of the provisions of the City Deed of Trust shall be a default hereunder, and a default hereunder shall be a default under the City Deed of Trust.

8. Acceleration and Other Remedies. If elected by City pursuant to the following sentence, the entire balance due under this City Note shall be paid to City upon the earlier of any of the following (each, a "Default"): (i) the uncured default of Developer under the Project Documents, this City Note, or the City Deed of Trust, in each case, after delivery of notice and expiration of the applicable cure period provided in the respective agreement; or (ii) the sale, lease or other transfer or conveyance (other than the permitted rentals and conveyances under the Agreement) of all or any part of the Project, or any interest therein (individually or collectively a "Transfer"), without the prior written consent of City in accordance with the Agreement, in each case, after delivery of notice and expiration of the applicable cure period provided in the applicable Project Document. Upon the occurrence and during the continuance of a Default, City may, at City's option, declare the outstanding principal amount of this City Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the City Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the City Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for

this City Note, may be added to the principal hereunder, and shall accrue interest as provided herein. City shall at all times have the right to proceed against any portion of the security for this City Note in such order and in such manner as City may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of City in exercising any right hereunder, under the Agreement, the Project Documents or under the Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement, the Project Documents, the City Deed of Trust or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of City's right to either require prompt payment when due of all other sums payable hereunder or to declare a Default for failure to make prompt or complete payment. In addition, upon any Default, the City Note Amount and all outstanding amounts due under this City Note shall accrue interest at the default rate of ten percent (10%) per annum (based on a 360-day year and charged on the basis of the actual number of days elapsed) ("Alternate Rate"). The City agrees that the Senior Lender, the Investor Limited Partner and the Special Limited Partner shall have the right but not the obligation to cure any event of default under this Note and such cure will be accepted or rejected by the City on the same basis as if made by the Developer.

9. Waivers. Except to the extent notice is required under any of the Project Documents, Developer and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights or interests in or to any and all properly securing this City Note, and the benefit of any exemption under any homestead exemption laws, if applicable. Developer expressly agrees that this City Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or release any security for this City Note at its sole discretion all without in any way affecting the liability of Developer. No extension of time for payment of this City Note made by agreement by City with any person now or hereafter liable for the payment of this City Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this City Note, either in whole or in part. The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this City Note for any reasons whatsoever. No previous waiver and no failure or delay by City in acting with respect to the terms of this City Note or the City Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this City Note, the City Deed of Trust or the obligations secured thereby. A waiver of any term of this City Note, the City Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

10. Consents. Developer and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more, and subject to the terms and provisions of the Agreement relating to modification, extension, and/or amendment) of the terms of the Agreement as such terms relate to this City Note or the terms or time of payment under this City Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof to the extent requested or approved by Developer, (c) the granting of any other indulgences to Developer, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Except as otherwise set forth above, any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Developer or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

11. Successors and Assigns. Whenever "City" is referred to in this Note, such reference shall be deemed to include City, and its successors and assigns, including, without limitation, any subsequent

assignee or holder of this City Note. All covenants, provisions and agreements by or on behalf of Developer, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of City's successors and assigns. City may, at its option, assign its right to receive payment under this City Note without necessity of obtaining the consent of Developer. Whenever "Developer" is referred to in this City Note, such reference shall be deemed to include HopeSource, a Washington nonprofit corporation, and its approved successors and assigns, including, without limitation, any approved subsequent assignee or obligor of this City Note, if such approval is given in accordance with the Agreement. In no event shall Developer assign or transfer any portion of this Note without the prior express written consent of City, except as permitted in the Agreement. Notwithstanding the foregoing, the City approves the assignment of this Note to the Partnership.

12. Usury. It is the intention of Developer and City to conform strictly to the Interest Law, as defined below, applicable to this transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this City Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this City Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this City Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

(a) the provisions of this paragraph shall govern and control;

(b) neither Developer nor Developer's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction:

(c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this City Note by City or, if this City Note shall have been paid in full, refunded to Developer; and

(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to City for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this City Note. For purposes of this City Note, "Interest Law" means any present or future law of the State of Washington, the United States of America, or any other jurisdiction which has application to the interest and other charges under this City Note. The "Maximum Legal Rate of Interest" means the maximum rate of interest that City may from time to time charge Developer, and under which Developer would have no claim or defense of usury under the Interest Law.

13. Costs of Enforcement. Developer agrees to pay upon demand all reasonable costs and expenses, including attorneys' fees, expert witness fees, and costs of suit (including appeals), incurred by City to enforce the terms hereof. In addition to the foregoing award of attorneys' fees, City shall be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to enforce any judgment in connection with this City Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

14. Miscellaneous. Time is of the essence hereof. If this City Note is now, or hereafter shall

be, signed by more than one party or person, it shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns. This City Note shall be governed by and construed under the laws of the State of Washington. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of Washington for Kittitas County or the United States District Court of the Eastern District of Washington as City hereof may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this City Note. Developer also waives any objection regarding personal or in rem jurisdiction or venue to the extent such action is filed in the above-referenced courts. In the event of a conflict between the provisions of this City Note and the Agreement, this City Note shall control with respect to the subject matter hereof.

15. Non-Recourse Obligation. In the event of any Default under the terms of the Agreement or any of the other Project Documents, the sole recourse of City for any such Default shall be the Site and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under this Agreement; provided, however, that the foregoing shall not in any way affect any rights City may have hereunder, or any right of City to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by City as a result of fraud, intentional misrepresentation or bad faith waste caused by the Developer, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[Signature Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated City Note to be executed on the date first set forth above.

DEVELOPER:

HOPE SOURCE,
a Washington nonprofit corporation

By: _____
Name: Susan K. Grindle
Title: Chief Executive Officer

CITY:

CITY OF ELLENSBURG,
a Washington municipal corporation

By: _____
Name: _____
Title: _____

When Recorded Return To:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

**AMENDED AND RESTATED AFFORDABLE HOUSING COVENANT
(PATHWAYS PLACE)**

GRANTOR:	HopeSource
GRANTEE:	City of Ellensburg, Washington
ABBREV. LEGAL DESCRIPTION:	Ptn Sec 11 Twp 17N Rge 18E NE Qtr, Kittitas County Official legal description on Exhibit A attached
ASSESSOR'S TAX PARCEL NOS.	Tax Parcel ID #555136, Kittitas County Auditor's Map No. 17-18-11010-0074
REFERENCE NUMBERS:	202205260049

**AMENDED AND RESTATED AFFORDABLE HOUSING COVENANT
(PATHWAYS PLACE)**

This Amended and Restated Affordable Housing Covenant (together with any amendment or modifications hereto in effect from time to time, the “Covenant”) is made as of the ____ day of [____], 2026, by **HOPESOURCE**, a Washington nonprofit corporation (“HopeSource” or “Grantor”) in favor of the **CITY OF ELLENSBURG**, a public body corporate and politic of the State of Washington (“City” or “Grantee”), and is part of the consideration for the financial assistance provided by the City pursuant to an Amended and Restated Affordable Housing Agreement among the City, HopeSource, a Washington nonprofit corporation, (“HopeSource”) and Stewardship Development LLC, an Oregon limited liability company (“Stewardship”) dated on or about the date hereof (the “Agreement”), for the construction of a 78-unit multifamily rental complex initially to be known as Pathways Place, and any future development of additional housing units, on real property legally described on Exhibit A hereto (the “Property”).

WHEREAS, Grantor previously entered into that certain Affordable Housing Covenant recorded on May 26, 2022, under Kittitas County Auditor’s Number 202205260049 in favor of Grantee (“Original Covenant”), and the Grantor and Grantee wish to amend and restate the Original Covenant to incorporate additional affordability requirements of the Connecting Housing to Infrastructure Program (“CHIP”) funds that the Grantee is loaning to Grantor of even date hereof.

WHEREAS, the City granted Grantor an impact fee exemption for low-income housing pursuant to RCW 82.02.060 which requires a covenant be recorded against the Property that prohibits the Property from been used for any purpose other than for low-income housing.

WHEREAS, this Covenant will be filed and recorded in the official public land records of Kittitas County, Washington and shall constitute a restriction upon the use of the Property, subject to, and in accordance with, the terms of this Covenant for at least **fifty (50) years of affordability** commencing on the date of initial residential occupancy and ending on [___], the Maturity Date of the Amended and Restated Promissory Note (“City Note”) executed by HopeSource in favor of the City dated of even date herewith (the “Affordability Period”).

WHEREAS, the covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Grantor, its respective successors and assigns, heirs, or grantees and lessees of the Property, beginning on the date of initial residential occupancy after the construction of the improvements on the Property contemplated by the Agreement. Each and every contract, deed, mortgage or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, mortgage or other instruments. Capitalized terms not defined herein shall have the meaning given in the Agreement.

THIS AGREEMENT AMENDS AND RESTATES IN FULL THE ORIGINAL COVENANT.

NOW THEREFORE, it is hereby covenanted during the Affordability Period as follows:

Section 1. Set-Asides; Reporting. The Grantor hereby represents, covenants and agrees as follows:

(a) Pursuant to the requirements of the original \$750,000 loan provided by the City to the Grantor on May 25, 2022, **sixteen (16)** of the residential units in the Property shall be rented to tenants

who meet the eligibility criteria consistent with RCW 82.14.530(2)(b). Consistent with Washington State law, housing created with these funds is required to serve households with gross annual household incomes at the time of initial occupancy no higher than **sixty (60) percent of median income** in Kittitas County, Washington adjusted for family size (“AMI”) as published annually, effective July 1, by the U.S. Department of Housing and Urban Development (“HUD”), as HOME Income Limits and fall within specific population groups as described in RCW 82.14.530(2)(b). If HUD ceases to provide such determinations of median income, then median income shall mean such comparable figure for Kittitas County, Washington published or reported by a federal, state, or local agency as the City shall select.

(b) Pursuant to the requirements of the CHIP program, Grantor agrees to restrict all seventy-eight (78) units in the Project to households who at the time of initial occupancy have a gross annual household income no higher than the maximum AMI set for the individual unit, as follows:

Maximum AMI for Units Based on Bedroom Size

Unit Type (Bedrooms)	Maximum Household Income		Total Units
	30% AMI	50% AMI	
Studio	16	16	32
1-bedroom	15	15	30
2-bedroom	8	8	16
Total	39	39	78

(c) Rents payable by tenants may not exceed **Thirty (30) percent** of the maximum AMI tenant income for the unit, assuming occupancy of 1.5 persons per bedroom including a utility allowance (“Affordable Rent”). The amount of the utility allowance shall be as calculated annually by HopeSource or at another level acceptable to the City. The foregoing provisions shall be subject to the provisions of the Agreement.

(d) Consistent with the requirements of RCW 84.14.530(2)(b), as it may be amended from time to time, but subject to Section 5 hereof, sixteen (16) of the residential units in the Property shall be occupied by tenants who at the time of initial occupancy of a residential unit are: (i) persons with behavioral health disabilities, (ii) veterans, (iii) senior citizens, (iv) persons who are homeless or at-risk of being homeless, including families with children, (v) unaccompanied homeless youth or young adults, (vi) persons with disabilities, or (vii) domestic violence survivors.

(e) Within 90 days after the end of each calendar year after the commencement of the Affordability Period, Grantor shall prepare and submit a certificate to the City, in a form acceptable to the City, certifying that it has complied in all respects with the requirements of this Covenant.

(f) Grantor shall keep any records and make any reports relating to compliance with this Covenant that the City may reasonably require. Grantor shall permit any duly authorized representative of the City to inspect, during regular business hours and upon a minimum of forty-eight (48) hours notice, subject to landlord tenant laws and the rights of tenants pursuant to their residential leases, the Property, the residential units, and the books and records of Grantor pertaining to the incomes of the tenants who are residing or have resided in the Property.

Section 2. Covenants. The Grantor hereby represents, covenants and agrees as follows:

(a) Grantor shall use the Property to provide safe and sanitary low-income housing, and shall comply with all Federal, State, and local housing codes, licensing requirements, and other requirements regarding the condition and the operation of the Property.

(b) Except as otherwise required or contemplated by this Covenant or allowed by applicable law for the purpose of providing low-income housing, Grantor will not discriminate in the provision of housing on the basis of race, creed, color, sex, national origin, religion, marital status, age, disability, the receipt of public assistance or housing assistance or any other characteristic protected from discrimination by applicable law.

Section 3. Reporting and Monitoring Requirements.

(a) Reporting. To submit to the City, pursuant to the Agreement, the annual reports and certifications required under Section 6.7 of the Agreement.

(b) Records. To maintain on file, for at least three years after the expiration of the Affordability Period, copies of the annual reports and certifications required under Section 6.7 of the Agreement.

(c) Inspection of Project. Subject to a minimum of forty-eight (48) hours advance notice, and further subject to landlord tenant laws and the rights of tenants pursuant to their residential leases, to permit any duly authorized representative of the City to inspect the Project during regular business hours to confirm that the housing units provide decent, safe and sanitary housing and the operation of the Project complies with the terms of this Covenant and the Agreement.

(d) Inspection of Records. To permit any duly authorized representative of the City to inspect the books and records of the Grantor pertaining to the housing units and compliance with this Covenant during regular business hours, upon reasonable notice.

Section 4. Covenants Run With the Land. Grantor hereby declares its express intent that the covenants, restrictions, charges and easements set forth herein shall be deemed covenants running with the land throughout the Affordability Period, and shall pass to and be binding upon the Grantor's successors in title including any purchaser, grantee or lessee of any portion of the Property and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee or lessee (other than a resident) of any portion of the Property and any other person or entity having any right, title or interest therein. Each and every contract, deed or other instrument (other than residential resident leases) hereafter executed conveying the Property or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument.

Section 5. Survival. This Covenant has priority over the Amended and Restated Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filings in favor of the City of even date herewith (the "Deed of Trust"), and shall survive any payment, release, satisfaction or cancellation of

the City Note or the Deed of Trust occurring prior to the expiration of the Affordability Period. The covenants herein are independent of and in addition to the covenants in the Deed of Trust, the Agreement, and any other covenants made for the benefit of the City. This Section shall not prohibit any mortgages, deeds of trust, regulatory agreements and covenants for the purposes of the future financing, nor prohibit any transfer upon foreclosure of a deed of trust or mortgage approved by the City, or deed in lieu of foreclosure thereof, or any subsequent transfer, but any transfer shall be subject to the terms of this Covenant; t; provided, that in the event of a foreclosure of a deed of trust or mortgage set forth in the Priority and Subordination Agreement (as defined in the Note) or otherwise approved by the City, or deed in lieu of foreclosure, the restrictions limiting 16 units to specific population groups as described in RCW 82.14.530(2)(b) as set forth in section 1(a) and 1(d) hereof shall no longer apply to the Project from such date forward.

