

CITY COUNCIL AGENDA

May 18, 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_VOnTzjvQn-1oFgjV6GEfQ

The 6 p.m. 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.

The City of Ellensburg strives to make our services, programs, and activities readily accessible and usable by individuals with disabilities. Reasonable accommodations will be made upon request. Please furnish the ADA Coordinator with your request in sufficient time for the City to provide a reasonable accommodation. A Request for Accommodation form may be obtained on the first floor of City Hall or by calling the City of Ellensburg ADA Coordinator at (509) 962-7222 or email ADAcordinator@ci.ellensburg.wa.us

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. 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 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
Monday, May 18, 2026
6:00 PM – Study Session
7:00 PM - Regular Meeting**

Study Session (No Public Comment)

A Water & Sewer Rate Study 7

Pledge of Allegiance

1. Call to Order and Roll Call

2. Proclamations (No Public Comment)

2.A National Public Works Week 27

2.B National Historic Preservation Month 28

3. Awards and Recognitions

3.A Historic Preservation Awards

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 May 4, 2026 Regular Meeting 29

5.B Approve Minutes of May 4, 2026 Study Session 34

5.C Acknowledge Minutes of Boards & Commissions 35

5.D Bid Award – Bid Call 2026-10, Canyon Road Overlay- Umptanum Road to Mountain View Avenue 43

5.E Approve City Manager's Signature on a Memorandum of Understanding with IBEW Local 77 - 4/10 Schedule 50

5.F	Approve City Manager's Signature on a Memorandum of Understanding with IBEW Local 77 – Holidays	54
5.G	Approve May 18, 2026 Voucher Listing	58
6.	Petitions, Protests, and Communications	
6.A	Kittitas County Alano Club (KCAC) Introduction	
7.	Public Comment on Non-agenda Items	
8.	Business Requiring Public Hearings	
8.A	Public Hearing (Legislative) to Consider Annexation of Parcel 631033 and Second Reading of Ordinance 4985 Approving the Annexation and Zoning of Light Industrial (I-L) (Public Comment Opportunity)	59
9.	Introduction and Adoption of Ordinances and Resolutions	
9.A	Second Reading and Adoption of Ordinance 4984 Amending Ellensburg City Code Chapter 8.54.150 -- Residential Parking Zones (Public Comment Opportunity)	93
9.B	Ordinance 4987 (First Reading) - Amending the 2025/2026 Biennial Budget (Public Comment Opportunity)	106
9.C	Ordinance 4988 (First Reading) for Water and Sewer Utility Rates and Plant Investment Fees 2026-2028 (Public Comment Opportunity)	122
10.	Unfinished Business	
11.	New Business	
11.A	First Quarter 2026 Financial Status and Investment Reports (Public Comment Opportunity)	144
11.B	Review Affordable Housing Agreement with Habitat for Humanity for Willow Street Project (Public Comment Opportunity)	159
11.C	Catherine Cottages Revised Design from Habitat for Humanity (Public Comment Opportunity)	306
12.	Miscellaneous	
12.A	Manager's Report (No Public Comment)	345
12.B	Councilmembers' Reports (No Public Comment)	
13.	Executive Session	
13.A	Per RCW 42.30.110(1)(i), To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is	

likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

14. Adjournment



City Council Meeting



Water & Sewer Rate Study Update



May 18, 2026

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Presentation Overview

- Background
- Overview of rate study process
- Summary of findings
 - » Revenue requirement
 - » Rate design
- Plant investment fee update (PIF)
 - » Water
 - » Sewer
- Next steps / discussion



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Background

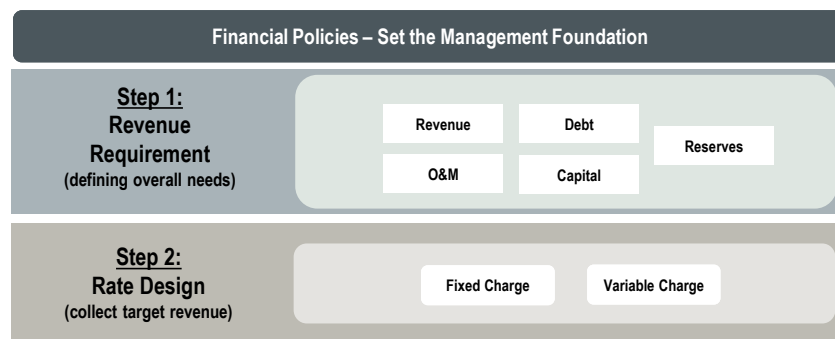
- Study update commenced early 2026
- Presented preliminary results to Environmental Commission on April 15, 2026
- Committee directed
 - » Implement proposed 3-year rate strategy
 - » Phase-in updated PIFs



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Overview of Rate Setting Process



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Key Assumptions

- Study period 2026-2031
 - » Analysis projected through 2044
- Projected rate revenues based on actuals & growth
 - » Water: 1.5%
 - » Sewer: 2.0%
- 2026 budget used as baseline & escalated with various factors: 2.0% to 5.0%
 - » Water average: 3.1%
 - » Sewer average: 3.2%
- New debt assumed as revenue bonds
 - » Term: 20-year
 - » Interest: 5.0%



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Fiscal Policies

Policy	Purpose	Target
Operating Reserve	Liquidity cushion to accommodate cyclical cash flow fluctuations	<u>20% of O&M</u> Water: \$1.1M - \$1.3M Sewer: \$1.1M - \$1.5M
Total Cash Reserve	To provide sufficient cash flow to meet daily operating expenses (short-term, annual revenue cycles), contingency for capital cost overruns, and maintain creditworthiness for future debt issuance.	<u>150 days of O&M</u> Water: \$2.2M - \$2.6M Sewer: \$2.3M - \$3.1M
Debt Service Coverage	Ensure compliance with existing loan/debt covenants and maintain creditworthiness for future debt issuance.	Minimum Bond Covenant Requirement 1.25



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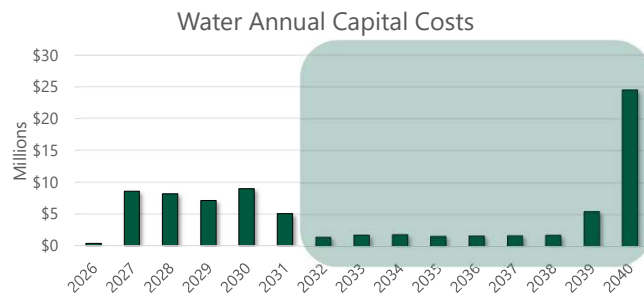
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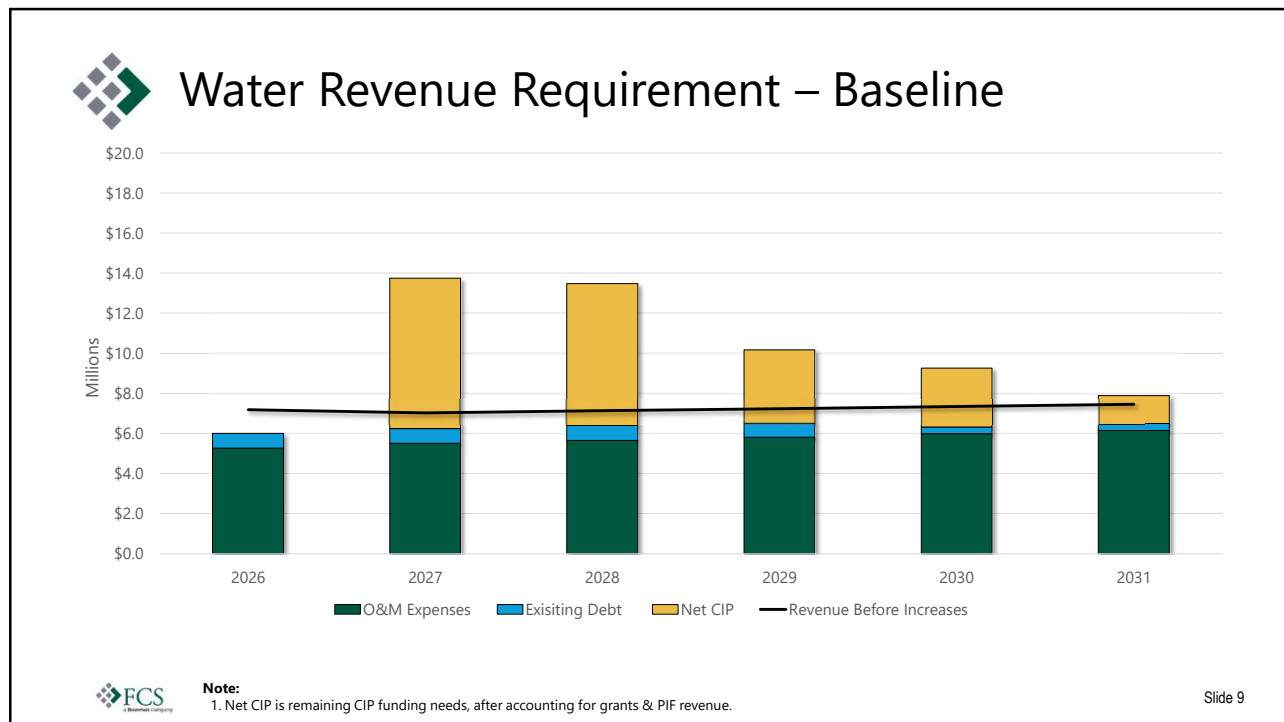
Water Key Components