Section 6. Default. If a violation of any of the foregoing covenants occurs, the City may, after thirty days' notice to Grantor, and if applicable, its successors and assigns, heirs, grantees, or lessees of the Property, institute and prosecute any proceeding at law or in equity to abate, default the loan evidenced by the City Note, prevent, or enjoin any such violation or to compel specific performance by Grantor of its obligations hereunder; provided that Grantor shall not be required by any provision herein to evict a residential tenant. No delay in enforcing the provisions hereof as to any breach or violation, shall impair, damage or waive the right of the City to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

Section 7. Payment of Impact Fees. If the property is converted to a use other than for low-income housing during the term of the Covenant, the Grantor shall pay applicable impact fees in effect at the time of the conversion.

Section 8. Governing Law. This Covenant shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington. Grantor irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of Washington for the County of Kittitas or the United States District Court of the Central District of Washington, as City may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Covenant.

Section 9. Counterparts. This Covenant may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

[Signatures on following page.]

EXHIBIT A

LEGAL DESCRIPTION

The Land referred to herein below is situated in the County of Kittitas, State of Washington, and is described as follows:

PARCEL "A" OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984, IN BOOK 13 OF SURVEYS, PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF KITTITAS COUNTY, WASHINGTON; BEING A PORTION OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON;

AND THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER;
THENCE NORTH 89°27'27" WEST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, 1313.02 FEET TO THE PROJECTED EAST RIGHT OF WAY BOUNDARY FOR RUBY STREET AS SHOWN ON THAT CERTAIN SURVEY RECORDED OCTOBER 25, 1984 IN BOOK 13 OF SURVEYS AT PAGE 55, UNDER AUDITOR'S FILE NO. 483209, RECORDS OF KITTITAS COUNTY, WASHINGTON;
THENCE SOUTH 00°14'13" WEST, ALONG SAID EAST RIGHT OF WAY BOUNDARY, 830.96 FEET, MORE OR LESS, TO THE PROJECTED NORTH LINE OF PARCEL A OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984 IN BOOK 13 OF SURVEYS AT PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF SAID COUNTY;
THENCE SOUTH 89°10'50" EAST, ALONG SAID PROJECTED NORTH LINE, 2.40 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING ON THE EAST BOUNDARY OF PARCEL 1 CONVEYED TO THE CITY OF ELLENSBURG BY DEED RECORDED UNDER AUDITOR'S FILE NO. 199905100024;
THENCE SOUTH 00°31'48" WEST, ALONG SAID EAST BOUNDARY OF SAID PARCEL 1, 319.53 FEET, MORE OR LESS, TO THE PROJECTED SOUTH LINE OF SAID PARCEL A;
THENCE NORTH 89°10'49" EAST, ALONG SAID PROJECTED SOUTH LINE, 17.95 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL A;
THENCE NORTH 00°09'39" WEST, ALONG THE WEST BOUNDARY OF SAID PARCEL A, 319.57 FEET TO THE NORTHWEST CORNER OF SAID PARCEL A;
THENCE NORTH 89°10'50" WEST ALONG SAID PROJECTED NORTH LINE, 14.10 FEET TO THE TRUE POINT OF BEGINNING.

When Recorded Return to:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

Washington State Recorder's Cover Sheet (RCW 65.04.047)

Document Title: Amended and Restated Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing
Grantor: HopeSource, a Washington nonprofit corporation
Grantee(s)/Trustee(s)/Beneficiary(ies): 1. THE CITY OF ELLENSBURG, a Washington municipal corporation 2. FIRST AMERICAN TITLE INSURANCE COMPANY
Abbreviated Legal Description: Ptn Sec 11 Twp 17N Rge 18E NE Qtr, Kittitas County <input checked="" type="checkbox"/> Additional legal on Exhibit A of document.
Assessor's Property Tax Parcel/Account Numbers: Tax Parcel ID #555136, Kittitas County Auditor's Map No. 17-18-11010-0074
Reference number(s) of related documents: Deed of Trust: 202205260048

**AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS AMENDED AND RESTATED DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING dated [REDACTED], 2026 (together with any amendments or modifications hereto in effect from time to time, the “**Deed of Trust**”), by **HOPESOURCE**, a Washington nonprofit corporation, having an office at 603 West Third Avenue, Ellensburg, WA 98926 (“**Grantor**”) to **FIRST AMERICAN TITLE INSURANCE COMPANY** (“**Trustee**”) for the benefit of **CITY OF ELLENSBURG**, having an address at c/o City Manager 501 North Anderson Street, Ellensburg, Washington 98926 (the “**Beneficiary**”).

Grantor previously entered into that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing recorded on May 26, 2022 under Kittitas County Auditor’s Number 202205260048 in favor of Beneficiary (“**Original Deed of Trust**”) Grantor and Beneficiary now wish to amend and restate the deed of trust to secure the additional Connecting Housing to Infrastructure Program (“CHIP”) funds that the Beneficiary is loaning to Grantor.

THIS DEED OF TRUST AMENDS AND RESTATES IN FULL THE ORIGINAL DEED OF TRUST.

WITNESSETH:

A. This Deed of Trust is given to secure a loan in the aggregate principal sum of ONE MILLION FIVE HUNDRED SEVENTY-NINE THOUSAND EIGHT HUNDRED FIFTY-SEVEN AND NO/100 DOLLARS (\$1,579,857) or so much thereof as may be advanced pursuant to that certain Amended and Restated City Note dated of even date herewith, executed by Grantor in favor of Beneficiary (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Note**”). The funds loaned to Grantor pursuant to the Note are referred to herein as the “**Loan**”.

B. This Deed of Trust is given pursuant to that certain Affordable Housing Agreement, dated on or about May 25, 2022 by and between HopeSource and Beneficiary, as amended and restated by that certain Amended and Restated Affordable Housing Agreement, dated as of the date hereof (as amended and restated, the “**Affordable Housing Agreement**”). In connection with the Loan, Grantor has also executed that certain Amended and Restated Affordable Housing Covenant dated of even date herewith in favor of the Beneficiary and recorded in the records of Kittitas County (the “**Covenant**”). The Affordable Housing Agreement, Note, and Covenant are hereafter referred to as the “**Loan Documents**” and payment, fulfillment, and performance by Grantor of its obligations thereunder are secured hereby. Grantor shall repay the Loan at the time and in the manner provided in the Note.

NOW THEREFORE, in consideration of the making of the Loan by Beneficiary and the covenants, agreements, representations and warranties set forth in this Deed of Trust:

**ARTICLE I
GRANTING CLAUSES**

Section 1.1 Property Conveyed. Grantor has granted and conveyed and by these presents DOES HEREBY GRANT, BARGAIN, SELL, CONVEY, TRANSFER AND ASSIGN UNTO THE TRUSTEE, AND ITS SUCCESSORS AND ASSIGNS, in fee simple, with power of sale and right of entry and possession, all of Grantor's estate, right, title and interest now owned or hereafter acquired in and to each of the following (collectively, the “**Property**”):

(a) The real property described in Exhibit A attached hereto and made a part hereof (the “**Land**”);

(b) All buildings, structures and improvements now located or later to be constructed on the Land (the “**Improvements**”) and all building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements and all existing and future as-extracted collateral produced from or allocated to the Land, including, all minerals, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and any other commercially valuable substances which may be in, under or produced from any part of the Land, and all products processed or obtained therefrom, and the proceeds thereof, and all development rights and credits, air rights, water, water courses, water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) and water stock, easements, rights-of-way, gores or strips of land, and any land lying in the streets, ways, alleys, passages, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements;

(c) All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, and remainder and remainders thereof, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Grantor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) All articles of personal property (including those specified below) and any software imbedded therein, now owned or hereafter acquired by Grantor and attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise a “**fixture**” under applicable law (each a “**Fixture**,” collectively “**Fixtures**”);

(e) All existing and future leases, subleases, subtenancies, licenses, occupancy agreements, concessions, and other agreements of any kind relating to the use or occupancy of all or any portion of the Property, whether now in effect or entered into in the future, except for the Ground Lease (each a “**Lease**,” collectively, the “**Leases**”) relating to the use and enjoyment of all or any part of the Land and Improvements, all amendments, extensions, renewals, or modifications thereof (subject to Beneficiary’s right to approve same pursuant to the terms of the Loan Documents), and any and all guaranties of, and security for, lessees’ performance under any and all Leases, and all other agreements relating to or made in connection with any of such Leases;

(f) All rents (and payments in lieu of rents), royalties, issues, profits, income, proceeds, payments, and revenues of or from the Property, and/or at any time payable under any and all Leases, including all rent loss insurance proceeds, prepaid rents and any and all security deposits received or to be received by Grantor pursuant to any and all Leases, and all rights and benefits accrued, or to accrue, to Grantor under any and all Leases (some or all collectively, as the context may require, “**Rents**”);

(g) All goods, materials, supplies, chattels, furniture, fixtures, machinery, apparatus, fittings, equipment, and articles of personal property of every kind and nature whatsoever, including consumable

goods, now or hereafter located in or upon the Property or any part thereof, or to be attached to or placed in or on, or used or useable in connection with any present or future use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including by way of description but without limiting the generality of the foregoing, all computer systems, telephone and telecommunication systems, televisions and television systems, all software embedded within or used in connection with any of the property described above, pumps or pumping plants, tanks, motors, conduits, engines, pipes, ditches and flumes, and also all gas and electrical apparatus (including, but not limited to, all electrical transformers, switches, switch boxes, and equipment boxes), cooking, heating, cooling, air conditioning, sprinkler equipment, lighting, power equipment, ventilation, incineration, refrigeration and plumbing apparatus, fixtures and equipment, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ovens, ranges, disposals, dishwashers, carpeting, plants and shrubbery, ground maintenance equipment, ducts and compressors; together with all building materials, goods and personal property on or off the Property intended to be affixed to or incorporated in the Property but not yet affixed to or incorporated in the Property, all which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust;

(h) All rights to the payment of money and all guaranties thereof and judgments therefor, and all accounts, accounts receivable, reserves, deferred payments, refunds of real property and personal property taxes and other refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Grantor with third parties (including all utility deposits), warranty rights, contract rights, management contracts, service contracts, construction and architectural contracts, contracts for the purchase and sale of the Property or any part thereof, end-loan or other financing commitments, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, promissory notes, drafts, letters of credit, letter of credit rights (whether or not the letter of credit is evidenced by a writing), supporting obligations, and general intangibles, including payment intangibles, whether any of the foregoing are tangible or electronic, which arise from or relate to construction on the Land or to any business now or later to be conducted on it, or to the Land and Improvements generally;

(i) All insurance policies (and the unearned premiums therefor) and bonds required by the Loan Documents and all proceeds thereof, and all proceeds (including all claims to and demands for them) of the voluntary or involuntary conversion of any of the Land, the Improvements, or the other property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to, or defect in, the Land, the Improvements, or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud, misrepresentation, or concealment of a material fact;

(j) All books, records, and all recorded data of any kind or nature (regardless of the medium of recording) pertaining to any and all of the property described above, including records relating to tenants under any leases, and the qualification of such tenants, and all certificates, vouchers, and other documents in any way related thereto, and all records relating to the application and allocation of any federal, state, and local tax credits or benefits, including computer-readable memory and any computer hardware or software necessary to access and process such memory (collectively, the “**Books and Records**”);

(k) All commercial tort claims Grantor now has or hereafter acquires relating to any of the property described above;

(l) All documents, instruments, chattel paper, intangibles, and general intangibles as the foregoing terms are defined in the Uniform Commercial Code, relating to the Property;

(m) All products, accounts, and proceeds (cash or non-cash) of, additions, betterments, extensions, accessions and accretions to, substitutions, renewals and replacements for, and changes in any of the property described above, including all proceeds of any voluntary or involuntary disposition or claim respecting any such property (arising out of any judgment, condemnation or award, or otherwise arising) and all supporting obligations ancillary to or arising in connection therewith, general intangibles (including payment intangibles) arising in connection therewith, and all goods, accounts, instruments, documents, promissory notes, chattel paper, deposit accounts, supporting obligations, and general intangibles (including payment intangibles) (whether any of the foregoing are tangible or electronic), wherever located, acquired with cash proceeds of any of the foregoing or its proceeds; and

AND without limiting any of the other provisions of this Deed of Trust, to the extent permitted by applicable statutes, regulations or ordinances ("Applicable Law"), Grantor expressly grants to Beneficiary, as secured party, a security interest in the portion of the Property which is or may be subject to the provisions of the Uniform Commercial Code which are applicable to secured transactions; it being understood and agreed that the Improvements and Fixtures are part and parcel of the Land (the Land, the Improvements and the Fixtures are collectively referred to herein as the "Real Property") appropriated to the use thereof and, whether affixed or annexed to the Real Property or not, shall for the purposes of this Deed of Trust be deemed conclusively to be real estate and conveyed hereby.

Grantor shall and will warrant and forever defend the above-bargained Property in the quiet and peaceable possession of Trustee, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof. Grantor agrees that any greater title to the Property hereafter acquired by Grantor during the term hereof shall be subject hereto.

Section 1.2 Assignment of Rents.

(a) Grantor hereby irrevocably absolutely and unconditionally assigns and transfers to Beneficiary all of Grantor's right, title and interest in and to the Leases and the Rents; provided, however, that so long as no event of default has occurred and is continuing under the Loan Documents, Grantor shall have the right under a license granted hereby to collect and receive all Rents as trustee for the benefit of Beneficiary and to apply the amounts so collected first to the payment of costs and expenses associated with the ownership maintenance, operation and leasing of the Property, including, principal, interest and all other amounts required to be paid under the Loan Documents, before using or applying such Rents for any other purpose. If an Event of Default has occurred and is continuing, Grantor's right to collect and receive the Rents under the license granted hereby shall cease and the license shall be revoked automatically and, Beneficiary shall have the sole right, with or without taking possession of the Property, to collect all Rents. The assignment of Rents is intended as security for the Loan pursuant to RCW 7.28.230 and, upon recording of this Deed of Trust, shall immediately perfect the security interest and shall not require any further action by Beneficiary to be perfected as to any subsequent purchaser, mortgagee, or assignee of any interest in the Property. The lien created by this assignment shall, when recorded, be deemed specific, perfected, and choate.

(b) Grantor shall timely perform all of its obligations under the Leases. Grantor represents and warrants that: (i) Grantor has title to and full right to assign presently, absolutely and unconditionally the Leases and Rents; and (ii) no other assignment of any interest in any of the Leases or Rents has been made except pursuant to the Loan Documents.

(c) Except as expressly permitted pursuant to the terms of the Loan Documents, Grantor shall not: (i) enter into any lease of all or any portion of the Property; (ii) amend, modify, terminate or accept a surrender of any Lease; or (iii) collect or accept rent from any tenant of the Property for a period of more than one (1) month in advance. Any of the foregoing acts, if done, in each instance, shall be null and void.

Section 1.3 Security Agreement; Fixture Filing.

(a) This Deed of Trust shall also be considered a security agreement under the Uniform Commercial Code. This Deed of Trust is both a security deed and a “security agreement” within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Grantor in the Property. By executing and delivering this Deed of Trust, Grantor hereby grants to Beneficiary, as security for the Obligations (hereinafter defined), a security interest in the Fixtures, the Equipment, the Personal Property and other property constituting the Property to the full extent that the Fixtures, the Equipment, the Personal Property and such other property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called the “**Collateral**”). Grantor hereby authorizes Beneficiary to file financing statements, continuation statements and financing statement amendments in such form as Beneficiary may require to perfect or continue the perfection of this security interest without the authorization or signature of Grantor. If an Event of Default shall occur and be continuing, Beneficiary, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Beneficiary may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Beneficiary after the occurrence and during the continuance of an Event of Default, Grantor shall, at its expense, assemble the Collateral and make it available to Beneficiary at a location (at the Land if tangible property) reasonably acceptable to Beneficiary. Grantor shall pay to Beneficiary on demand any and all expenses, including reasonable legal expenses and attorneys’ fees, incurred or paid by Beneficiary in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral after the occurrence and during the continuance of an Event of Default. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Collateral sent to Grantor in accordance with the provisions hereof at least ten (10) business days prior to such action, shall, except as otherwise provided by Applicable Law, constitute reasonable notice to Grantor. The proceeds of any disposition of the Collateral, or any part thereof, may, except as otherwise required by Applicable Law, be applied by Beneficiary to the payment of the Loan and other Obligations in such priority and proportions as Beneficiary in its discretion shall deem proper.

(b) From the date of its recording, this Deed of Trust shall be effective as a “fixture filing” for the purposes of RCW 62A.9A-502 with respect to all of the Property which is or is to become fixtures (within the meaning of the Uniform Commercial Code). The addresses of Grantor (Debtor) and Beneficiary (Secured Party) are set forth below. This Deed of Trust is to be filed for recording with the Recorder of any county or counties where the Land (including such fixtures) is located. For this purpose, the following information is set forth:

Name and Address of Debtor: HopeSource
606 W. 3rd Ave.
Ellensburg, Washington 98926
Attention: Susan Grindle

Name and Address of Secured Party: City of Ellensburg
501 North Anderson Street

Ellensburg, Washington 98926
Attention: City Manager

This document covers any portion of the Property that now is or later may become a fixture attached to the Land.

Debtor is the record owner of the Property.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto the Trustee and its heirs, successors and assigns, in fee simple forever, for the benefit of Beneficiary and their successors and assigns forever;

PROVIDED ALWAYS, these presents are upon the express condition, that if Grantor has paid the Loan and other Obligations in full and performed all of its obligations pursuant to this Deed of Trust and the other Loan Documents, and no further advances are to be made under the Loan Documents, Beneficiary will provide a satisfaction and cancellation of this Deed of Trust and termination statements for filed financing statements, if any, to Grantor within the time required by Applicable Law. Grantor shall be responsible for the recordation of such cancellation and satisfaction and the payment of any recording and filing costs, subject to any limitations set forth in Applicable Law. Upon the recording of such cancellation and satisfaction and the filing of such termination statements, the absolute assignments set forth in Section 1.2 shall automatically terminate and become null and void.

ARTICLE II RESERVED

ARTICLE III GRANTOR COVENANTS

To protect the security of this Deed of Trust, Grantor covenants and agrees:

Section 3.1 To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvements being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.

Section 3.2 All the covenants, conditions and agreements contained in all and any of the Loan Documents, are hereby made a part of this Deed of Trust to the same extent and with the same force as if fully set forth herein.

Section 3.3 Grantor shall obtain and maintain, or cause to be maintained, in full force and effect at all times insurance with respect to Grantor and the Property as required pursuant to the Loan Documents. The amount collected under any insurance policy shall be applied in accordance with Section 5.3 below. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

Section 3.4 To pay before delinquent all lawful taxes and assessments upon the property; and to keep the Property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

Section 3.5 To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding in any suit brought by Beneficiary to foreclose this Deed of Trust.

Section 3.6 To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided above.

Section 3.7 Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens encumbrances or other charges against the Property hereinabove described Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

Section 3.8 Grantor shall observe and perform each and every term, covenant and provision to be observed or performed by Grantor pursuant to the Loan Documents and any other agreement or recorded instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

Section 3.9 Grantor shall not remove or permit to be removed from the Property any Fixtures presently or in the future owned by Grantor (unless such Fixtures have been replaced with similar Fixtures of equal or greater utility and value).

Section 3.10 Grantor hereby warrants that (a) Grantor is seized of an indefeasible estate in fee simple in, and warrants the title to, the Property subject only to those matters set forth in Exhibit B attached hereto (the "**Permitted Encumbrances**"); (b) Grantor has the right, full power and lawful authority to grant, convey and assign the same to Beneficiary in the manner and form set forth herein; and (c) this Deed of Trust creates a valid and enforceable first lien on and security title to the Property, subject to Permitted Encumbrances. Grantor hereby covenants that Grantor shall (a) preserve such title and the validity and priority of the lien of this Deed of Trust and shall forever warrant and defend the same to Beneficiary against all lawful claims whatsoever, subject to the Permitted Encumbrances; and (b) execute, acknowledge and deliver all such further documents or assurances as may at any time hereafter be required by Beneficiary to protect fully the lien of this Deed of Trust.

Section 3.11 Removal of Fixtures. Grantor shall not remove or permit to be removed from the Property any Fixtures presently or in the future owned by Grantor (unless such Fixtures have been replaced with similar Fixtures of equal or greater utility and value).

ARTICLE IV RESERVED

ARTICLE V FURTHER ASSURANCES

Section 5.1 Recording of Deed of Trust, Etc. Grantor forthwith upon the execution and delivery of this Deed of Trust and thereafter, from time to time, will cause this Deed of Trust and any of the other Loan Documents conveying, creating or evidencing the security title, liens or security interest hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the security title, liens or security interest hereof upon, and the interest of Beneficiary in, the Property. Grantor will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of this Deed of Trust,

the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any Deed of Trust with respect to the Property and any instrument of further assurance, and any modification or amendment of any of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Deed of Trust, any deed of trust or mortgage supplemental hereto, any Deed of Trust with respect to the Property or any instrument of further assurance, and any modification or amendment of any of the foregoing documents, except where prohibited by law so to do, provided that Grantor shall have no liability for taxes paid on the revenue or income of Beneficiary that is derived from the Loan.

Section 5.2 Further Acts, Etc. Grantor will, at the cost of Grantor, and without expense to Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, security deeds, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Beneficiary shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Beneficiary the property and rights hereby deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey or assign to Beneficiary, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust or for filing, registering or recording this Deed of Trust, or for complying with all Applicable Law. Grantor hereby irrevocably authorizes Beneficiary, its counsel or its representative, at any time and from time to time, to file financing statements and amendments as Beneficiary may deem necessary, including financing statements and amendments that describe the collateral covered by such financing statements as "all assets of Grantor" or "all personal property of Grantor" or words of similar effect, in order to perfect the security title and interests granted by Grantor under this Deed of Trust. Grantor grants to Beneficiary an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Beneficiary at law and in equity, including without limitation such rights and remedies available to Beneficiary pursuant to this Section 5.2.

Section 5.3 Casualty and Condemnation Proceeds. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Grantor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefore, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Property in a manner that provides adequate security to the Beneficiary for repayment of the Loan, or if such proceeds are insufficient to provide adequate security or to keep the loan in balance, then Grantor has funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and such approval shall not be unreasonably withheld, (c) the Project can, in Beneficiary's reasonable discretion be rebuilt within 36 months of the casualty or condemnation; and (d) no material default then exists under the this Deed of Trust, the Affordable Housing Agreement, the Note, or the Covenant, including any validly executed amendments to any of those documents, which are herein incorporated by reference. If Grantor elects to rebuild under this section, Grantor shall diligently pursue such construction and shall ensure that no material default occurs under the Affordable Housing Agreement, the Note, the Deed of Trust, or Covenant during the period of construction. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then such insurance and/or condemnation proceeds may be used for partial rebuilding and partial repayment of the loan in a manner that provides adequate security to the Beneficiary for repayment of the remaining balance of the loan. In the event that the conditions of items (a) through (d) cannot be met, Beneficiary, subject to the rights of any senior lienholders shall be entitled to the entire amount of such insurance or condemnation proceeds or such portion as may be necessary to fully satisfy the obligation secured hereby.

Section 5.4 Grantor acknowledges that Beneficiary has examined and relied on the experience of Grantor and its general partners, managers, members, principals and beneficial owners in owning and operating properties such as the Property in agreeing to make the Loan, and will continue to rely on Grantor's ownership of the Property as a means of maintaining the value of the Property as security for the repayment of the Loan and the payment and performance of the other Obligations. Grantor acknowledges that Beneficiary has a valid interest in maintaining the value of the Property so as to ensure that, should there be an Event of Default, Beneficiary can recover the Loan and the other Obligations by a sale of the Property for the benefit of Beneficiary.

Section 5.5 Except as expressly permitted in the Affordable Housing Agreement, Grantor shall not permit or suffer any Transfer of the Property. Except as expressly permitted under the Affordable Housing Agreement, Grantor will not to the extent within Grantor's control permit the Property to become subject to any lien, easement, right of way, roadway (public or private), common area, condominium regime, cooperative housing regime, restrictive covenant, Lease or other matter of any nature that would affect title to the Property, other than the Permitted Encumbrances. Grantor shall give Beneficiary written notice in accordance with the Affordable Housing Agreement of any default under any obligation secured by a Lien. As used herein, the term "Transfer" means any direct or indirect sale, transfer, conveyance, mortgage, pledge or assignment of (i) the Property or any part thereof, or any direct legal or beneficial interest therein; or (ii) any ownership interest in Grantor, or any owner of Grantor, direct or indirect, legal or equitable, except for any transfers of the Investor Limited Partner's interests in Grantor (as defined in the Affordable Housing Agreement), removal of Grantor's general partner and substitution of a general partner pursuant to the Partnership Agreement (as defined in the Affordable Housing Agreement) or except as otherwise permitted pursuant to the Affordable Housing Agreement. Notwithstanding the foregoing, any change in the officers and directors of a nonprofit corporation or public corporation shall not be a Transfer.

Section 5.6 The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

Section 5.7 Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

Section 5.8 The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington, now or as hereafter amended, is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

Section 5.9 In the event of the death, incapacity, disability, or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless the Trustee brings such action or proceeding.

Section 5.10 This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term

Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

**ARTICLE VI
RESERVED**

**ARTICLE VII
EVENTS OF DEFAULT; REMEDIES**

Section 7.1 Event of Default. Each of the following shall constitute an event of default (each, an “**Event of Default**”) hereunder:

(a) A default (as defined therein) occurs under the Affordable Housing Agreement;

(b) Grantor fails to promptly perform or comply with any of the obligations set forth in this Deed of Trust, and such failure continues beyond that date which is thirty (30) days after the earlier of (i) the date on which Beneficiary notifies Grantor of such failure or (ii) the date on which Grantor otherwise becomes aware of such failure, provided, however, if such failure cannot be reasonably cured within such thirty (30) day period, Grantor shall have such additional time (not to exceed a total cure period of sixty (60) days) as reasonably necessary to cure such failure provided that Grantor commences such cure within such thirty (30) day period and diligently pursues such cure thereafter; or

(c) A default or event of default occurs under any other Loan Document other than the Affordable Housing Agreement, and such default or event of default continues beyond the expiration of the applicable grace or notice and cure period therefor, if any, set forth in such Loan Document (without duplication).

Section 7.2 Remedies. If an Event of Default shall have occurred and be continuing, Beneficiary may take any of the following actions:

(a) Acceleration. Beneficiary may declare the entire amount of the Loan immediately due and payable, without presentment, demand, notice of any kind, protest or notice of protest, all of which are expressly waived, notwithstanding anything to the contrary contained in any of the Loan Documents.

(b) Possession. Beneficiary may enter upon and take possession of the Property, with or without legal action, lease the Property, collect therefrom all rentals and, after deducting all costs of collection and administration expense, apply the net rentals to any one or more of the following items in such manner and in such order of priority as provided in the Affordable Housing Agreement or otherwise agreed to in writing with the Beneficiary: the payment of any sums due under any prior lien, taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, to the maintenance, repair or restoration of the Property, or on account of the Obligations. Beneficiary is given full authority to do any act which Grantor could do in connection with the management and operation of the Property. This covenant is effective either with or without any action brought to foreclose this Deed of Trust and without applying for a receiver of such rents. In addition to the foregoing, upon the occurrence of an Event of Default, Grantor shall pay monthly in advance to Beneficiary or to any receiver appointed to collect said rents the fair and reasonable rental value for Grantor's use and occupation of the Property, and upon default in any such payment Grantor shall vacate and surrender the possession of the Property to Beneficiary or to such receiver. If Grantor does not vacate and surrender the Property then Grantor may be evicted by summary proceedings.