Description	2026 – 2031
Existing rate revenue	\$6.9M - \$7.4M
O&M expenses	\$5.3M - \$6.1M
Existing debt	\$740K – \$343K
New debt (2028+)	\$706K
Total CIP (escalated)	\$38.2M

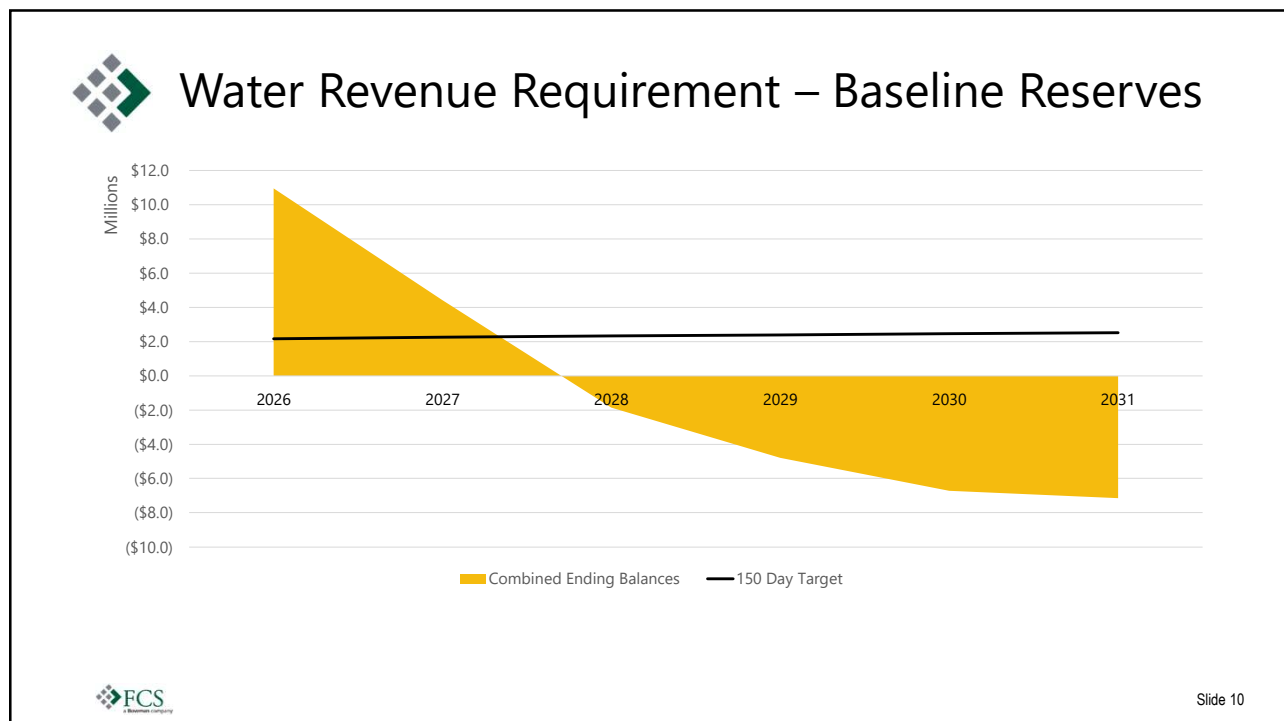


- Rate setting period CIP of \$38.2M funded through existing reserves, grants, PIFs, rate revenue and new debt proceeds
 - » Grants: \$9.8M | PIFs: \$5.9M | cash : \$14.5M | new debt (2028): \$8.0M
 - » Future 2032-2040 CIP includes \$41.8M
 - Includes source of supply improvements of \$26.4M

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Water Summary

- Revenue at current levels is insufficient to meet ongoing obligations
 - » Rates are unable to fund capital improvement program
- Proposed rate strategy 2026-2031

Description	Existing (2025)	Proposed			Forecast To Be Revisited			2032 - 2040
		2026	2027	2028	2029	2030	2031	
Annual Increase (%)		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Average Monthly Bill	\$ 51.55	\$ 53.10	\$ 54.69	\$ 56.33	\$ 58.02	\$ 59.76	\$ 61.55	
\$ Monthly Difference		1.55	1.59	1.64	1.69	1.74	1.79	
New Debt Proceeds				\$ 8,000,000				\$ 15,000,000

Note: Assumes a 5/8" meter & 9,300 gallons of monthly water consumption.

- » 2026 rate increase effective mid year, followed by January thereafter
- » Assumes a new revenue bond in 2028 of \$8.0M
 - Additional debt may be required outside the rate setting period



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Water Existing & Proposed Rates

Customer Charge	Existing		Proposed Monthly Customer Charge (\$/mo.)		
	\$/day	\$/month	2026	2027	2028
5/8" or 3/4" Meter	\$ 1.0008	\$ 30.44	\$ 31.35	\$ 32.29	\$ 33.26
1" Meter - Res. Fire Protection	1.0266	31.23	32.16	33.12	34.11
1" or 1-1/4" Meter	2.5014	76.08	78.37	80.72	83.14
1 1/2" Meter	5.0025	152.16	156.72	161.42	166.26
2" Meter	8.0040	243.46	250.76	258.28	266.03
3" Meter	15.0060	456.43	470.13	484.23	498.76
4" Meter	25.0111	760.75	783.58	807.09	831.30
6" Meter	50.0207	1,521.46	1,567.11	1,614.12	1,662.54
8" Meter	80.0344	2,434.38	2,507.41	2,582.63	2,660.11

- Rates adjusted on an across-the-board basis



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Water Existing & Proposed Rates

Consumption - Tier 1	Existing \$/kgal	Proposed Consumption Charge (\$/kgal)		
		2026	2027	2028
W-110 Residential	\$ 2.27	\$ 2.34	\$ 2.41	\$ 2.48
W-111 Irrigation	2.50	2.58	2.66	2.74
W-115 Residential Fire Protection	2.27	2.34	2.41	2.48
W-120 Multifamily	2.33	2.40	2.47	2.54
W-200 Commercial/Industrial	2.37	2.44	2.51	2.59
W-600 CWU	2.37	2.44	2.51	2.59
W-710 Municipal	2.77	2.85	2.94	3.03

Consumption - Tier 2	Existing \$/kgal	Proposed Consumption Charge (\$/kgal)		
		2026	2027	2028
W-110 Residential	\$ 2.43	\$ 2.50	\$ 2.58	\$ 2.66
W-111 Irrigation	2.67	2.75	2.83	2.91
W-115 Residential Fire Protection	2.43	2.50	2.58	2.66
W-120 Multifamily	2.33	2.40	2.47	2.54
W-200 Commercial/Industrial	1.97	2.03	2.09	2.15
W-600 CWU	1.97	2.03	2.09	2.15
W-710 Municipal	2.29	2.36	2.43	2.50

- Rates adjusted on an across-the-board basis

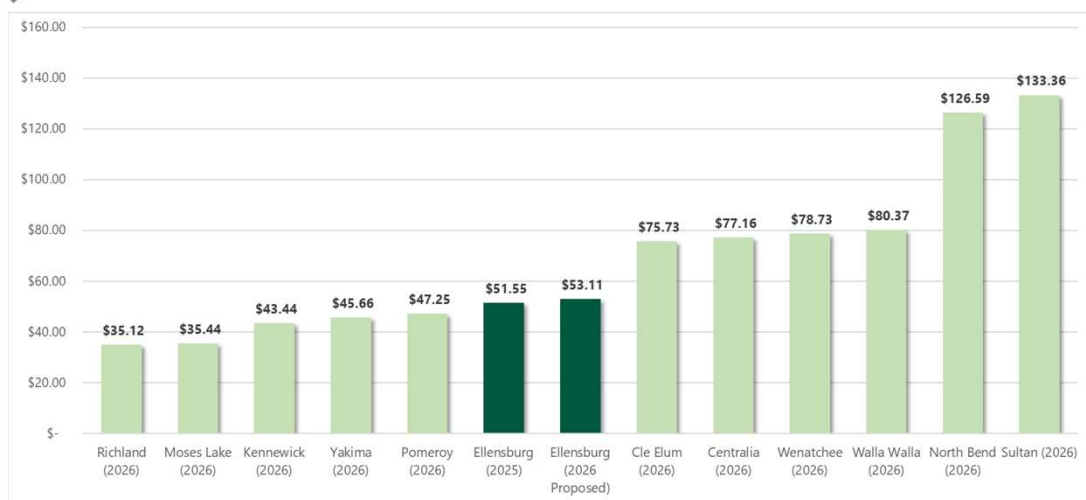


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Water Residential Monthly Survey



Note:

1. Rates assumes smallest meter size, with 9,300 gallons of monthly water consumption.
2. Rates includes City utility taxes where listed.

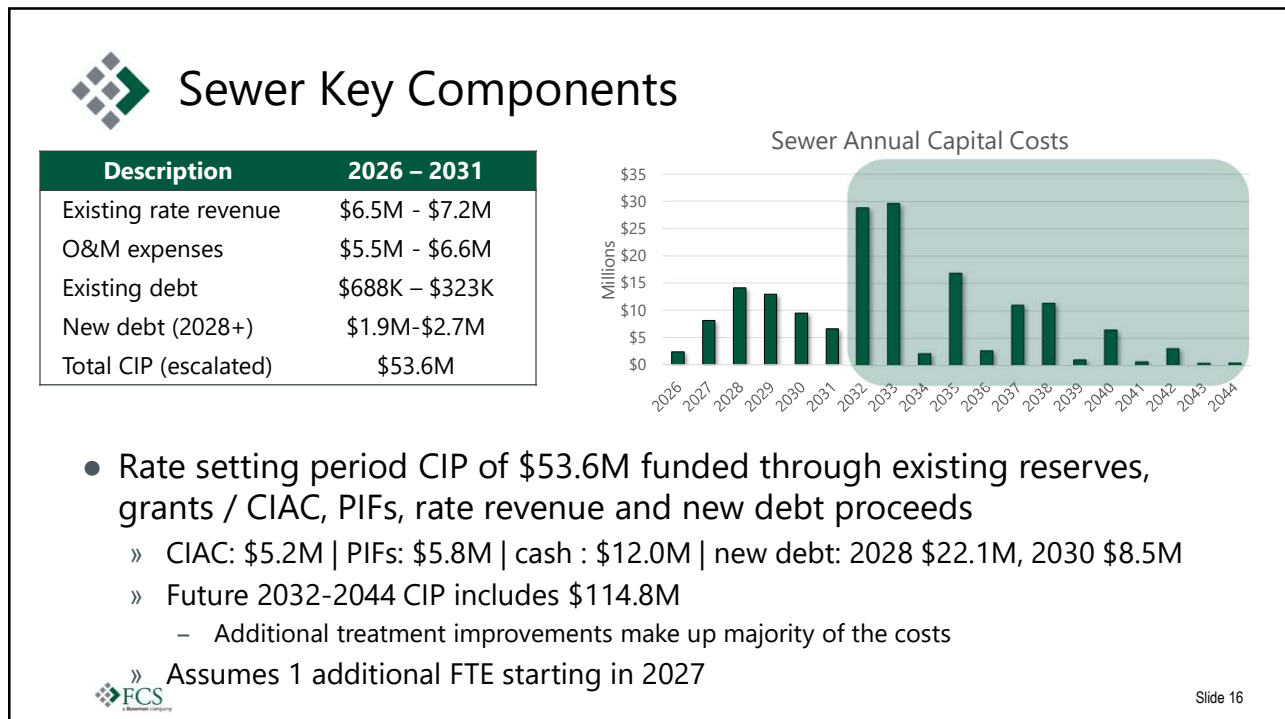


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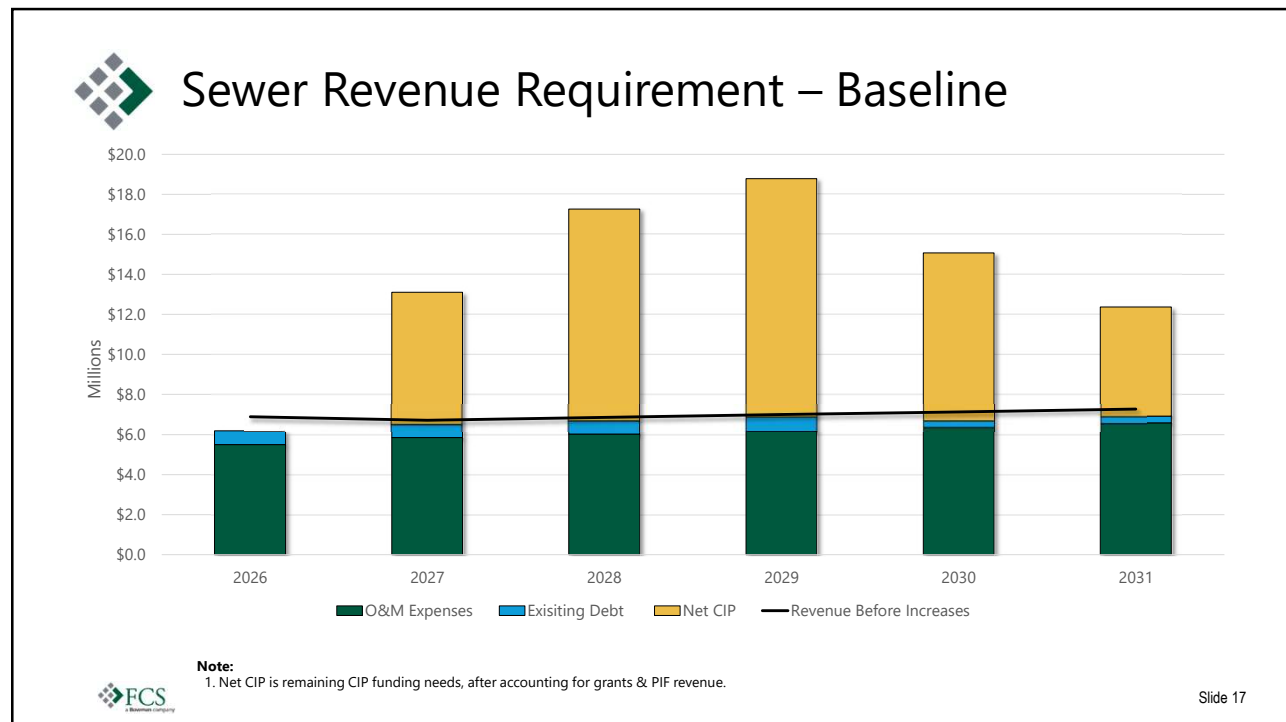
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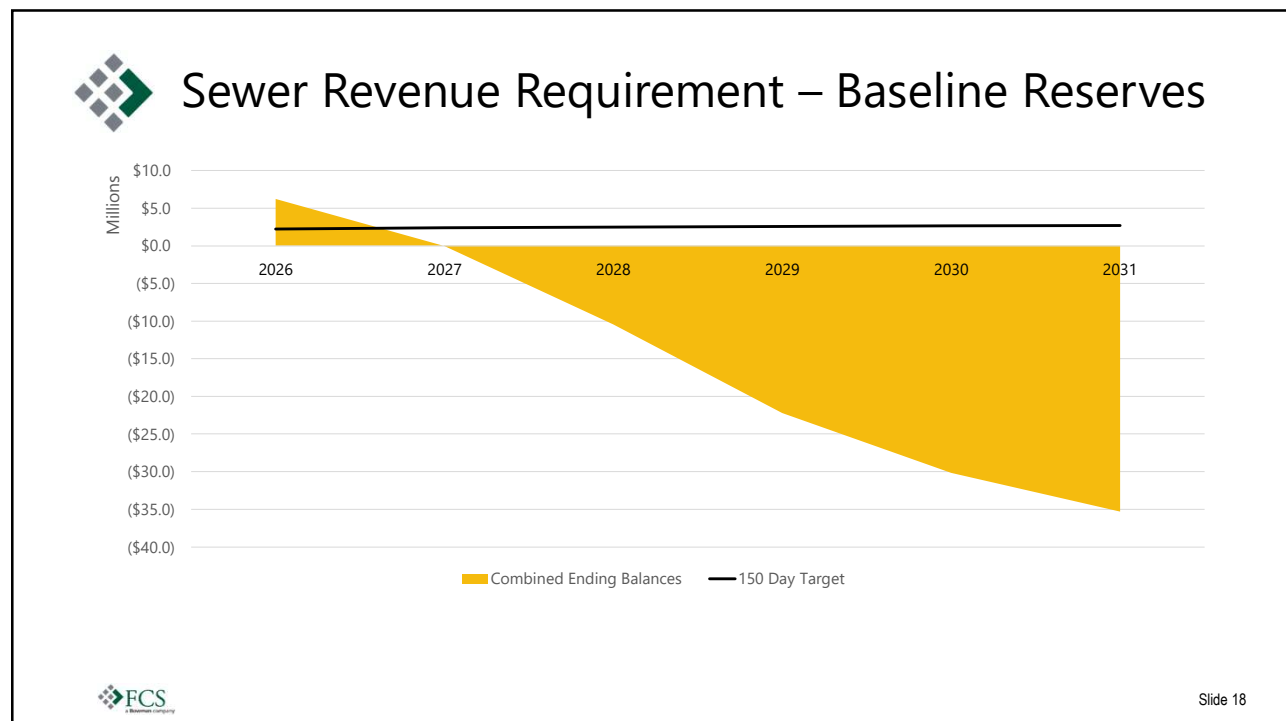
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Sewer Summary