(c) Foreclosure and Sale. Beneficiary may sell the Property or any part thereof at one or more public sales before the door of the courthouse of the County in which the Property or any part thereof is located, without notice except as otherwise set forth herein or in the other Loan Documents or required by Applicable Law, to the highest bidder for cash, in order to pay the Loan, and all expenses of sale and of all proceedings in connection therewith, including reasonable attorneys' fees, after advertising the time, place and terms of sale once a week for four (4) weeks immediately preceding such sale (but without regard to the number of days) in a newspaper in which sheriff's sales are advertised in said County. At any such public sale, Beneficiary (or any person on behalf of Beneficiary) may bid and purchase at such sale on behalf of Beneficiary (including itself), and Beneficiary (or, as applicable, its designee) shall have the right to credit upon the amount of Beneficiary's (or, as applicable, its designee's) successful bid, to the extent necessary to satisfy such bid, all or any part of the Loan, in such manner and order as Beneficiary may elect in its sole discretion. Upon any such sale, Beneficiary may execute and deliver to the purchaser at such sale a conveyance of the Property or any part thereof in fee simple, with warranties of title subject to Permitted Exceptions, and to this end Grantor hereby constitutes and appoints Beneficiary its agent and attorney-in-fact to make such sale and conveyance, and thereby to divest Grantor of all right, title and equity that Grantor may have in and to the Property and to vest the same in the purchaser at such sale; and all the acts and doings of said agent and attorney-in-fact are hereby ratified and confirmed and any recitals in said conveyance as to facts essential to a valid sale shall be binding upon Grantor. The aforesaid power of sale and agency hereby granted are coupled with an interest and are irrevocable, are granted as cumulative of the other remedies provided hereby or by law for collection of the Loan, and shall not be exhausted by one exercise thereof but may be exercised until full payment of all of the Loan. The unpaid balance of any judgment shall bear interest at the statutory rate provided for judgments. In the event of any sale under this Deed of Trust by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceedings or otherwise, the Property may be sold as an entirety or in separate parcels and in such manner or order as Beneficiary in its sole discretion may elect, and one or more exercises of the powers herein granted shall not extinguish nor exhaust such powers, until the entire Property is sold or the Obligations are paid in full.

(d) Appointment of Receiver. Beneficiary may petition a court of competent jurisdiction to appoint a receiver of the Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Grantor at the time of application for such receiver, without regard to the then value of the Property or whether the Property shall be then occupied as a homestead or not, and without regard to whether Grantor has committed waste or allowed deterioration of the Property, and Beneficiary or any agent of Beneficiary may be appointed as such receiver. Grantor hereby agrees that Beneficiary has a special interest in the Property and absent the appointment of such receiver the Property may suffer waste and deterioration and Grantor further agrees that it shall not contest the appointment of a receiver and hereby so stipulates to such appointment pursuant to this paragraph. Such receiver shall have the power to perform all of the acts permitted Beneficiary pursuant to sub-section (b) above and such other powers which may be necessary or customary in such cases for the protection, possession, control, management and operation of the Property during such period.

(e) Rights as a Secured Party. Beneficiary shall have, in addition to other rights and remedies available at law or in equity, the rights and remedies of a secured party under the Uniform Commercial Code. Beneficiary may elect to foreclose such of the Property as then comprise Fixtures pursuant either to the law applicable to foreclosure of an interest in real estate or to that applicable to personal property under the Uniform Commercial Code. To the extent permitted by law, Grantor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

(f) Excess Monies. Beneficiary may apply on account of the Obligations any unexpended monies still retained by Beneficiary or any Beneficiary that were paid by Grantor to Beneficiary: (a) for the

payment of, or as security for the payment of taxes, assessments or other governmental charges, insurance premiums, or any other charges; or (b) to secure the performance of some act by Grantor.

(g) **Collection of Rents.** Upon the occurrence of an Event of Default, the license granted to Grantor to collect the Rents shall be automatically and immediately revoked, without further notice to or demand upon Grantor. Beneficiary may, but shall not be obligated to, perform any or all obligations of the landlord under any or all of the Leases, and Beneficiary may, but shall not be obligated to, exercise and enforce any or all of Grantor's rights under the Leases. Without limitation to the generality of the foregoing, Beneficiary may notify the tenants under the Leases that all Rents are to be paid to Beneficiary, and following such notice all Rents shall be paid directly to Beneficiary and not to Grantor or any other person other than as directed by Beneficiary, it being understood that a demand by Beneficiary on any tenant under the Leases for the payment of Rent shall be sufficient to warrant payment by such tenant of Rent to Beneficiary without the necessity of further consent by Grantor. Grantor hereby irrevocably authorizes and directs the tenants under the Leases to pay all Rents to Beneficiary instead of to Grantor, upon receipt of written notice from Beneficiary, without the necessity of any inquiry of Grantor and without the necessity of determining the existence or non-existence of an Event of Default. Grantor hereby appoints Beneficiary as Grantor's attorney-in-fact with full power of substitution, which appointment shall be effective upon the occurrence of an Event of Default and is coupled with an interest and is irrevocable prior to the full and final payment and performance of the Obligations, in Grantor's name or in Beneficiary's name: (a) to endorse all checks and other instruments received in payment of Rents and to deposit the same in any account selected by Beneficiary; (b) to give receipts and releases in relation thereto; (c) to institute, prosecute and/or settle actions for the recovery of Rents; (d) to modify the terms of any Leases including terms relating to the Rents payable thereunder; (e) to cancel any Leases; (f) to enter into new Leases; and (g) to do all other acts and things with respect to the Leases and Rents which Beneficiary may deem necessary or desirable to protect the security for the Obligations. Any Rents received shall be applied in accordance with the terms of sub-section (b), above.

(h) **Other Remedies.** Beneficiary shall have the right from time to time to protect, exercise and enforce any legal or equitable remedy against Grantor provided under the Loan Documents or by Applicable Law. Beneficiary shall have the right, in the name and on behalf of Grantor during the continuance of an Event of Default, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property. Beneficiary shall also have the right from time to time to bring an appropriate action to recover any sums required to be paid by Grantor under the terms of this Deed of Trust, as they become due, without regard to whether or not any other Obligations shall be due, and without prejudice to the right of Beneficiary thereafter to bring an action of foreclosure, or any other action, for any default by Grantor existing at the time the earlier action was commenced. In addition, Beneficiary shall have the right to set-off all or any part of any amount due by Grantor to Beneficiary under any of the Obligations, against any indebtedness, liabilities or obligations owing by Beneficiary in any capacity to Grantor, including any obligation to disburse to Grantor any funds or other property on deposit with or otherwise in the possession, control or custody of Beneficiary.

(i) **Waiver of Grantor's Rights.** BY EXECUTION OF THIS DEED OF TRUST, GRANTOR EXPRESSLY: (a) ACKNOWLEDGES THE RIGHT OF TRUSTEE TO ACCELERATE THE LIABILITIES SECURED BY THIS DEED OF TRUST AND THE POWER OF SALE GIVEN HEREIN TO TRUSTEE TO SELL THE PROPERTY BY NONJUDICIAL FORECLOSURE UPON AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT BY GRANTOR WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS DEED OF TRUST OR OTHER LOAN DOCUMENTS; (b) WAIVES ANY AND ALL RIGHTS WHICH GRANTOR MAY HAVE UNDER THE CONSTITUTION OF THE UNITED STATES OF AMERICA (INCLUDING, WITHOUT LIMITATION, THE FIFTH AND FOURTEENTH AMENDMENTS THEREOF), OR THE

VARIOUS PROVISIONS OF THE CONSTITUTIONS FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW, (i) TO NOTICE AND TO JUDICIAL HEARING PRIOR TO THE EXERCISE BY TRUSTEE OF ANY RIGHT OR REMEDY HEREIN PROVIDED TO TRUSTEE, EXCEPT SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS DEED OF TRUST OR ANOTHER LOAN DOCUMENT AND (ii) CONCERNING THE APPLICATION, RIGHTS OR BENEFITS OF ANY STATUTE OF LIMITATION OR ANY MORATORIUM, REINSTATEMENT, MARSHALLING, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD, EXEMPTION OR REDEMPTION LAWS; (c) ACKNOWLEDGES THAT GRANTOR HAS READ THIS DEED OF TRUST AND ANY AND ALL QUESTIONS OF GRANTOR REGARDING THE LEGAL EFFECT OF THIS DEED OF TRUST AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO GRANTOR, AND GRANTOR HAS CONSULTED WITH COUNSEL OF GRANTOR'S CHOICE PRIOR TO EXECUTING THIS DEED OF TRUST; AND (d) ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF GRANTOR HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY GRANTOR AS PART OF A BARGAINED FOR LOAN TRANSACTION AND THAT THIS DEED OF TRUST IS VALID AND ENFORCEABLE BY TRUSTEE AGAINST GRANTOR IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

(j) Cure Rights. Beneficiary agrees that the Senior Lender, the Investor Limited Partner and the Special Limited Partner (as each term is defined in the Affordable Housing Agreement) shall have the right but not the obligation to cure any event of default under this Deed of Trust and such cure will be accepted or rejected by Beneficiary on the same basis as if made by the Grantor.

Section 7.3 Right to Cure Defaults. Upon the occurrence and during the continuance of any Event of Default, Beneficiary may, but without any obligation to do so and without notice to or demand on Grantor and without releasing Grantor from any obligation hereunder, remedy such Event of Default in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof. Beneficiary is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Deed of Trust or collect the Obligations, and the cost and expense thereof actually incurred (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 7.3, shall constitute a portion of the Obligations and shall be due and payable to Beneficiary upon demand. All such costs and expenses incurred by Beneficiary in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period beginning on the first day after notice from Beneficiary that such cost or expense was incurred and continuing until the date of payment to Beneficiary. All such costs and expenses incurred by Beneficiary together with interest thereon at the Default Rate shall be deemed to constitute a portion of the Obligations and be secured by this Deed of Trust and the other Loan Documents and shall be immediately due and payable upon demand by Beneficiary therefor.

Section 7.4 Other Rights, Etc. The failure of Beneficiary to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Deed of Trust. Grantor shall not be relieved of Grantor's obligations hereunder by reason of (a) the failure of Beneficiary to comply with any request of Grantor or any guarantor or indemnitor with respect to the Loan to take any action to foreclose this Deed of Trust or otherwise enforce any of the provisions hereof or of the other Loan Documents, (b) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Obligations or any portion thereof, or (c) any agreement or stipulation by Beneficiary extending the time of payment or otherwise modifying or supplementing the terms of this Deed of Trust or the other Loan Documents.

It is agreed that the risk of loss or damage to the Property is on Grantor, and Beneficiary shall have no liability whatsoever for any decline in value of the Property, for failure to maintain the insurance policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Beneficiary shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Beneficiary's possession.

Beneficiary may resort for the payment and performance of the Obligations (including, but not limited to, the payment of the Grant) to any other security held by Beneficiary in such order and manner as Beneficiary, in its discretion, may elect. Beneficiary may take action to recover the Loan, or any portion thereof, or to enforce the other Obligations or any covenant hereof without prejudice to the right of Beneficiary thereafter to foreclose this Deed of Trust. The rights of Beneficiary under this Deed of Trust shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Beneficiary shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Beneficiary shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

ARTICLE VIII RESERVED

ARTICLE IX MISCELLANEOUS

Section 9.1 Remedies Cumulative. The rights and remedies of Beneficiary as provided in this Deed of Trust or in any other Loan Document shall be cumulative and concurrent, may be pursued separately, successively or together, may be exercised as often as occasion therefor shall arise, and shall be in addition to any other rights or remedies conferred upon Beneficiary at law or in equity. The failure, at any one or more times, of Beneficiary to assert the right to declare the Obligations due, grant any extension of time for payment of the Obligations, take other or additional security for the payment thereof, release any security, change any of the terms of the Loan Documents, or waive or fail to exercise any right or remedy under any Loan Document shall not in any way affect this Deed of Trust or the rights of Beneficiary.

Section 9.2 No Implied Waiver. Beneficiary shall not be deemed to have modified or waived any of its rights or remedies hereunder unless such modification or waiver is in writing and signed by Beneficiary, and then only to the extent specifically set forth therein. A waiver in one event shall not be construed as continuing or as a waiver of or bar to such right or remedy with respect to a subsequent event.

Section 9.3 No Warranty by Beneficiary. By inspecting the Property or by accepting or approving anything required to be observed, performed or fulfilled by Grantor or to be given to Beneficiary pursuant to this Deed of Trust or any of the other Loan Documents, Beneficiary shall not be deemed to have warranted or represented the condition, sufficiency, legality, effectiveness or legal effect of the same, and such acceptance or approval shall not constitute any warranty or representation with respect thereto by Beneficiary.

Section 9.4 Partial Invalidity. The invalidity or unenforceability of any one or more provisions of this Deed of Trust shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible.

Section 9.5 Binding Effect. The covenants, conditions, waivers, releases and agreements contained in this Deed of Trust shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and assigns and are intended and shall be held to be

real covenants running with the land; provided, however, that this Deed of Trust cannot be assigned by Grantor without the prior written consent of Beneficiary, and any such assignment or attempted assignment by Grantor shall be void and of no effect with respect to Beneficiary.

Section 9.6 Modifications. This Deed of Trust may not be supplemented, extended, modified or terminated except by an agreement in writing signed by the Grantor and Beneficiary, with such consent of the Beneficiary (if any) required by the Loan Documents. No course of dealing or conduct by or among Beneficiary and Grantor shall be effective to amend, modify or change any provisions of this Deed of Trust or the other Loan Documents.

Section 9.7 Commercial Loan. Grantor represents and warrants that the loans or other financial accommodations secured by this Deed of Trust were obtained solely for the purpose of carrying on or acquiring a business or commercial investment and not for residential, consumer or household purposes.

Section 9.8 Governing Law. The provisions of this Deed of Trust regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Property is located. All other provisions of this Deed of Trust shall be governed by the laws of the State of Washington.

Section 9.9 Joint and Several Liability. If Grantor consists of more than one person or entity, the word "Grantor" shall mean each of them and their liability shall be joint and several.

Section 9.10 Substitution of Trustee. Trustee may resign at any time by giving notice thereof to Beneficiary as provided by law. Beneficiary may, from time to time, by instrument in writing, substitute a successor to any Trustee named herein or acting hereunder in the manner provided by law. Such writing, upon recordation, shall be conclusive proof of proper substitution of such successor Trustee, who shall, without conveyance from the predecessor Trustee, succeed to all its title. Beneficiary shall at any time have the irrevocable right to remove the Trustee herein named without notice or cause and to appoint his successor by an instrument in writing, duly acknowledged, in such form as to entitle such written instrument to record in Washington, and in the event of the death or resignation of the Trustee herein named, Beneficiary shall have the right to appoint his successor by such written instrument, and any Trustee so appointed shall be vested with the title to the Property hereinbefore described, and shall possess all the powers, duties and obligations herein conferred on the Trustee in the same manner and to the same extent as though he were named herein as Trustee. Any oath or bond by the Trustee is hereby waived.