- Revenue at current levels is insufficient to meet ongoing obligations
 - » Rates are unable to fund capital improvement program
- Proposed rate strategy 2026-2031

Description	Existing (2025)	Proposed			Forecast To Be Revisited			2032 - 2044
		2026	2027	2028	2029	2030	2031	
Annual Increase (%)		11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	
Average Monthly Bill	\$ 48.04	\$ 53.56	\$ 59.72	\$ 66.59	\$ 74.25	\$ 82.79	\$ 92.31	
\$ Monthly Difference		5.52	6.16	6.87	7.66	8.54	9.52	
New Debt Proceeds				\$ 22,100,000		\$ 8,500,000		\$ 86,000,000

- » 2026 rate increase effective mid year, followed by January thereafter
- » Assumes a new revenue bond in 2028 of \$22.1M & 2030 of \$8.5M
 - Additional debt may be required outside the rate setting period



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Sewer Existing & Proposed Rates

Customer Charge	Existing		Proposed Monthly Customer Charge (\$/mo.)		
	\$/day	\$/month	2026	2027	2028
WW-11 Residential Single Family	\$ 1.5793	\$ 48.04	\$ 53.56	\$ 59.72	\$ 66.59
WW-12 MF - Per Unit (Up to 4 Units)	1.5570	47.36	52.81	58.88	65.65
WW-12 MF - Per Unit (>4 Units)	1.1667	35.49	39.57	44.12	49.19
WW-23 MF	1.5570	47.36	52.81	58.88	65.65
WW-21 Commercial/Industrial	1.8584	56.53	63.03	70.28	78.36
WW-22 CWU	1.8850	57.34	63.93	71.28	79.48
WW-40 Municipal	1.6793	51.08	56.95	63.50	70.80
WW-80 Large Customer/Contractual	1.8584	56.53	63.03	70.28	78.36

- Rates adjusted on an across-the-board basis



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Sewer Existing & Proposed Rates

Flow Charge	Existing \$/kgal	Proposed Flow Charge (\$/kgal)		
		2026	2027	2028
WW-11 Residential Single Family	\$ -	\$ -	\$ -	\$ -
WW-12 Multifamily	-	-	-	-
WW-23 Multifamily	5.0100	5.5862	6.2286	6.9449
WW-21 Commercial/Industrial	5.9796	6.6673	7.4340	8.2889
WW-22 CWU	6.3800	7.1137	7.9318	8.8440
WW-40 Municipal	5.6800	6.3332	7.0615	7.8736
WW-80 Large Customer/Contractual	6.5400	7.2921	8.1307	9.0657

BOD & TSS Surcharge	Existing \$/lb	Proposed Surcharge (\$/lb)		
		2026	2027	2028
WW-11 Residential Single Family	\$ -	\$ -	\$ -	\$ -
WW-12 Multifamily	-	-	-	-
WW-23 Multifamily	0.4729	0.5273	0.5879	0.6555
WW-21 Commercial/Industrial	0.4818	0.5372	0.5990	0.6679
WW-22 CWU	0.4887	0.5449	0.6076	0.6775
WW-40 Municipal	-	-	-	-
WW-80 Large Customer/Contractual	0.4818	0.5372	0.5990	0.6679

- Rates adjusted on an across-the-board basis

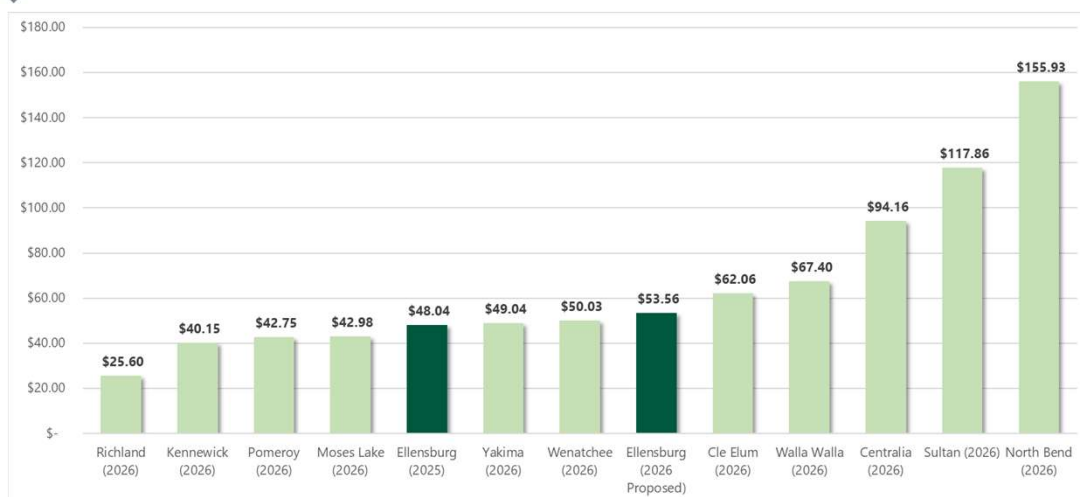


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Sewer Residential Monthly Survey



Note:

1. Rates assumes 4,500 gallons of monthly winter average water consumption where applicable.
2. Rates includes City utility taxes where listed.



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Combined Single Family Sample Bill Impacts

Description	Existing	Proposed		
		2026	2027	2028
Water	\$ 51.55	\$ 53.11	\$ 54.70	\$ 56.32
Sewer	48.04	53.56	59.72	66.59
Total Average Single Family Mo. Bill	\$ 99.59	\$ 106.67	\$ 114.42	\$ 122.91
\$ Monthly Difference		\$ 7.08	\$ 7.75	\$ 8.49
% Annual Increase		7.11%	7.27%	7.42%

- Weighted average annual rate increases ranges from 7.11%-7.42% over 2026-2028 period

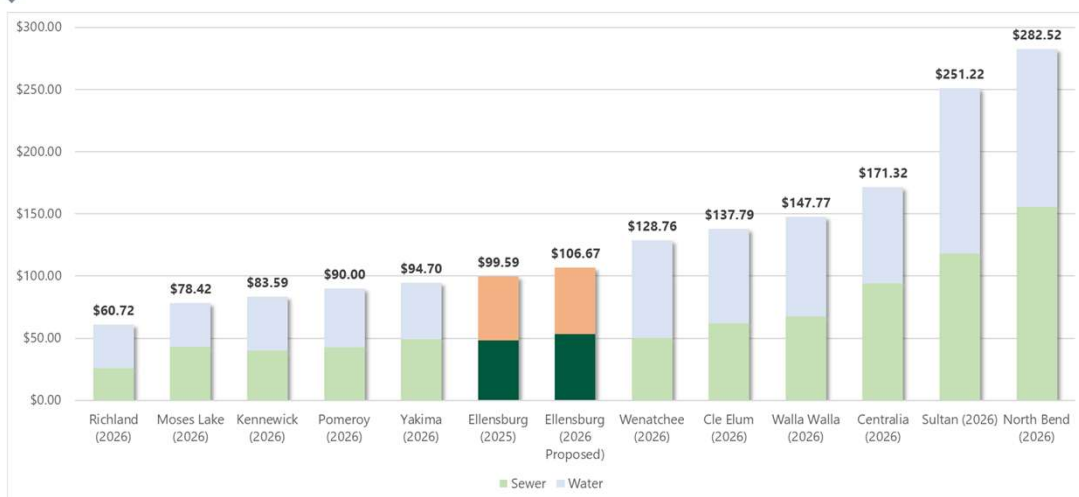


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Combined Utility Single Family Sample Bill Comparison



Note:

1. Water rates assumes 9,300 gallons of monthly water consumption.
2. Sewer rates assume 4,500 gallons of monthly winter average consumption.
3. Rates includes City utility taxes where listed.



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Overview: What are Plant Investment Fees (PIFs)?