Section 9.12 Special Washington Provisions.

(a) Power of Sale.

(i) If an Event of Default occurs and Beneficiary so requests, Trustee shall sell the Property in accordance with the Deed of Trust Act of the State of Washington (RCW Chapter 61.24 as existing now or hereafter amended) at public auction to the highest bidder. Any person, except Trustee, may bid at the Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (A) to the expenses of sale, including Trustee's fees and attorneys' fees, to the extent that such trustee's fees and charges do not, in the aggregate, exceed the amount which would, by the superior court of the county in which the trustee's sale occurred, have been deemed a reasonable attorney's fee, had this instrument been foreclosed as a mortgage in a non-contested action in that court; (B) to the amount of the Loan and all other indebtedness secured by this Deed of Trust; and (C) the surplus, if any, less the clerk's filing fee, shall be deposited, together with written notice of the amount of the surplus, a copy of the notice of trustee's sale, and an affidavit of mailing as provided in RCW 61.24.080(3), with the clerk of the superior court of the county in which the sale

took place. The Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust and such as it may have acquired thereafter. The Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of the law and of this Deed of Trust, which recital shall be prime facie evidence that such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. The power of sale conferred by this Deed of Trust is not an exclusive remedy, and when not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage.

(ii) Beneficiary shall have the right to proceed with respect to the Personal Property in accordance with Beneficiary's rights and remedies with respect to real property or sell the personal property separately and without regard to the remainder of the Property in accordance with Beneficiary's rights and remedies provided by the Uniform Commercial Code, as well as other rights and remedies available at law and equity.

(iii) Upon the occurrence and continuation of an Event of Default, Beneficiary is authorized, either by itself or its agent, to be appointed by it for the purpose, or by a receiver appointed by a court of competent jurisdiction, to enter into and upon and take hold and possession of any portion or all of the Property, both real and personal, and exclude Grantor and all other persons therefrom; to operate and manage the Property and rent and lease the same; to perform such reasonable acts of repair and protection as may be reasonably necessary or proper to conserve the value thereof; and collect any Rents for the benefit and protection of Beneficiary, and from time to time apply or accumulate such Rents in such order and manner as Beneficiary or such receiver, in its sole discretion shall consider advisable to or upon the following: expenses of receivership, if any; the costs of upkeep, maintenance, repair and/or operation of the Property; the repayment of any sums theretofore, or thereafter advanced pursuant to this Deed of Trust, the interest then due or to become due upon the Loan secured hereby; the taxes and assessments upon the Property then due or next to become due; or upon the unpaid principal of such indebtedness. The collection or receipt of Rents by Beneficiary, its agent or receiver after notice of default and notice of sale shall not affect or impair such default of notices or any sale proceedings predicated thereon. Any Rents in possession of Beneficiary's agents or receiver at the time of sale and not theretofore applied as herein provided shall be applied in the same manner and for the same purposes as the proceeds of sale. Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts referred to in this paragraph, and any actions referred to in this paragraph may be taken by Beneficiary regardless of whether any notice of default or notice of sale has been given hereunder and without regard to the adequacy of the security for the indebtedness evidenced by the Note. Nothing herein shall require Beneficiary, debtor or receiver appointed to collect any Rents; however, Beneficiary shall be entitled to such appointment at its options in accordance with this Section 9.12(a)(iii).

(iv) The Property, real, personal or mixed, may be sold as an entirety or in parcels by one sale or by several sales held at one time or at different times, all as Trustee or Beneficiary, in their unrestricted discretion, may elect. Grantor, for and on behalf of itself and all persons including by, through or under Grantor, waives any and all right to have the Property marshalled upon any foreclosure sale, and agrees that upon foreclosure, the Property may be sold as an entirety and not in parcels.

(v) Upon the occurrence and continuation of an Event of Default, Beneficiary, separately or in an action to foreclose this Deed of Trust, shall be entitled without notice and without regard of the adequacy of any security for the Note, the absence of waste or deterioration of the Property or other arguments based on equity, to the appointment of a receiver of the Rents of the

Property who shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants herein. Once appointed, at Beneficiary's option, such receiver shall remain in place until the default is cured.

(vi) Whenever this Deed of Trust requires that amounts payable by a third party be paid directly to Beneficiary (for example, insurance proceeds and proceeds of claims of loss or damage to the Property), Beneficiary may enforce such rights with a preliminary injunction or temporary restraining order. Grantor agrees that irreparable harm may resolve if such payments are not made directly to Beneficiary. Grantor agrees not to oppose such a motion for injunction or restraining order provided the arrangements are made to deposit such sums in a third party depository.

(b) Fixture Filing. To the extent that any Property constitutes a fixture, this Deed of Trust will serve as a fixture filing pursuant to the Uniform Commercial Code.

(c) ORAL AGREEMENTS. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW. RCW 19.36.140.

(d) Other Purposes. The Loan is not being made for personal, family or household purposes as provided in RCW 19.52.080.

(e) Non-Recourse. The non-recourse provisions in Section [15] of the Note are hereby incorporated by reference.

WARNING

Unless you provide us with evidence of the insurance coverage as required by our contract, we may purchase insurance at your expense to protect our interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of any insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

[Remainder of Page Intentionally Left Blank]

EXHIBIT A
DESCRIPTION OF PROPERTY

The Land referred to herein below is situated in the County of Kittitas, State of Washington, and is described as follows:

PARCEL "A" OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984, IN BOOK 13 OF SURVEYS, PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF KITTITAS COUNTY, WASHINGTON; BEING A PORTION OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON;

AND THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 17 NORTH, RANGE 18 EAST, W.M., IN THE COUNTY OF KITTITAS, STATE OF WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER;
THENCE NORTH 89°27'27" WEST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, 1313.02 FEET TO THE PROJECTED EAST RIGHT OF WAY BOUNDARY FOR RUBY STREET AS SHOWN ON THAT CERTAIN SURVEY RECORDED OCTOBER 25, 1984 IN BOOK 13 OF SURVEYS AT PAGE 55, UNDER AUDITOR'S FILE NO. 483209, RECORDS OF KITTITAS COUNTY, WASHINGTON;
THENCE SOUTH 00°14'13" WEST, ALONG SAID EAST RIGHT OF WAY BOUNDARY, 830.96 FEET, MORE OR LESS, TO THE PROJECTED NORTH LINE OF PARCEL A OF THAT CERTAIN SURVEY AS RECORDED JULY 3, 1984 IN BOOK 13 OF SURVEYS AT PAGE 11, UNDER AUDITOR'S FILE NO. 480271, RECORDS OF SAID COUNTY;
THENCE SOUTH 89°10'50" EAST, ALONG SAID PROJECTED NORTH LINE, 2.40 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT ALSO BEING ON THE EAST BOUNDARY OF PARCEL 1 CONVEYED TO THE CITY OF ELLENSBURG BY DEED RECORDED UNDER AUDITOR'S FILE NO. 199905100024;
THENCE SOUTH 00°31'48" WEST, ALONG SAID EAST BOUNDARY OF SAID PARCEL 1, 319.53 FEET, MORE OR LESS, TO THE PROJECTED SOUTH LINE OF SAID PARCEL A;
THENCE NORTH 89°10'49" EAST, ALONG SAID PROJECTED SOUTH LINE, 17.95 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL A;
THENCE NORTH 00°09'39" WEST, ALONG THE WEST BOUNDARY OF SAID PARCEL A, 319.57 FEET TO THE NORTHWEST CORNER OF SAID PARCEL A;
THENCE NORTH 89°10'50" WEST ALONG SAID PROJECTED NORTH LINE, 14.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT B
PERMITTED ENCUMBRANCES

1. Those encumbrances described in that certain Priority and Subordination Agreement to be entered into after the date hereof by and among Grantor, Beneficiary and certain other parties and recorded in the official records of Kittitas County
2. Those encumbrances described in the pro forma Loan Policy of Title Insurance issued by First American Title Insurance Company under file no. NCS-1280075-WA1 and approved by the Beneficiary
3. Customary easements entered into by Grantor in connection with the development and operation of the Project which have no material adverse effect on the use of the Property, and any other encumbrances approved in writing by Beneficiary.

When Recorded Return To:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

**ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT
(HOPESOURCE)**

GRANTOR (ASSIGNOR):	HopeSource Stewardship Development LLC
GRANTEE (ASSIGNEE):	Pathways Place LLLP
BENEFICIARY:	City of Ellensburg, Washington
ABBREV. LEGAL DESCRIPTION:	Ptn Sec 11 Twp 17N Rge 18E NE Qtr, Kittitas County Official legal description on Exhibit A attached
ASSESSOR'S TAX PARCEL NOS.	Tax Parcel ID #555136, Kittitas County Auditor's Map No. 17-18-11010-0074
REFERENCE NUMBERS:	[_____]

ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT (“Assumption Agreement”) is entered into as of _____, by and among HOPESOURCE, a Washington nonprofit corporation with its principal offices at 603 West Third Avenue, Ellensburg, WA 98926 (“HopeSource”) and STEWARDSHIP DEVELOPMENT LLC, an Oregon limited liability company whose mailing address is 1247 Villard Street, Eugene, Oregon 94703 (“Stewardship”, and together with HopeSource each individually and collectively “Assignor” as the context may require), PATHWAYS PLACE LLLP, a Washington limited liability limited partnership whose mailing address is c/o HopeSource, 603 West Third Avenue, Ellensburg, WA 98926 (hereinafter called “Assignee”), and CITY OF ELLENSBURG, a Washington municipal corporation, whose mailing address is c/o City Manager 501 North Anderson Street, Ellensburg, Washington 98926 (hereinafter called “City”).

WHEREAS, HopeSource, Stewardship and City are parties to that certain Amended and Restated Affordable Housing Agreement (“Agreement”) dated [_____] whereby City has agreed to loan HopeSource One Million Five Hundred Seventy-Nine Thousand Eight Hundred Fifty-Seven and 00/100 Dollars (\$1,579,857.00) (the “Agreement”) in connection with the development of the property known as Pathways Place located in Kittitas County, Washington (“Project”), and legally described on **Exhibit A** attached hereto and incorporated herein by reference (including all improvements thereon) (the “Property”); and;

WHEREAS, HopeSource executed that certain Promissory Note dated May 25, 2022 as amended and restated by that certain Amended and Restated Promissory Note dated [_____] (“City Note”) to pay City or the holder of City Note the principal sum of One Million Five Hundred Seventy-Nine Thousand Eight Hundred Fifty-Seven and 00/100 Dollars (\$1,579,857.00);

WHEREAS, to secure payment of the City Note, HopeSource executed that certain Deed of Trust recorded on May 26, 2022 under Kittitas County Auditor’s File Number 202205260048, as amended and restated by that certain Amended and Restated Deed of Trust dated [_____] and recorded on [_____] under Kittitas County Auditor’s File Number [_____] (“City Deed of Trust”), naming City as the Beneficiary;

WHEREAS, HopeSource executed that certain Affordable Housing Covenant recorded on May 26, 2022 under Kittitas County Auditor’s File Numbers 202205260049 as amended and restated by that certain Amended and Restated Affordable Housing Covenant dated [_____] and recorded on [_____] under Kittitas County Auditor’s File Number [_____] (“City Covenant”) to restrict the use of certain residential units in the Property to low income households;

WHEREAS, HopeSource and Stewardship entered into that certain Joint Development Agreement dated as of August 1, 2024 (as amended, the “JDA”), for the joint development of the Project and formation of Assignee to own the Project upon the LIHTC Closing (as defined in the JDA);

WHEREAS, HopeSource is transferring the Property to Assignee and now wishes to assign to Assignee and to have Assignee assume all of HopeSource's interest, rights, benefits, duties and obligations under the Agreement, the City Deed of Trust, the City Note, and the City Covenant, (collectively, the “City Loan Documents”), as amended or as they may be further amended, and Assignee is willing to assume all of said obligations of HopeSource thereunder; and

WHEREAS, in connection with Assignee’s concurrent acquisition of the Property, Stewardship wishes to assign to Assignee and to have Assignee assume all of Stewardship’s interest, rights, benefits,

duties and obligations under the Agreement, and Assignee is willing to assume all of said obligations of Stewardship thereunder;

WHEREAS, Assignor seeks the consent of City to the assignment and assumption of the City Loan Documents, and Lender is willing to grant such consent on the terms and conditions set forth herein;

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

1. Assignment. Assignor hereby sells, transfers, assigns, grants, and conveys to Assignee all of its right, title, obligations and interest existing as of this date in and under the City Loan Documents, and all related documents executed and delivered or furnished by Assignor in connection therewith.

2. Assumption. Assignee hereby expressly assumes all obligations of Assignor under the City Loan Documents, subject to the nonrecourse provisions therein, and agrees to make punctual payment when due (whether on the stated dates, by acceleration or otherwise) of the principal of and interest on the City Note, as set forth in the Agreement and the City Note. Assignee hereby expressly assumes and agrees to perform, observe and confirm all the covenants, agreements, terms, conditions, obligations, duties and liabilities of Assignor under the City Loan Documents, and any other documents or instruments executed and delivered or furnished by Assignor in connection therewith.

3. Consent. City hereby consents to the foregoing assignment and assumption of the Assignor's obligations under the City Loan Documents pursuant to the terms and conditions set forth herein and confirms that Assignor is released from its obligations thereunder from and after the date hereof.

4. Representations and Warranties of Assignee. In order to induce City to consent to the assignment and assumption provided for herein, Assignee hereby represents to City that:

(a) Assignee is a limited liability limited partnership duly organized and validly existing under the laws of the State of Washington.

(b) Assignee has the full right, power and authority to conduct all of the activities which are now conducted by it or proposed to be conducted as contemplated by the City Loan Documents, to execute, deliver and perform under this Assumption Agreement, and to assume the obligations of Assignor and to fulfill its duties under the Agreement. The general partner of Assignee has full right, power and authority to execute and deliver this Assumption Agreement on behalf of Assignee.

(c) There is no action, suit or proceeding or any investigation pending or, to the best of Assignee's knowledge, threatened against or affecting Assignee or its general partner at law or in equity in any court or by any federal, state, municipal or other governmental authority, department, commission, board, agency or other governmental instrumentality which is likely to have an adverse effect on Assignee's ability to assume the obligations and to fulfill the duties of Assignor under the City Loan Documents.