- One time charge imposed on new development or expanded connection to system
- Revised Code of Washington (RCW) 35.92.025 grants Cities the authority to fix rates and charges for connecting to water & wastewater systems
- Represents a pro rata share of the cost of providing system capacity
- Based on cost of system infrastructure investment
 - » Allows for both existing and future costs
 - » May not be used to recover operation and maintenance costs

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Overview: PIF Components

- Consists of two parts
 - » **Existing cost basis:** intends to recognize the current ratepayers' net investment in the original cost of the non-donated system
 - » **Future cost basis:** intends to include future facilities needed to serve growth, including regulatory system improvements



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Calculation Overview

EXISTING COST BASIS CURRENT & FUTURE CUSTOMERS	+	FUTURE COST BASIS FUTURE CUSTOMERS	=	Plant Investment Fee
--	---	--	---	-------------------------------------

- | | |
|--|---|
| <ul style="list-style-type: none"> • Existing costs <ul style="list-style-type: none"> » Existing assets (original cost) » less: contributions (dev. / grants) » less: meter & services (water only) » plus: interest (maximum 10 years) » less: net debt principal outstanding | <ul style="list-style-type: none"> • Future costs <ul style="list-style-type: none"> » Future capital cost (today's dollars) » less: ineligible projects (plans / studies) » less: contributions (dev. / grants) |
|--|---|



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Sewer PIF Calculation

Cost Basis	Applicable Customers	Total
Existing Cost Basis – \$30.0M	Current & Future Capacity – 13,611 MCEs	\$2,205
Future Cost Basis – \$70.6M	Future Capacity – 5,412 MCEs	\$13,037
Total Plant Investment Fee per MCE		\$15,242
<i>Current PIF per MCE</i>		<i>\$5,680</i>
<i>\$ PIF Difference per MCE</i>		<i>+\$9,562</i>

Notes:

1. MCE = Meter Capacity Equivalent; represents the safe operating capacity of each meter size expressed in the smallest meter sized utilized by the utility (e.g., 5/8" x 3/4" meter).



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Sewer Plant Investment Fee Summary

Meter Size	Existing	Maximum Allowable	\$ Difference
3/4" or Smaller	\$ 5,680	\$ 15,242	\$ 9,562
1"	9,467	25,403	15,936
1.5"	18,933	50,807	31,874
2"	30,293	81,291	50,998
3"	60,587	162,581	101,994
4"	94,667	254,033	159,366
6"	189,333	508,067	318,734
8"	302,933	812,907	509,974

- Calculated charges are "maximum allowable"
 - » By policy may set below maximum allowable
 - Rates make up the difference
 - » May be adjusted annually by an accredited inflation index (e.g., ENR CCI)
- Prior study phased-in updated PIFs over 3-years



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Sewer Proposed Phase-In

Meter Size	Existing	Proposed Phase-In	
		1/1/2027	1/1/2028
3/4" or Smaller	\$ 5,680	\$ 7,893	\$ 10,968
1"	9,467	13,156	18,281
1.5"	18,933	26,310	36,561
2"	30,293	42,096	58,497
3"	60,587	84,193	116,996
4"	94,667	131,551	182,807
6"	189,333	263,101	365,611
8"	302,933	420,962	584,978

- Start phasing-in PIFs towards maximum allowable levels over time
 - » Re-evaluate before final phase-in

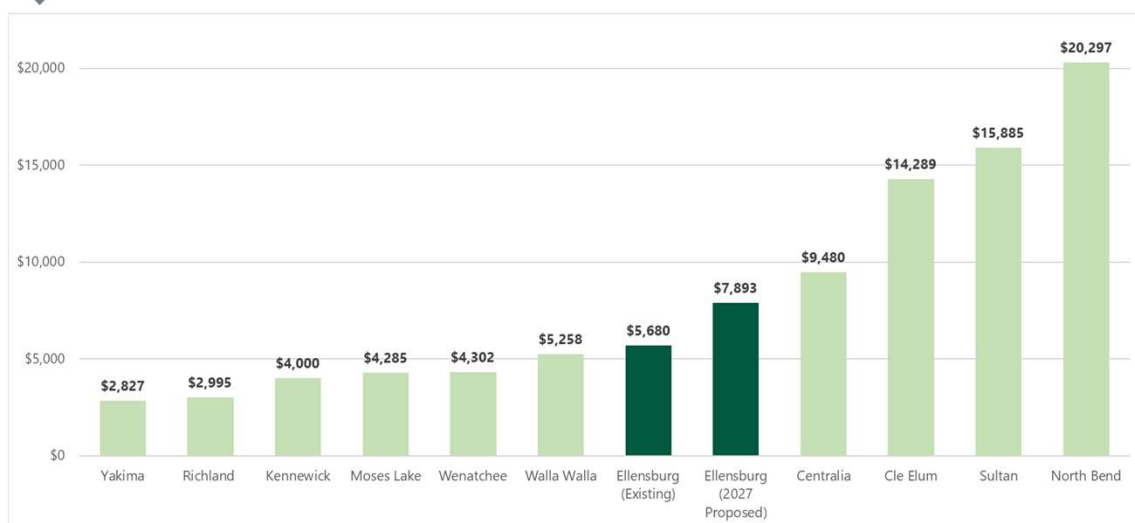


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Sewer PIF Survey



Note:
1. Assumes smallest meter size.

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Water PIF Calculation

Cost Basis	Supp./Tr./Pump.	Storage	T&D/Hydr.	Total
Existing Cost Basis	\$19.3M	\$2.1M	\$9.3M	\$30.7M
Allocable Capacity – MCEs	12,460	13,310	25,871	
Ex. Cost Basis Charge \$ / MCE	\$1,551	\$155	\$359	\$2,065
Future Cost Basis	\$27.8M	\$9.5M	\$0.2M	\$37.5M
Allocable Capacity – MCEs	3,610	4,461	5,066	
F. Cost Basis Charge \$ / MCE	\$7,690	\$2,134	\$12	\$9,836
Total PIF \$ / MCE	\$9,241	\$2,289	\$370	\$11,900
Current PIF – 5/8" x 3/4"				\$6,160
\$ PIF Difference				+\$5,740

Notes:

1. MCE = Meter Capacity Equivalent; represents the safe operating capacity of each meter size expressed in the smallest meter sized utilized by the utility (e.g., 5/8" x 3/4" meter).



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Water Plant Investment Fee Summary

Meter Size	Existing	Maximum Allowable	\$ Difference
3/4" or Smaller	\$ 6,160	\$ 11,900	\$ 5,740
1"	10,267	19,834	9,567
1.5"	20,533	39,668	19,135
2"	32,853	63,469	30,616
3"	65,707	126,939	61,232
4"	102,667	198,341	95,674
6"	205,333	396,683	191,350
8"	328,533	634,693	306,160

- Calculated charges are "maximum allowable"
 - » By policy may set below maximum allowable
 - Rates make up the difference
 - » May be adjusted annually by an accredited inflation index (e.g., ENR CCI)
- Prior study phased-in updated PIFs over 3-years



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Water Proposed Phase-In

Meter Size	Existing	Proposed Phase-In	
		1/1/2027	1/1/2028
3/4" or Smaller	\$ 6,160	\$ 7,672	\$ 9,555
1"	10,267	12,787	15,926
1.5"	20,533	25,573	31,850
2"	32,853	40,917	50,960
3"	65,707	81,835	101,922
4"	102,667	127,867	159,253
6"	205,333	255,733	318,504
8"	328,533	409,173	509,607

- Start phasing-in PIFs towards maximum allowable level over time
 - » Re-evaluate before final phase-in