(d) Neither Assignee nor its general partner is in default or, to the best of Assignee's knowledge, alleged to be in default with respect to any judgment, order, writ, injunction or decree or in breach or alleged to be in breach or default under any material lease, contract, agreement, commitment, instrument or obligation to which it is a party or by which it or its property is bound; and to the best of Assignee's knowledge, there is no state of facts which is likely to create or cause a default or breach under any such material lease, contract, agreement, commitment, instrument or obligation.

(e) Assignee has complied in all material respects with all federal, state and local laws, regulations and orders applicable to the ownership of its properties and the conduct of its operations.

(f) Assignee has taken all limited liability limited partnership and other action, and the general partner has taken all corporate and other action, necessary to authorize the execution and delivery of this Assumption Agreement, and this Assumption Agreement is a valid and binding obligation of Assignee, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other law and equity principles applied for the relief of debtors heretofore or hereafter enacted, to the extent that the same may be constitutionally applied. To the best of Assignee's knowledge and belief, neither the execution and delivery of this Assumption Agreement nor the consummation of the transactions contemplated hereby will constitute a violation or breach of Assignee's partnership agreement or any provision of any contract or other instrument to which Assignee or Assignee's general partner is a party or by which the property of either is bound, or any constitutional provision, statute or ordinance, or any order, writ, injunction, decree, rule or regulation of any court or regulatory agency. No consent, order, authorization or other approval of any governmental body or agency is required in order for Assignee to execute, deliver and perform its obligations under this Assumption Agreement.

(g) Assignee has conducted its own inspections of the Property and is fully familiar with the condition thereof. Assignee is not relying on any representations or statements by or on behalf of City, express or implied, nor upon any duty of City to disclose information concerning the Property (whether or not known to City), in acquiring the Property and entering into this Assumption Agreement.

5. Representations and Warranties of Assignor. In order to induce City to consent to the assignment and assumption provided for herein, each Assignor hereby represents to City, on behalf of itself and not on behalf of the other Assignor:

(a) The representations and warranties of the respective Assignor in the City Loan Documents are true and correct in all material respects as of the date hereof.

(b) To the best of Assignor's knowledge, no Event of Default under the City Loan Documents, or event that with notice or the passage of time would constitute such an Event of Default, has occurred and is continuing.

(c) Prior to the conveyance of the Property to Assignee on or about the date hereof, HopeSource was the sole owner of indefeasible fee simple title to the Property, subject to no liens or encumbrances except those permitted by the City Loan Document.

6. Address for Notices. With respect to all dates from and after the effective date of this Assumption Agreement the address for notices to Developer, Borrower, Grantor or Owner under each and all City Loan Documents shall be c/o HopeSource, 603 West Third Avenue, Ellensburg, WA 98926 until changed by written notice to the City under the City Loan Documents.

7. Further Assurances. At any time and from time to time, upon City's (or its successor agency's) request, Assignee will promptly and duly execute and deliver any and all further instruments and documents and take such further action as City may deem reasonable to effect the purposes of this Assumption Agreement, including (without limitation) the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction in order to place on the public records notice of the effect of this Assumption Agreement.

8. Survival of Representations and Warranties. All representations and warranties made in this Assumption Agreement and in any document, certificate or statement delivered by Assignee in connection herewith shall survive the execution and delivery of this Assumption Agreement.

9. Successors and Assigns. This Assumption Agreement shall be binding upon Assignee and its successors and assigns and shall inure to the benefit of City and its successors and assigns; ***provided, however*** that Assignee shall not have the right to assign any of its obligations or rights hereunder, except as expressly provided herein, without the prior written consent of City.

10. Governing Law. This Assumption Agreement shall be governed by, construed and interpreted in accordance with, the laws of the State of Washington.

11. Counterparts. This Assumption Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all parties execute each counterpart.

12. Non-Recourse Loan: Notwithstanding anything to the contrary herein, Assignor, Assignee, its assigns and their respective members, partners, officers, directors, employees, agents and contractors shall have no personal liability for payment of the indebtedness evidenced hereby or performance of the covenants set forth in the City Note, in the City Deed of Trust, in the City Covenant, or in the Agreement, and the recourse of the holder hereof shall be confined to the exercise of its rights under the City Deed of Trust, provided that nothing shall diminish the Assignee's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation and misuse of rents.

[Signature and Notary Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement.

ASSIGNOR:

HOPESOURCE,
a Washington nonprofit corporation

By: _____
Susan K. Grindle, Chief Executive Officer

STATE OF WASHINGTON)
)ss.
COUNTY OF KITTITAS)

On this ____ day of _____, 2026, before me personally appeared Susan K. Grindle, to me known to be the Chief Executive Officer of HopeSource, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said party for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington, residing at:

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement.

ASSIGNEE:

PATHWAYS PLACE LLLP

a Washington limited liability limited partnership

By: Pathways Place GP LLC,
a Washington limited liability company
Its: Managing General Partner

By: HopeSource,
a Washington nonprofit corporation
Its: Manager

By: _____
Susan K. Grindle, Chief Executive Officer

STATE OF WASHINGTON)
)ss.
COUNTY OF KITTITAS)

On this _____ day of _____, 2026, before me personally appeared Susan K. Grindle, to me known to be the Chief Executive Officer of HopeSource, a Washington nonprofit corporation, the Manager of Pathways Place GP LLC, a Washington limited liability company, the Managing General Partner of **PATHWAYS PLACE LLLP**, a Washington limited liability limited partnership, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said party for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington, residing at:

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be executed as of the day and year written above and warrant by signing below that they have the authority to enter into this Assumption Agreement

CITY:

CITY OF ELLENSBURG, a Washington municipal corporation

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)
)ss.
COUNTY OF KITTITAS)

On this _____ day of _____, 202_, before me personally appeared _____, to me known to be the _____ of _____, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said party for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington, residing at:

AFTER RECORDING RETURN TO:

Pathways Place LLLP
c/o HopeSource
Attn. Executive Director
606 West 3rd Avenue
Ellensburg, WA 98926

**PRIORITY AND SUBORDINATION AGREEMENT
(Pathways Place)**

Grantors:

1. WASHINGTON STATE HOUSING FINANCE COMMISSION
2. COLUMBIA BANK
3. WASHINGTON STATE DEPARTMENT OF COMMERCE
4. CITY OF ELLENSBURG
5. HOPESOURCE
6. PATHWAYS PLACE GP LLC
7. PATHWAYS PLACE LLLP

Grantees:

1. WASHINGTON STATE HOUSING FINANCE COMMISSION
2. COLUMBIA BANK
3. WASHINGTON STATE DEPARTMENT OF COMMERCE
4. CITY OF ELLENSBURG
5. HOPESOURCE
6. PATHWAYS PLACE GP LLC

Abbrev. Legal Descr.: Ptn Sec 11 Twp 17N Rge 18E NE Qtr, Kittitas County
(Full Legal Description on Exhibit A)

Assessor's Tax Parcel: 555136

Reference Numbers: 202205260048; 202205260049

PRIORITY AND SUBORDINATION AGREEMENT

This **PRIORITY AND SUBORDINATION AGREEMENT** (“Agreement”) is made as of _____, 2026, by and among **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a Washington public body corporate and politic (“Commission”); **COLUMBIA BANK**, an Oregon state-chartered bank (“Bank”); **WASHINGTON STATE DEPARTMENT OF COMMERCE**, a state agency (“Commerce”); **CITY OF ELLENSBURG**, a municipal corporation (the “City”); **HOPESOURCE**, a Washington nonprofit corporation (“Sponsor”); **PATHWAYS PLACE GP LLC**, a Washington limited liability company (the “General Partner”); and **PATHWAYS PLACE LLLP**, a Washington limited liability limited partnership (the “Partnership”). Commission, the Bank, Commerce, City, Sponsor, General Partner, Partnership, and their respective successors and assigns, are individually referred to as a “Party” and are collectively referred to as the “Parties.” The Sponsor, the Bank, Commerce, and the City, and their respective successors in interest, are referred to herein, in each case for so long as the deed of trust of which that Party is a beneficiary remains a lien of record on any part of the Property (as defined below), as “Lenders” and each individually, a “Lender.”

This Agreement is made with reference to the following facts:

A. Partnership’s Interest. The Partnership is the owner of certain real property located in the City of Ellensburg, County of Kittitas, Washington, as legally described on the attached **Exhibit A** (the “Property,” which term includes all improvements now and hereafter constructed thereon). The Property will be developed using a combination of public and private funds to serve as an affordable housing development with 78 units of affordable housing (the “Project”).

B. Commission’s Interest. The Partnership has obtained financing for the Project through the use of Low-Income Housing Tax Credits (“LIHTC”). In connection with the LIHTC, the Partnership has executed a Regulatory Agreement (Extended Use Agreement) in favor of the Commission dated on or about the date hereof, recorded in the official public land records of Kittitas County, Washington (the “Official Records”) as recording number _____ (“Extended Use Agreement”).

C. Bank’s Interest. The Bank and the Partnership have entered into a Construction Loan Agreement (the “Bank Loan Agreement”) which sets forth the terms and conditions under which the Bank has agreed to lend the Partnership an amount not to exceed \$[14,000,000] (the “Bank Loan”) to finance the Project. The Bank Loan is evidenced by a Promissory Note (the “Bank Note”), made by the Partnership to the order of the Bank. Repayment of the Bank Note is secured by, among other security documents, a Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing made by the Partnership in favor of First American Title Insurance Company, as trustee, and the Bank, as beneficiary, dated on or about

the date hereof, and recorded in the Official Records as recording number _____ (the “Bank Deed of Trust”), encumbering the Partnership’s interest in the Property, and UCC-1 Financing Statements, which respectively show the Partnership and the Managing General Partner as debtors, and the Bank as secured party, filed with the Department of Licensing, Uniform Commercial Code Division of the State of Washington (collectively, the “Bank Financing Statement”). The Bank Loan Agreement, the Bank Note, the Bank Deed of Trust, the Bank Financing Statement, and all documents executed by the Partnership in connection therewith, are referred to collectively as the “Bank Loan Documents.”

D. City’s Interest. In connection with the Project, the City originally provided an award to the Sponsor in the original amount of \$750,000 (the “Original City Award”) pursuant to that certain Affordable Housing Agreement between the City and Sponsor dated May 25, 2022, as amended and restated by that certain Amended and Restated Affordable Housing Agreement between the City and Sponsor dated on or about the date hereof (as amended, assigned, restated, supplemented or otherwise modified from time to time, the “City Agreement”). The Original City Award is evidenced by that certain Promissory Note made by the Sponsor in favor of the City (the “Original City Note”). The Original City Note was secured by that certain Deed of Trust naming Amerititle, Trustee as trustee and the City as beneficiary and recorded in the Official Records as recording number 202205260048 (the “Original City Deed of Trust”). In connection with the Original City Award, the Sponsor also executed that certain Affordable Housing Covenant in favor of the City dated May 25, 2022, and recorded in the Official Records as recording number 202205260049 (the “Original City Covenant”), as amended and restated by that certain Amended and Restated Affordable Housing Covenant between the City and Sponsor dated on or about the date hereof and recorded in the Official Records as recording number _____ (as amended, assigned, restated, supplemented or otherwise modified from time to time, the “City Covenant”). The City has provided additional funding to the Project in the amount of \$829,857 (the “City CHIP Award” and together with the Original City Award, the “City Award”). To evidence the CHIP Award, the City and Sponsor have entered into that certain Amended and Restated City Note dated on or about the date hereof (as amended, assigned, restated, supplemented or otherwise modified from time to time, the “City Note”), which amends and restates the Original City Note. The City Note is secured by that certain Amended and Restated Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing granted by Sponsor in favor of First American Title Insurance Company as trustee for the benefit of the City, dated on or about the date hereof, and recorded in the Official Records as recording number _____ (as amended, assigned, restated, supplemented or otherwise modified from time to time, the “City Deed of Trust”), which amends and restates the Original City Deed of Trust. The City, Partnership, and Sponsor subsequently entered into that certain Assignment, Assumption and Consent Agreement, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “City Assignment”), whereby the Partnership assumed the Sponsor’s interest in the City Agreement, City Deed of Trust, City Note and City Covenant. The City Agreement, City Note, City Covenant, City Deed of Trust and City Assignment

referred to in this subsection D and any documents executed by the Sponsor or the Partnership in connection therewith, as the same may be amended from time to time, are collectively referred to as the “City Loan Documents.”

E. Commerce’s Interest

1. **Commerce’s Interest as Lender of HOME Loan.** Commerce made a loan to the Partnership in the original principal amount of \$1,985,650 funded by Washington State’s HOME CHDO allocation (the “Commerce Loan A”). To evidence the Commerce Loan A, Commerce and the Partnership entered into that certain Capital Funding Contract (Contract No. 24-42404-002) (the “Commerce Contract A”). Pursuant to the Commerce Contract A, the Partnership executed a Promissory Note in the amount of \$1,985,650 (the “Commerce Note A”) and the Partnership executed (a) a Declaration of Restrictive Covenants dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Commerce Covenant A”), and (b) a Deed of Trust appointing First American Title Insurance Company as trustee and naming Commerce as beneficiary, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Commerce Deed of Trust A”). All documents identified in this Recital E, paragraph 1, and any documents executed by the Partnership in connection therewith, are collectively referred to as the “Commerce Loan A Documents”. References to the Commerce Loan A Documents include all advances made under the Commerce Deed of Trust A, whether optional or obligatory, and all modifications, extensions, renewals or replacements of the Commerce Deed of Trust A.

2. **Commerce’s Interest as Lender of AHAH Loan.** Commerce made a loan to the Partnership in the original principal amount of \$1,014,350 through a direct appropriation from the State Biennial Budget Program (the “Commerce Loan B”). To evidence the Commerce Loan B, Commerce and the Sponsor entered into that certain Capital Funding Contract (Contract No. 24-94303-003) (the “Commerce Contract B”). Pursuant to the Commerce Contract B, the Sponsor executed a Promissory Note in the amount of \$1,014,350 (the “Commerce Note B”), and the Partnership executed (a) a Low Income Housing Covenant Agreement dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Commerce Covenant B”), and (b) a Deed of Trust appointing First American Title Insurance Company as trustee and naming Commerce as beneficiary, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Commerce Deed of Trust B”). Commerce, Partnership, and Sponsor subsequently entered into that certain Assignment, Assumption and Consent Agreement, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Commerce Assignment”), whereby the Partnership assumed the Sponsor’s interest in the Commerce Contract B and Commerce Note B. All documents identified in this Recital E, paragraph 2, and any documents executed by Sponsor and/or the Partnership in connection therewith, are collectively referred to as the “Commerce Loan B Documents” and together with the Commerce Loan A Documents, the “Commerce

Loan Documents”. References to the Commerce Loan B Documents include all advances made under the Commerce Deed of Trust B whether optional or obligatory, and all modifications, extensions, renewals or replacements of the Commerce Deed of Trust B.