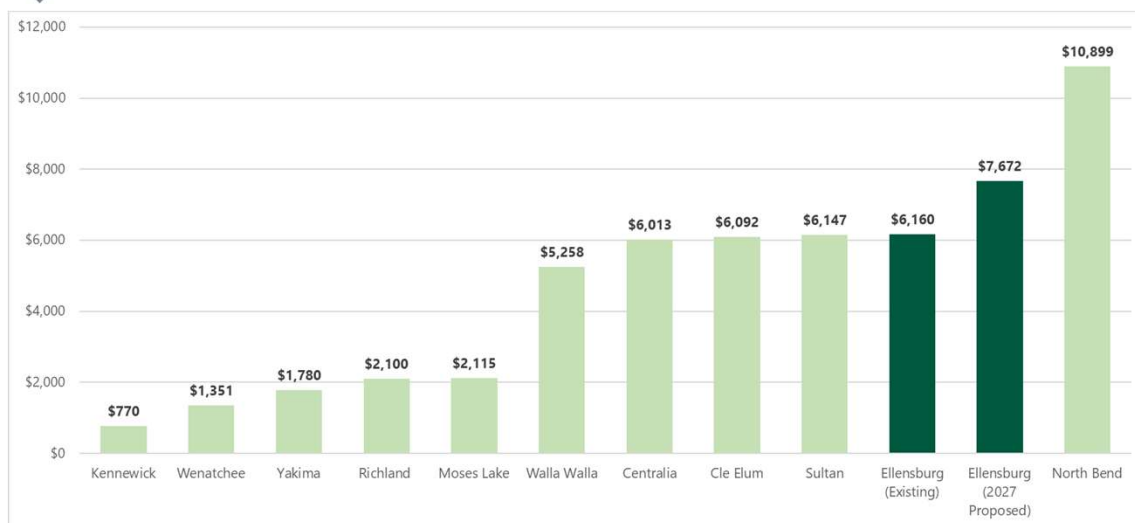


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Water PIF Survey



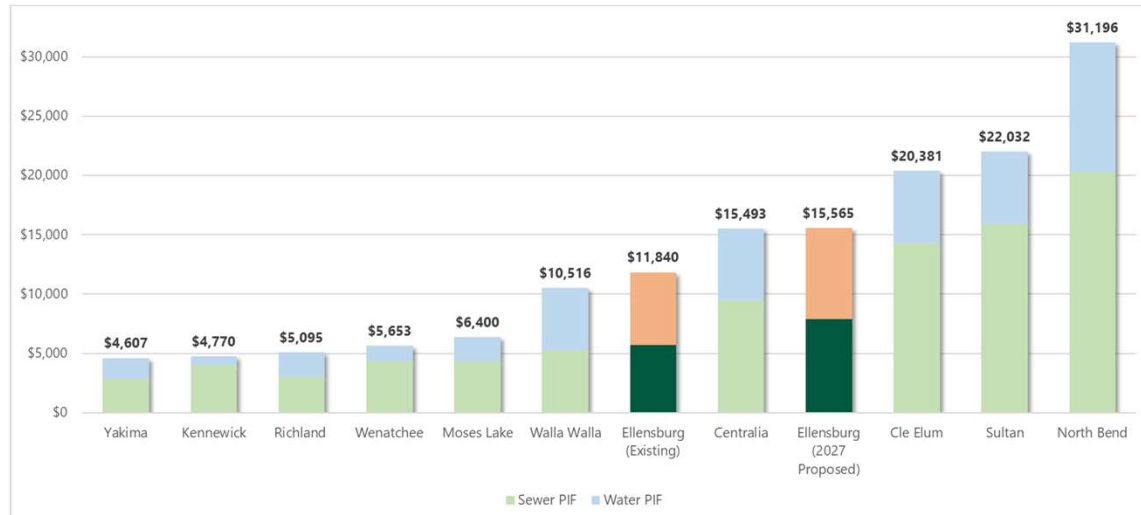
Note:
1. Assumes smallest meter size.

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Combined PIF Survey



Note:

1. PIFs assume smallest meter size and 1 equivalent residential unit where applicable

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Next Steps

- Direction / feedback

- » Revenue requirement

Utility	2026	2027	2028
Water	3.00%	3.00%	3.00%
Sewer	11.50%	11.50%	11.50%

- No increases went into effect on January 1, 2026
- All increases applied across the board

- » Plant investment fee phase-in

- Sewer: \$7,893 per MCE
- Water: \$7,672 per MCE

- Next steps

- » Second reading June 1, 2026
- » Rate increases effective July 1, 2026, January for 2027 and 2028
- » PIF increases effective January 1, 2027, and 2028



Re-evaluate rates & PIFs prior to 2029 adjustments

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Thank you! Questions?

Sergey Tarasov, Principal
(425) 502-6452
sergey.tarasov@bowman.com

www.fcsgroup.com





City of Ellensburg

PROCLAMATION

National Public Works Week

"Rooted in Service, Powered by Community"

WHEREAS, public works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and to public health, high quality of life, and well-being of the people of Ellensburg, WA; and

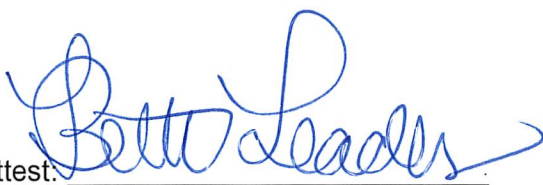
WHEREAS, these infrastructure, facilities, and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers, and employees at all levels of government and the private sector, who are responsible for rebuilding, improving, and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

WHEREAS, it is in the public interest for the citizens, civic leaders, and children in Ellensburg, WA to gain knowledge of and maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and

WHEREAS, the year 2026 marks the 66th annual National Public Works Week sponsored by the American Public Works Association,

NOW THEREFORE, BE IT FURTHERMORE RESOLVED that as the Mayor of the City of Ellensburg, I do hereby proclaim the week of May 17–23, 2026, as "**National Public Works Week**". We urge all citizens to join with representatives of the American Public Works Association and government agencies in activities, events, and ceremonies designed to pay tribute to our public works professionals, engineers, managers, and employees, and to recognize the substantial contributions they make to protecting our national health, safety, and advancing quality of life for all.

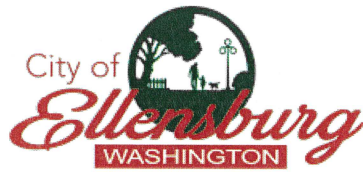
Signed this 18th day of May, 2026.

Attest: 

City Clerk



Mayor



City of Ellensburg

PROCLAMATION

National Historic Preservation Month 2026

"People Saving Places"

WHEREAS, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals and public agencies in helping to preserve the tangible aspects of the heritage that has shaped us as a people; and

WHEREAS, historic preservation is relevant for communities across the nation, both urban and rural, and for Americans of all ages, all walks of life and all ethnic backgrounds; and

WHEREAS, historic preservation is an effective tool for revitalizing neighborhoods, managing growth and sustainable development, fostering local pride and maintaining community character while enhancing livability; and

WHEREAS, Ellensburg encourages the preservation and active use of historic structures to enhance the city's quality of life, economic vibrancy, and environmental sustainability; and

WHEREAS, Ellensburg's Preservation Month May 2025, honors national historic preservation month at a City, State, and National level, and is cosponsored by the Ellensburg Landmarks and Design Commission, Ellensburg Downtown Association, Kittitas County Historical Museum, and the National Trust for Historic Preservation.

Now, Therefore, the Mayor of the City of Ellensburg does hereby proclaim May 2026 as National Historic Preservation Month and call upon the people of Ellensburg to join their fellow citizens across the United States of America in recognizing and participating in this special observance.

Signed this 18th day of May, 2026.

Attest:
City Clerk

A blue ink signature of Betty Leach, the City Clerk, written over a horizontal line.

A blue ink signature of Rich Elliott, the Mayor, written over a horizontal line.

Rich Elliott, Mayor



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of City Council, Regular Meeting

May 4, 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 Councilmember Beauchamp

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, EPD Captain Clasen, HR Director Young, Arts & Economic Development Manager Vandenberg, Community Development Director Carlson, Energy Services Director Stanavich, City Engineer Mayo, Assistant City Engineer Mattson, Assistant Public Works Director Helgeson and approximately fifteen members of the public

Others present remotely via Zoom: three members of the public

2. Proclamations

2.A Jewish American Heritage Month

Councilmember Palmer read the proclamation.

2.B Asian American/Native Hawaiian & Pacific Islander (AANHPI) Heritage Month

Councilmember Miller read the proclamation.

3. Awards and Recognitions

4. Approval of Agenda

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

5. Consent Agenda

5.A Approve Minutes of April 20, 2026 Regular Meeting

5.B Acknowledge Minutes of Boards and Commissions

5.C Clean Energy Transformation Act (CETA) RCW 19.405.120, Section 120 Low-income Program Funding

5.D 2025-2026 Stormwater Management Plan Update

- 5.E Renewal of the Memorandum of Understanding (MOU) authorizing the Kittitas County Conservation District and City of Ellensburg to collaborate in implementing the Heritage Gardens Program and other conservation activities within the City
- 5.F Bid Award – Bid Call 2026-07 Recirculation Pump Station Upgrades
- 5.G Fair and Rodeo Approvals
- 5.H Contract Amendment for Axon Enterprise Transcription Services
- 5.I Project Acceptance - NTIA Fiber Construction Project
- 5.J Approve May 4, 2026 Voucher Listing

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

6. Petitions, Protests, and Communications

- 6.A Arts Commission Appointment - Emily Jacobs
Kelle Vandenberg, Arts & Economic Development Manager, presented information to Council regarding the Arts Commission recommendation for appointment.

Councilmember Goodloe moved to approve the appointment of Emily Jacobs to the Arts Commission. **Motion Approved 7-0**

- 6.B Utility Advisory Committee Appointments - Charlotte Tullos, Camber Owlsym, & Frederick Padjen (Public Comment Opportunity)
Buddy Stanavich, Energy Services Director, presented information to Council regarding the UAC recommendation for appointment.

Charlotte Tullos, Fred Padjen and Camber Owlsym introduced themselves and spoke regarding their interest in serving on the Utility Advisory Committee.

Councilmember Lillquist moved to approve the appointment of Charlotte Tullos, Camber Owlsym and Fredrick Padjen to the Utility Advisory Committee. **Motion Approved 7-0**

- 6.C Cold Weather Shelter 2025-2026 Season Recap by HopeSource (Public Comment Opportunity)
Dan Carlson, Community Development Director, introduced Andrew Lyons with HopeSource, to review the Cold Weather Shelter report.

The City Manager provided comment regarding the contract and staffing provided by HopeSource.

6.D Puget Sound Energy (PSE) and City Light Wildfire Communications (Public Comment Opportunity)

Buddy Stanavich, Energy Services Director, presented information to Council regarding the City Light Utility. He introduced Carryn Vande Griend, Puget Sound Energy Local Government Affairs representative, who presented information concerning the PSE Wildfire Risk Management Program. Council asked questions.