F. Sponsor’s Interests.

1. **Sponsor’s Interest as Sponsor Loan Lender.** The Sponsor has agreed to loan \$1,616,279 to the Partnership (the “Sponsor Loan”). The Sponsor Loan is evidenced by a promissory note in the principal amount of \$1,616,279 (the “Sponsor Note”). The Sponsor Note is secured by that certain Deed of Trust executed by the Partnership, as grantor, and Sponsor, as grantee, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Sponsor Deed of Trust”). The Sponsor Note, and the Sponsor Deed of Trust are referred to collectively as the “Sponsor Loan Documents.” References to the Sponsor Loan Documents include all advances made under the Sponsor Deed of Trust, whether optional or obligatory, and all modifications, extensions, renewals or replacements of the Sponsor Deed of Trust.

2. **Sponsor’s Interest as Seller Loan Lender.** The Sponsor, as seller of the Property, has agreed to provide seller financing in the amount of \$1,050,000 to the Partnership (the “Seller Loan”). The Seller Loan is evidenced by a promissory note in the principal amount of \$1,050,000 (the “Seller Note”). The Seller Note is secured by that certain Deed of Trust executed by the Partnership, as grantor, and Sponsor, as grantee, dated on or about the date hereof, recorded in the Official Records as recording number _____ (the “Seller Deed of Trust”). The Seller Note and the Seller Deed of Trust are referred to collectively as the “Seller Loan Documents.” References to the Seller Loan Documents include all advances made under the Seller Deed of Trust, whether optional or obligatory, and all modifications, extensions, renewals or replacements of the Seller Deed of Trust.

G. General Partner’s Interest. Pursuant to the First Amended and Restated Limited Liability Limited Partnership Agreement of the Partnership, the Sponsor and/or the General Partner has been granted a purchase option and right of first refusal to purchase the Partnership’s interest in the Property (together with any other rights of the Sponsor or the General Partner to acquire the Property or any interest therein, pursuant to the First Amended and Restated Limited Liability Limited Partnership Agreement of the Partnership or otherwise, the “Option”). The Option is not recorded.

H. Definitions. The Bank Deed of Trust, City Deed of Trust, Commerce Deed of Trust A, Commerce Deed of Trust B, Sponsor Deed of Trust and Seller Deed of Trust described above shall each be referred to individually as a “Deed of Trust” or collectively as the “Deeds of Trust.” The Extended Use Agreement, City Covenant, Commerce Covenant A, and Commerce Covenant B described above shall each be referred to individually as a “Covenant” or collectively as the “Covenants.” All of the documents discussed in the Recitals section of

this Agreement are collectively referred to as the “Documents” and the information and definitions contained in the Recitals are acknowledged by the Parties to be an incorporated, integral part of this Agreement.

I. Purpose. The parties wish to enter into this Agreement in order to establish their respective rights and priorities regarding the Property, all as more fully set forth herein.

AGREEMENT

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

1. Priorities. Regardless of the time each Party’s interest in or lien on the Property was or shall be created or recorded, such interests and liens have and shall have the following priorities:

(a) First Priority. The Extended Use Agreement shall have first priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Commission under the Extended Use Agreement, subject to termination upon foreclosure or deed in lieu of foreclosure to the extent provided in Section 42(h)(6) of the Internal Revenue Code of 1986, as amended.

(b) Second Priority. The Commerce Covenant A shall have second priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of Commerce under the Commerce Covenant A.

(c) Third Priority. The Commerce Covenant B shall have third priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of Commerce under the Commerce Covenant B.

(d) Fourth Priority. The City Covenant shall have fourth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the City under the City Covenant.

(e) Fifth Priority. The Bank Deed of Trust shall have fifth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Bank under the Bank Deed of Trust.

(f) **Sixth Priority**. The Commerce Deed of Trust A shall have sixth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of Commerce under the Commerce Deed of Trust A.

(g) **Seventh Priority**. The Commerce Deed of Trust B and the Commerce Assignment shall together have seventh priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of Commerce under the Commerce Deed of Trust B and the Commerce Assignment.

(h) **Eighth Priority**. The City Deed of Trust and the City Assignment shall together have eighth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the City under the City Deed of Trust and the City Assignment.

(i) **Ninth Priority**. The Sponsor Deed of Trust shall have ninth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Sponsor under the Sponsor Deed of Trust.

(j) **Tenth Priority**. The Seller Deed of Trust shall have tenth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Sponsor under the Seller Deed of Trust.

(k) **Eleventh Priority**. The Option shall have eleventh priority.

For purposes of this Section 1, the lien or interest with “lesser priority” is the one with the higher numerical designation, so that, for example, “fifth priority” is a “lesser priority” than “fourth priority.”

The Parties acknowledge that, notwithstanding the priority of the Covenants, to the extent there are no conflicts, the Covenants apply simultaneously, and the grantors thereunder are obligated to comply with each of them regardless of their relative priority or order of recording including, without limitation, the requirements in 26 U.S.C. § 42(h)(6)(E)(ii) and 26 U.S.C. § 142(d) contained in the Extended Use Agreement.

Any right of the Sponsor, General Partner, or any other Party to acquire the Property or any part thereof pursuant to any option or right of first refusal, including the Option under the First Amended and Restated Limited Liability Limited Partnership Agreement of the Partnership, is hereby made subject and subordinate to the other Lender’s liens and interests

described above and as set forth above. The Parties agree that the Lenders do not have any obligation to each other to advance funds or to see to the application of their respective loan proceeds and that any application of such proceeds contrary to the terms of any loan document shall not defeat the subordinations granted herein in whole or in part.

2. Payment Subordination. The payment obligations of the Partnership under the City Loan Documents, the Commerce Loan Documents, the Sponsor Loan Documents and the Seller Loan Documents (collectively, the “Subordinate Loan Documents”) are hereby subordinated to the obligations of the Partnership under the Bank Loan Documents, subject to the terms of this Section 1. The Partnership may make any cash flow payments under the Subordinate Loan Documents, if required, as long as all payments under the Bank Loan Documents are current and not delinquent or in arrears, and only so long as at the time of such payment: (a) no Event of Default or Default (as defined in the Bank Loan Documents) exists under the Bank Loan Documents; and (b) the payment would not result in a violation of any of the Partnership’s covenants set forth in the Bank Loan Documents (“Permitted Payments”). At all times until the Bank Loan has been paid in full, all current payment obligations of the Partnership under the Bank Loan Documents shall be first paid in full by the Partnership before any payment shall be made by the Partnership under the Subordinate Loan Documents. In the event of any assignment by the Partnership for the benefit of the Partnership’s creditors, or any bankruptcy proceedings instituted by or against the Partnership, or the appointment of any receiver for the Partnership or the Partnership’s business or assets, or of any dissolution or other winding up of the affairs of the Partnership or of the Partnership’s business or assets, any assignee, trustee in bankruptcy, receiver, and other person or persons in charge are hereby directed to pay to Bank the full amount of the Bank Note before making any payments under the Subordinate Loan Documents. In the event that any payment is made to a Lender under the Subordinate Loan Documents that is not permitted hereunder, such payment shall be held by the applicable Lender, in trust for the benefit of the Bank and shall be paid forthwith over and delivered to the Bank for application to the payment of amounts owed under the Bank Loan Documents.

3. Reliance; Partnership’s Consent. It is understood by the Parties hereto that the Lenders would not enter into, or make disbursement under, their respective loan documents without this Agreement. The Partnership consents to all the terms hereof.

4. Insurance or Condemnation Proceeds. Notwithstanding any provision of the Subordinate Loan Documents to the contrary, so long as amounts under the Bank Loan Documents remain unpaid, in the event of any damage to, or destruction, taking or condemnation (including deed in lieu thereof) of, the Property or any portion thereof, the application of any insurance or condemnation proceeds shall be governed by the terms of the Bank Deed of Trust. Any funds to be applied to repair or restoration shall be held and administered by the Bank in accordance with the Bank Loan Documents, and the Bank shall be entitled to reasonable compensation for its services in connection with the administration of

such funds, as set forth in the Bank Deed of Trust, *provided* that, if applicable law does not permit a lender to hold such proceeds, then the Bank shall have the right to designate an insurance trustee to administer the proceeds consistent with the Bank Deed of Trust subject to applicable law. For so long as amounts under the Bank Loan Documents remain unpaid, the Bank shall have all approval, consent, and oversight rights in connection with any insurance claims relating to the Property and any decisions regarding the use of insurance or condemnation proceeds after a casualty loss or condemnation notwithstanding any rights of the other Lenders under the Subordinate Loan Documents.

Each Lender (other than the Bank) agrees that if, by reason of payment by such Lender of real estate taxes or other monetary obligations of the Partnership pursuant to such Lender's Loan Documents, or by reason of such Lender's exercise of any other right or remedy under such Lender's Loan Documents, such Lender acquires by right of subrogation or otherwise a lien on the Property that but for this Section 3 would be senior to the lien of the Bank Deed of Trust, then in that event such lien of such Lender shall be subject and subordinate to the lien of the Bank Deed of Trust.

5. Rents. The Parties acknowledge that the Partnership has assigned to the Bank all leases, income, rents, and profits of the Property in connection with the Bank Loan Documents. The Parties agree that upon default under the Bank Loan Documents, the Bank shall have the absolute right to collect all rents and profits from the Property as provided in the Bank Loan Documents.

6. Agreement to Standstill. Until all obligations under the Bank Loan Documents (the "Bank Obligations") have been repaid in full, each of the Parties (other than Bank) agrees for the benefit of the Bank that if a default occurs and is continuing under such Party's Project Documents, such Party shall not, without the Bank's prior written consent, accelerate such Party's respective loan(s) or grants, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other enforcement action with respect to the Property or the Partnership, except as set forth below in this Section. Notwithstanding the foregoing, the Bank's prior written consent is not required in connection with the exercise by any of the Parties of any action for specific performance, mandatory injunctive relief, or similar equitable remedy to compel compliance by the Partnership with the terms of the Covenants.

7. Actions by Bank; Certain Waivers. Until the Bank Obligations have been repaid in full, the Bank, without the consent of, or notice to, any other Party, may amend, modify, or waive the terms of the Bank Loan Documents, may release any or all parties liable for any obligation secured by the Bank Loan Documents (provided that no such amendment or modification shall increase the principal amount of the Bank Note or extend the maturity date of the Bank Note), and may release any or all security for the obligations secured by the Bank Loan Documents, all without affecting the subordinations under this Agreement. The Parties

hereby waive any right to require marshaling of assets or to require Bank to proceed against or exhaust any specific security for the obligations secured by the Bank Loan Documents, and waive any defense arising out of the loss or impairment of any right of subrogation to the lien of the Bank Loan Documents. Notwithstanding anything to the contrary in the Project Documents, a foreclosure or deed in lieu of foreclosure of the Bank Deed of Trust shall not require the prior written consent of any of the Parties.

8. Miscellaneous.

(a) **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties with respect to the priority of each Party's liens and interests in the Property described herein and all prior understandings and agreements on that subject are superseded hereby.

(b) **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the state of Washington. Venue shall be Kittitas County, Washington, or King County, Washington.

(c) **Notices.** All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission during normal business hours, or two (2) business days after deposit in the U.S. mail, postage prepaid, (one (1) business day if sent by overnight courier) to the Parties hereto at the addresses set forth below, or to such other place as a Party may from time to time designate by notice to the other Parties. No transferee or successor of a Party hereto shall be entitled to notices or opportunity to cure defaults hereunder unless notice of the transfer is given in accordance with this subsection.

Commission: Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046
Attn: Executive Director

Bank: Columbia Bank
PO Box 1580
Roseburg, OR 97470
Attention: Affordable Housing

Commerce: State of Washington Department of Commerce
P.O. Box 42525
Olympia, WA 98504-2525
Attention: Director

City: City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

Sponsor: HopeSource
Attn. Executive Director
606 West 3rd Avenue
Ellensburg, WA 98926

With a copy to:

Kantor Taylor PC
Attn. Mark Kantor
1200 Fifth Avenue
Suite 1910
Seattle, WA 98101

Partnership: Pathways Place LLLP
c/o HopeSource
Attn. Executive Director
606 West 3rd Avenue
Ellensburg, WA 98926

With a copy to:

Kantor Taylor PC
Attn. Mark Kantor
1200 Fifth Avenue
Suite 1910
Seattle, WA 98101

General Partner: Pathways Place GP LLC
c/o HopeSource
Attn. Executive Director
606 West 3rd Avenue
Ellensburg, WA 98926

(d) **Successors; Assignment.** This Agreement is for the benefit of the Lenders and their respective successors and assigns, and not for the benefit of the Partnership. Any provision hereof may be waived or modified by agreement of the Lenders (or by any two or more of them, if the other(s) are unaffected thereby) without the consent of the Partnership and without

affecting the priority of the liens and interests of the Lenders. The heirs, administrators, assigns and successors-in-interest of the Parties shall be bound by this Agreement. This Agreement may be assigned by a Party only as a part of an assignment of such Party's loan documents described in this Agreement.

(e) **Amendment**. This Agreement may be amended only by a writing signed by the Parties hereto, but this clause shall not impair the validity of any further agreements among fewer than all of the Parties hereto as among themselves.

(f) **Counterparts**. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all Parties execute each counterpart.

(g) **Completion of Recording Information**. If this Agreement is signed without completion of certain recording information called for above, any title insurance Partnership acting on the instructions of any Party is hereby authorized to insert such information prior to recording this Agreement.

(h) **Consent to Other Parties' Loan Documents**. By executing this Agreement, each Party hereby acknowledges and consents to the execution of, and, where appropriate, the recording of, the documents described in Recitals A through G herein.

(i) **Generally**. Each Party agrees that, in the event of any conflict or inconsistency between the terms of the Bank Loan Documents, the terms of a Party's Documents, and the terms of this Agreement, the terms of this Agreement shall govern and control the following: (i) the relative priority of the security interests of the Bank and the other Parties in the Property, (ii) the timing of the exercise of remedies by the Bank and the other Parties under the Bank Loan Documents and the other Documents, and (iii) all other rights and obligations that the Parties have agreed to pursuant to this Agreement.

(j) **Further Instruments**. The Parties hereto shall execute and acknowledge such further documents and instruments as may be reasonably necessary from time to time to effectuate the intent of this Agreement.

[signature pages follow]

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first written above.

COMMERCE:

WASHINGTON STATE DEPARTMENT OF COMMERCE,
a state agency

By: _____
Name: _____
Title: Interim Assistant Director, Housing Division

STATE OF WASHINGTON |
COUNTY OF THURSTON | ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Interim Assistant Director, Housing Division of the **WASHINGTON STATE DEPARTMENT OF COMMERCE**, a state agency, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this _____ day of _____, 2026.

NOTARY PUBLIC in and for the State of Washington
Print name: _____
My commission expires: _____

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement as of the day and year first written above.

CITY:

CITY OF ELLENSBURG

A Washington municipal corporation

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON)

)

COUNTY OF KITTITAS)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged s/he signed this instrument on oath stated s/he was authorized to execute the instrument and acknowledged it as the _____ of the **CITY OF ELLENSBURG** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this _____ day of _____, 2026.

NOTARY PUBLIC in and for the State of Washington

Print name: _____

My commission expires: _____

EXHIBIT A
LEGAL DESCRIPTION

Parcel "A" of that certain Survey as recorded July 3, 1984, in Book 13 of Surveys, page 11, under Auditor's File No. 480271, records of Kittitas County, Washington; being a portion of Section 11, Township 17 North, Range 18 East, W.M., in the County of Kittitas, State of Washington;

AND that portion of the Northeast Quarter of Section 11, Township 17 North, Range 18 East, W.M., in the County of Kittitas, State of Washington, described as follows:

Beginning at the Northeast corner of said Northeast Quarter; Thence North 89°27'27" West, along the North line of said Northeast Quarter, 1313.02 feet to the projected East right of way boundary for Ruby Street as shown on that certain survey recorded October 25, 1984 in Book 13 of Surveys at page 55, under Auditor's File No. 483209, records of Kittitas County, Washington;

Thence South 00°14'13" West, along said East right of way boundary, 830.96 feet, more or less, to the projected North line of Parcel A of that certain survey as recorded July 3, 1984 in Book 13 of Surveys at page 11, under Auditor's File No. 480271, records of said County;

Thence South 89°10'50" East, along said projected North line, 2.40 feet to the true point of beginning, said point also being on the East boundary of Parcel 1 conveyed to the City of Ellensburg by deed recorded under Auditor's File No. 199905100024;

Thence South 00°31'48" West, along said East boundary of said Parcel 1, 319.53 feet, more or less, to the projected South line of said Parcel A;

Thence North 89°10'49" East, along said projected South line, 17.95 feet to the Southwest corner of said Parcel A;

Thence North 00°09'39" West, along the West boundary of said Parcel A, 319.57 feet to the Northwest corner of said Parcel A;

Thence North 89°10'50" West along said projected North line, 14.10 feet to the true point of beginning.



Meeting Date: January 20, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Pathways Place Traffic Impact Fee Exemption and Water and Sewer Connection Fee Waiver Request (Public Comment Opportunity)
Submitted by: Lily Frey, Housing Program Manager
Department: Community Development

Suggested Motion/Action:

Move to approve full water meter and water and sewer plant impact fee waivers and traffic fee exemption for Pathways Place project and approve the necessary budget adjustments.

Background/Summary:

On October 22, 2025, the City received a request from HopeSource, for an exemption of Traffic Impact Fees associated with the development of the 78-unit Pathways Place pursuant to Ellensburg City Code (ECC) 14.04.050. ECC 14.04.050 allows for traffic impact fee exemptions for low-income housing consistent with RCW 82.02.060.

The director of public works determined that the development activity falls within the authorized exemption for traffic impact fees under ECC 14.04.050 at a meeting on October 30, 2025. ECC14.04.050(E)(3) specifies that the request will be brought to city council for a decision on granting a full or partial exemption of traffic impact fees.

The same letter from HopeSource also requested waiver of system development charges, which refer to water meter and plant impact fees and sewer plant impact fees.

In early 2025, the City established a water and sewer fee waiver program in accordance with RCW 35.92.380.

The Director of Public Works determined that the activity falls within the exemption for affordable housing under ECC 9.30.040. ECC 9.30.040(B)(4) specifies that the request will be brought to City Council for a decision on granting a full or partial exemption of water and sewer plant investment and meter fee waivers.

In 2024, the City applied for and received a \$829,875 Connecting Housing to Infrastructure Program (CHIP) grant for the water plant impact and meter fees and sewer plant impact fees, as well as water, sewer and stormwater utility improvement costs for the Pathways Place project. CHIP funds can be used to replace fees waived by the jurisdiction.

In a parallel process, City staff have worked with HopeSource and partner developers to amend and restate the affordable housing agreement and covenant for the revised scope of development previously considered as item 11A. The revised covenant, which will be

recorded with the Auditor's Office, provides for the use of the property for affordable housing, with 39 units for households with incomes up to 30% of the area median (AMI) and 39 units at up to 50% AMI for a period of 50 years. This covenant is consistent with the requirements of RCW 84.14.530(2)(b), or the sales and use tax for housing and related services initially used for the property purchase, the CHIP grant, ECC 9.30.040 and ECC14.04.050.

Previous Council Action:

In 2019, through Ordinance 4854, Council established a Traffic Impact Fee exemption for affordable housing and made adjustments to this program through Ordinance 4876 in 2021.

Council approved an Affordable Housing Agreement with HopeSource, including the requested \$750,000 from the affordable housing sales tax funds, at its May 23, 2022 Special Meeting.

At its February 18, 2025 meeting, Council adopted Ordinance 4954, which created a waiver program for water and sewer utility connection fees for affordable housing.

On March 17, 2025, Council authorized the City Manager to sign the Connecting Housing to Infrastructure (CHIP) grant for the Pathways Place project, which includes funding for water and sewer plant investment and meter fee waivers.

Analysis:

This 78-unit affordable housing development is eligible for traffic impact fee exemption under the provisions of ECC 14.04.050 and water and sewer plant impact and meter fee waivers under ECC 9.30.040. The affordable housing covenant and note and deed of trust considered under item 11A ensure that the development will be used for the exempted affordable housing purpose.

The full waived water meter fee and water and sewer plant investment fees can be replaced with state funding through the City's CHIP grant for this project. The traffic impact fees would be backfilled from affordable housing sales tax funds, so there would be no impact to the utility funds, ratepayers, or other new development projects from these exemptions.

This project responds to Council's goal from the initial property acquisition and will serve the lowest income populations that are hardest to serve and typically require projects with layered funding that can be slow to finalize. The Pathways Project is consistent with the City's comprehensive plan goal to encourage and accommodate a variety of housing types and densities to meet housing needs of all economic segments of the community and with the City's housing action plan goal of creating income-restricted affordable housing units.

Financial Impact:

The water meter fee is \$8,800 and water plant investment fee (P.I.F.) is \$32,853. The project received a credit for an existing water meter of \$360 and water P.I.F. of \$20,533 for a total water fee of \$20,760.

The sewer P.I.F. is \$30,293 and P.I.F. credit is \$18,933 for a resultant sewer fee of \$11,360. The total water and sewer fees eligible for waiver are: \$32,120. The City has received a Connecting Housing to Infrastructure Program (CHIP) grant that can replace these waived

fees, so there is no net financial impact to City accounts from this fee waiver.

The Traffic Impact Fees for this project are \$22,446.48. If Council grants a full fee exemption, affordable housing sales tax funds would be used to replace the exempted fees.

Budget Adjustment: Yes

Attachments:

1. HopeSource Letter for Impact Fee Exemptions



Ph. 844.831.4673
www.hopesource.us
info@hopesource.us

Ryan Lyyski
Public Works Director
City of Ellensburg
501 North Anderson Street
Ellensburg, WA 98926

RE: PATHWAYS PLACE - Request for waiver of Traffic and Sewer/Water Impact Fees

HopeSource, a local non-profit, is developing Pathways Place Apartments, a much-needed multi-family, affordable housing property to be located in Ellensburg, WA. As the community of Ellensburg continues to grow, increasing numbers of people have become "housing cost burdened" and the availability of affordable housing stock is limited Pathways Place Apartments will add 78 units of quality, energy efficient, affordable housing targeting working and low-income individuals and families.

Rapidly rising construction costs across the region have put a strain on development budgets and have stretched thin available resources for affordable housing. One specific way local jurisdictions can assist in making affordable housing more attainable to its' community is to waive permit and impact fees associated with new affordable housing developments.

HopeSource requests approval from the City of Ellensburg to waive traffic and sewer/water impact fees related to the development of Pathways Place Apartments under Ellensburg City Code 14.04.050 and 9.30.040 which identifies Low-Income Housing as a development activity which can be exempt from Traffic and Sewer/Water Impact Fees. HopeSource believes Pathways Place Apartments qualifies under city code for consideration as an exempt development activity.

Should you have any questions, please feel free to reach out to either Bill Hinkle at HopeSource (509.925.1448 x 290 / bhinkle@hopesource.us) or our development partners at Stewardship Development c/o Becky Morley becky@stewardship.net (617.512.3321)

Sincerely,

Susan Grindle, CEO HopeSource

Ellensburg
606 W 3rd Ave
Ellensburg, WA 98926
509.925.1448

Cle Elum
110 N Pennsylvania Ave
Cle Elum, WA 98922
509.925.1448

Moses Lake
1000 W Ivy Ave
Moses Lake, WA 98837
509.707.0179

Wenatchee
11 Spokane St Suite 101
Wenatchee, WA 98801
509.888.5288



MANAGER'S REPORT

DATE: January 20, 2026

To: Ellensburg City Council

FROM: Heidi Behrends Cerniwey, City Manager

1. Ellensburg Safety & Police-Community Interaction Survey

This annual survey provides a temperature check on community perceptions of safety and to highlight opportunities for partnership and education around public safety and other services. Please visit [Survey link](#) or pick up a paper copy at EPD before the end of January. Also visit: <https://arcg.is/0TfSDq3>

2. Council Interest in Future Coffee with Council Opportunities

Last year, Council and staff hosted six (6) Coffee with Council events. These events provided opportunities for members of the public to engage with Councilmembers in a less formal setting, ask questions, and receive follow-up (as needed) from City staff about a variety of topics. Staff is seeking input about Council's interest in continuing to schedule these events in 2026.

3. Next Steps for Comprehensive Plan - All Elements (Chapters)

City staff are working closely with the planning consultant to audit policies, concepts, and content, analyze data, and model impacts of future growth throughout the City of Ellensburg's Comprehensive (Comp) Plan periodic (10-year) update which began in 2025. Contents of the current Chapter 9 Access, Engagement, & Belonging (adopted in December 2025) are being incorporated into this overall review to ensure the Comprehensive Plan elements are cohesive and synthesized at the conclusion of the periodic update in 2026. Following the analysis and modeling phase, elements (chapters) will be formulated with the intent on having an overall draft completed and ready to begin the adoption process by mid-2026.

Over the next few months, additional online survey tools will be published to gather additional feedback from community members on a broad spectrum of issues related to elements of the Comp Plan that have surfaced during early stages of the update process.

Members of City Boards and Commissions—including the DEI Commission—will be asked to designate liaisons to participate in briefings and focus groups to review the

analysis and drafts of various elements (chapters) and provide guidance on content, policies, and goals that have been developed from data analysis and public input. Liaisons are expected to brief their respective advisory board on issues, discussions, and significant changes to those elements. Staff will also provide updates to relevant advisory boards throughout the development and adoption process.

At the February 2, 2026, City Council Study Session, an overview, updated timeline, and roadmap for completion and adoption will be presented and posted on the City's website at [Ellensburg 2046 Comprehensive Plan Update | Ellensburg, WA](#).

4. Council Retreat and Budget Orientation February 6

The City Council Retreat is set for Friday, February 6, 2026, from 8:00 a.m. to 12:30 p.m. at Hal Holmes Community Center, 201 N. Ruby Street, Ellensburg, WA. At the Retreat, Council will be given a briefing from senior staff on opportunities and challenges across the City organization, affirm their priorities by updating the formerly adopted strategic vision, and begin orientation on the basics of Priority-Based Budgeting to launch the 2027-2028 Biennial Budget.

The Priority-Based Budget Process will involve Council and community members in setting priorities with deeper discussions about general government services and service-levels for programs and projects, building understanding revenue and limitations, and exploring sustainable options for the future.

5. Ellensburg Academy – March 11 & 18

Mark your calendars to learn more about your City and local government. Ellensburg Academy is a civic education program designed to inform residents and community stakeholders about the operations of City government and what is involved in delivering and maintaining services in Ellensburg. This year, we will offer one six-hour program scheduled over two weeks on March 11 and 18, 2026, from 6:00 p.m. to 9:00 p.m. Registration will be available soon on the City website.

6. Point-in-Time Count on January 29, 2026

Along with community partners, HopeSource will organize and conduct the 2026 Point-in-Time (PIT) Count on Thursday, January 29. The PIT Count is a nationwide effort required by the U.S. Department of Housing and Urban Development (HUD) to collect data on individuals and families experiencing homelessness. This count provides a snapshot of homelessness in our community on a single night and helps guide funding, resources, and programs to better serve those in need. In Kittitas County, the PIT Count will cover areas ranging from Vantage to Cle Elum and all communities in between, including Ellensburg, Kittitas, Thorp, and surrounding rural areas. Contact Joseph Frangipani at jfrangipani@hopesource.us or call at 509-925-1448 for more information.

7. Preview of February 2 Council Agenda

The February 2 Study Session topic is a briefing on the 2026 Periodic Update of the Comprehensive Plan. Staff will provide an overview of the process, early data and findings, and a framework for future engagement and public review. The next regular Council meeting will include a presentation by the Ellensburg Downtown Association, renewal of the Yakima Humane Society Agreement (tentative), and the second reading and possible adoption of an Ordinance outlining the proposed amendments to the Surplus Property regulations.