Public comment was heard on the topic from the following citizen:
Steven Greenfield

7. Public Comment on Non-agenda Items

Public comment was heard from the following citizens:

- Steven Greenfield
- Pat Kelleher

8. Business Requiring Public Hearings

9. Introduction and Adoption of Ordinances and Resolutions

9.A Ordinance 4986 (2nd Reading) — Approving Rezone of Parcel #367933 (Public Comment Opportunity)

Dan Carlson, Community Development Director, presented information in the staff report.

Councilmember Palmer moved to conduct second reading and adoption of Ordinance 4986, approving rezone of parcel #367933 from Manufactured Home Park (MHP) to Residential Medium (R-M). **Motion Approved 7-0**

9.B First Reading of Ordinance 4984 Amending Ellensburg City Code Chapter 8.54.150 -- Residential Parking Zones (Public Comment Opportunity)

Cameron Clasen, EPD Captain and Addison Johnson, Code Enforcement Officer, presented information in the staff report.

Councilmember Palmer moved to conduct first reading of Ordinance 4984 amending City Code to include additional language regarding RPZ permit usage. **Motion Approved 7-0**

9.C Resolution 2026-08 Amending the Community Development Fee Schedule (Public Comment Opportunity)

Dan Carlson, Community Development Director, presented information in the staff report.

Councilmember Palmer moved to adopt Resolution 2026-08 amending the Community Development fee schedule. **Motion Approved 7-0**

10. Unfinished Business

11. New Business

11.A Facility Use Agreement for Mobile Medication Unit—Opioid Treatment Program (Public Comment Opportunity)

Heidi Behrends Cerniwey, City Manager, presented information and background in the staff report. Chris Horner, City Attorney, reviewed the terms of the agreement. Dr. Gillian Zuckerman with Comprehensive Healthcare, made a statement and answered questions.

Public comment was heard on the topic from the following citizens:

- Cambren Owlsym
- Chris Whitsett
- Michelle Moran

Councilmember Goodloe moved to authorize the City Manager to finalize and sign a Facility Use Agreement, as attached, or in substantially similar form, for placement of a mobile medication unit on City-owned property. **Motion**

Approved 7-0

11.B Lodging Tax Advisory Committee Funding Recommendation for Ellensburg Downtown Association (Public Comment Opportunity)

Kelle Vandenberg, Arts & Economic Development Manager, presented information in the staff report.

Councilmember Palmer moved to approve the Lodging Tax Committee's recommendation to allocate \$15,000 in lodging tax funds to support the Ellensburg Downtown Association (EDA) and the PLACES Conference, and authorize the City Manager to sign new Lodging Tax Agreement. **Motion**

Approved 7-0

11.C Adoption of the 2026 General Sewer Plan (Public Comment Opportunity)

Derek Mayo, City Engineer, presented information in the staff report.

Councilmember Miller moved to adopt the 2026 General Sewer Plan as attached or in substantially similar form. **Motion Approved 7-0**

12. Miscellaneous

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

Heidi Behrends Cerniwey, City Manager, presented the report.

12.B Councilmembers' Reports (No Public Comment)

- Councilmember Goodloe participated in KCCOG Economic Development Executive Director interviews
- Councilmember Lillquist attended the Recycling Event, Coffee with Council, and spoke about raffles offered for bike month
- Councilmember Palmer attended the Solid Waste Advisory Committee meeting

-
- Councilmember Thompson attended the County Airport Advisory Committee meeting and Coffee with Council
 - Mayor Elliott attended the Developmental Disabilities Advisory Committee meeting, continues to assist KVFR with staffing and requested the City Manager assign someone to the cybersecurity event he received a request to speak at

13. Executive Session

14. Adjournment

Meeting adjourned at 8:52 pm

Mayor

ATTEST:

City Clerk



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of City Council, Study Session

May 4, 2026

6:00 PM

Council Chambers

501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

Study Session (No Public Comment)

Councilmembers 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, Assistant Public Works Director Helgeson, City Engineer Mayo, Assistant City Engineer Mattson, HR Director Young, Arts & Economic Development Manager Vandenberg and approximately two members of the public

Others present remotely via Zoom: No members of the public

- A General Sewer System Plan Overview
Derek Mayo, City Engineer, introduced Mackenzie Capaci with Kennedy Jenks, who presented Sewer Plan information. Council asked questions of Ms. Capaci and city staff.

14. Adjournment

Meeting adjourned at 6:44 pm

Mayor

ATTEST:

City Clerk



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of Affordable Housing Commission Meeting

April 15, 2026

4:30 PM

Council Chambers 501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

1. Call to Order and Roll Call

Present: Dan Witkowski, Courtney Garzone, Delano Palmer, and Kim Funtson.

Not present: Sarah Syverson (excused), John Perrie

Also present: Dan Carlson, Community Development Director; Lily Frey, Housing Program Manager; Denise Tlatelpa, Planning Technician.

Chair Garzone called the meeting to order at 4:30 p.m. Councilmember Palmer moved to excuse Commissioner Syverson's absence. Motion passed 4-0.

2. Approval of Agenda

Councilmember Palmer moved to approve the agenda as presented. Motion passed 4-0.

3. Approval of Minutes

3.A. April 1st, 2026 Meeting minutes

Councilmember Palmer moved to approve the meeting minutes as presented. Motion passed 4-0.

4. Public Comments

None.

5. New Business

5.A. Review racially disparate impact memo (Comprehensive plan housing elements) (Public Comment Opportunity)

Frey reviewed the memo draft with commissioners highlighting sections including historical context, demographic changes, and cost burden by race. Commissioner Palmer highlighted the margin of error potentially affecting analysis results.

Commissioners discussed and recommended adding a note on the margin of error.

Frey summarized the policy evaluation that categorizes current housing element policies as supportive, approaching, or challenging racial equity to identify needed edits. This evaluation identified areas of exclusionary standards and subjective terminology for revision in the update goals and policies. Commissioners discussed opportunities to explore emergency housing services, address displacement risk, and platforms for public support.

No public comments were heard. Councilmember Palmer moved to recommend the racially disparate impact memo to the Planning Commission for approval. Motion passed 4-0.

5.B. Discuss adequate provisions checklist (Comprehensive plan housing element) (Public Comment Opportunity)

Frey presented an early draft of the adequate provisions checklist. For this draft, staff evaluated current barriers to housing production and the actions needed to address identified barriers. Frey requested feedback on identified barriers and to encourage targeted housing types.

During the discussion, commissioners recommended exploring examples from other municipalities, considering options to reduce parking requirements for affordable housing, and providing the public with guidance throughout the permitting process. Additionally, commissioners discussed the value of conducting a financial analysis of affordability and providing tools to address the findings. No public comments were heard.

6. Unfinished Business

None.

7. Staff Update/ Discussion Items

7.A. Commissioner & Staff Updates

Frey shared the housing terms draft with commissioners to review and provide feedback. Councilmember Palmer suggested an additional term for inclusion.

8. Commission Representative Update

None.

9. Adjournment

Chair Garzone adjourned the meeting at 5:28 p.m.

CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of Diversity, Equity & Inclusion

Commission Meeting

March 10, 2026

3:00 PM

Council Chambers & Zoom

1. Call to Order and Roll Call

Chair Nancy Goodloe called the meeting to order at 3:00 p.m. The group read the grounding statement.

Roll Call Present: Phil Backlund, Amber Darting, Nancy Goodloe, Judd Grey, Amber Hoefer, Cody Natland, and M. Eliatamby-O'Brien.

Also present: Nicole Klauss, staff member assigned to the DEI Commission; Stacey Henderson, Planning Manager; Lily Frey, Housing Program Manager; Chris Horner, City Attorney; Heidi Behrends Cerniwey, City Manager; Rhonda Schmidt, Ellensburg School District liaison; Ramona Bryant, League of Women Voters of Kittitas County; and 1 member of the public (in person).

2. Approval of the Agenda

Commissioner Cody Natland moved to approve the agenda. Commissioner Amber Darting seconded the motion. There was no discussion. **Motion approved 6-0.**

3. Public Comment

Chair Goodloe called for public comment. There was no public comment.

4. Approval of Commission Minutes from February 3, 2026 Meeting

Commissioner Phil Backlund moved to approve the meeting minutes from the February 3, 2026 DEI Commission meeting. Commissioner Judd Grey seconded the motion. There was no discussion. **Motion approved 6-0.**

5. New Business

A. Arts & Economic Development Manager Kelle Vandenberg presented on the Kittitas County America 250 Celebration, which is in the planning process. The celebration includes multiple events over the year with a day of service on April 18 and a community picnic on July 4. The planning group is looking for help with funding (entire event is expected to be about \$3,000) and event planning. Staff will bring a funding request to the DEI Commission at a future meeting for consideration. Commissioners Backlund, Darting, and Natland expressed interest in joining the planning meeting if available.

There was a question about what equity initiatives are entwined with the celebration and initiative. There was a question about whether the event planning group could apply to an ArtsWA equity grant for the event. Staff will look into this.

B. Housing Program Manager Lily Frey reported on the Racially Disparate Impacts Housing Element of the Comprehensive Plan. Frey shared information about the City's housing survey, which is available in English and Spanish. Suggestions for additional survey distribution included CWU (student success, employee council, faculty, and staff), Kittitas County Health Network, Kittitas Valley Ministerial Association, the Library, 509Teens, HelenHouse, and Kittitas Valley Healthcare). Staff will forward the survey flyer and information to DEI Commission members to share out.

There was a question and concern raised about the rate of acquisition of housing by large property owners and whether that could be considered a displacement risk. There was also a question about hearing from realtors and large property groups and what shape that could take.

There was a suggestion about checking with the Washington State Human Rights Commission and the Fair Housing Center of Washington about data they may have that would be helpful.

Chair Goodloe called for public comment; there was none.

C. Planning Manager Stacey Henderson reported on the Community Vulnerability Climate Element of Comprehensive Plan, which is a new required chapter. Staff asked for feedback on the climate hazards document.

Hoefer suggested another population to consider as at risk is farmworkers/fieldworkers for flooding/smoke/outdoor elements.

There was a question about whether the chapter would include goals and objectives; staff indicated yes.

Chair Goodloe called for public comment; there was none.

D. Staff reported the Council Chambers will be unavailable at the regular meeting time on July 14 due to a training for the wastewater treatment plan. Staff asked if the commission could meet at 5 p.m. instead. Commission members agreed that time would work. Staff will confirm availability of Commissioner Cleary and will then update calendars.

E. City Manager Heidi Behrends Cerniwey presented the staff recommendations on edits to Chapter 1.88 of the City code, which include renaming the commission. The edits include a suggestion to move from the Council-suggested Community Engagement Commission to Access & Engagement Commission. Staff plans to take the draft to the March 16 City Council meeting. If approved, there would be a second reading at the April 6 City Council meeting.

Behrends and City Attorney Chris Horner provided information about why the Council is considering the change including federal risk to grant dollars and staff risk and the desire to have the chapter frame the work of the commission.

Conversation included points that the name of the commission should highlight what the community is about and communicate that the community is welcoming.

Chair Goodloe made a motion to forward an alternative name to the City Council that included the word equity - Access, Equity, and Engagement Commission. Commissioner Cody Natland seconded the motion. During discussion, members noted the preference is to include the word equity in the name, but that Access and Engagement Commission was a secondary choice. Chair Goodloe asked if anyone would want to write up the rationale on that; there was not a volunteer. **Motion approved 6-0.**

The Commission provided other minor edits to staff.

William Coleman provided public comment.

6. Liaison Reports

Chair Goodloe asked if ESD liaison Rhonda Schmidt could give a report at a future meeting on the DOJ settlement and student survey. Staff will add this to a future agenda. The school district is doing some listening sessions for students and staff.

7. Subcommittee Reports

There were no subcommittee reports.

8. Commission Member Reports

There were no commission member reports.

9. Staff Report

Staff reported:

- There were just a few seats left in the Ellensburg Academy, taking place on March 11 & 18.
- The Ellensburg Fieldhouse Project is moving forward.
- Nominations are open for the Historic Preservation community-selected award.

10. Adjourn

Meeting adjourned at 4:28 p.m.

Nicole Klauss, staff member assigned to the DEI Commission

Drafted: 3/13/26

Approved: 4/14/26

made by Committee Member Chrisman.

Motion carried 5-0.

4. Public Comment

No members of the public were in attendance or on line.

5. Consent Agenda

There were no Consent Agenda Items.

6. Transit Updates

6.A

RFP Updates.

RFP status updates were presented.

6.B

Transit Updates.

February ridership updates were given along with the February on-time performance percentages.

Rider Alerts Subscriptions are now available on the ECT Website.

6.C

ADA Capital Project Discussion.

The 2026 bus stop improvements and capital projects were shared. Planned projects include 30 ADA bus stops along with sidewalk and curb improvements leading to bus stops. In addition, three bus shelters will be installed, located at the Fish Food Bank, Wildcat Way NB, and Brooklane Village.

7. Transportation Updates

7.A

Capital Improvement Project Update.

Mtn. View, and Bull Traffic Signal project started construction last week. We anticipate about two months of construction, then there will be a pause in construction until such time as the traffic signal equipment is delivered to the site, which is anticipated in August. Installation of the traffic signal components should take about a week, and then the signal will be fully operational.

A design consultant has been selected for the design of the roundabout at the intersection of Anderson Road and Umptanum Road. We hope to have a consultant agreement in final draft form later this week and will need to take it

straight to Council for consideration, as we hope to get this work started as soon as possible. Staff will report back to the commission at the next meeting on this item.

Design work has commenced on the Vantage Hwy. Pathway project. Staff will share draft plans with the commission once they are available.

7.B

Grant Application Update.

Staff submitted the intersection widening and improvements of University Way and Water St. to FMSIB for their current call for grant projects. If funded, this project would widen University Way to include left turn pockets and upgrade the traffic signal to run as an 8-phased traffic signal.

7.C

Comprehensive Plan Transportation Element Status.

Work is still being done on the Transportation Chapter of the current Comp. Plan update. Staff anticipate that we will be able to present the draft Transportation Chapter and traffic modeling information to the Commission at the April 21st meeting.

8. Member Updates

Several updates were shared by ETAC members.

9. Next ETAC Meeting

April 21, 2026.

10. Adjournment

The March 17, 2026, ETAC Meeting Adjourned at 4:00 PM.



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of Landmarks & Design, Regular Meeting

January 22, 2026

5:45 PM

Council Chambers 501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

1. Call to Order and Roll Call

Commissioner Blackson called the meeting to order at 5:45pm.

Present: Vicki Sannuto, Marty Blackson, Scott Carlson, Jeff Watson, Julia Stringfellow

Absent: Fred Redmon, Teresa Chanes

Others Present: Chace Pedersen – Associate Planner; Stacey Henderson – Planning Manager

2. Approval of Agenda

Commissioner Watson motioned to approve the agenda. Motion Passed 5-0.

3. Approval of the Minutes

3.A November 18, 2025 Meeting Minutes

3.B December 16, 2025 Meeting Minutes

Commissioner Carlson motioned to approve the November 18, 2025, and December 16, 2025, meeting minutes. Motion passed 5-0.

4. New Business

None.

5. Unfinished Business

5.A 2026 LDC Work Plan Discuss/Approve

Staff member Chace Pedersen gave an overview of previous work plan discussion. The 2026 LDC work plan timeline was reviewed. Commissioner Stringfellow motioned to approve the 2026 LDC Work Plan. Commissioner Watson asked if the work plan can be altered in future. Staff member Pedersen confirmed the plan can be altered in the future. Commissioner Sannuto asked how the goals in the work plan are implemented. Staff member Pedersen explained the goals can be explored in future meetings by the LDC. Planning Manager Henderson stated the goals can be folded into other projects. Motion passed 5-0.

6. Staff Update/Discussion Items

6.A Insuring Historic Properties (Public Comment Opportunity)

Staff member Pedersen stated there have been inquiries from the public regarding difficulties in insuring historic properties. Pedersen presented materials from DAHP regarding insuring historic properties. Pedersen discussed Ellensburg City Code

requirements for rebuilding historic properties and stated they are available to speak with public and insurance representatives if needed. Commissioner Watson asked about other communities with historic preservation ordinances and if there is an opportunity to work collectively. Watson discussed hearing of insurance issues with historic residential properties. Pedersen stated he is going to stay in communication with DAHP. Planning Manager Henderson recommended bringing the topic to DAHP for a potential session at the upcoming 2026 PLACES conference.

6.B CLG Grant Story Map Project Update

Staff member Pedersen stated contracts have been completed and the consultant is now working on the project. The consultant is outlining the template and Assistant Planner Kai Bjarke is digitizing physical historic preservation documents. A public meeting will take place in March to present project status. Commissioner Watson asked about the process for selecting the consultant. Watson discussed the map template and what was previously discussed for the map project in prior LDC meeting. Planning Manager Henderson stated the consultant is aware of previous discussions and there will be future discussions regarding story map content. Pedersen stated Chair and Vice Chair elections will need to occur at the next meeting.

7. Public Comment

None.

8. Commission Representative Update

None.

9. Adjournment

The meeting was adjourned at 6:22pm.



CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of Landmarks & Design, Regular Meeting

February 3, 2026

5:45 PM

Council Chambers 501 North Anderson Street

Ellensburg, WA 98926

And remotely via Zoom

1. Call to Order and Roll Call

Commissioner Redmon called the meeting to order at 5:45pm.

Present: Marty Blackson, Vicki Sannuto, Scott Carlson, Fred Redmon, Julia Stringfellow, Teresa Chanes

Absent: Jeff Watson

Others Present: Chace Pedersen – Associate Planner; Dan Carlson – Community Development Director

2. Approval of Agenda

Commissioner Blackson motioned to approve the agenda. Motion Passed 6-0.

3. Approval of the Minutes

None.

4. New Business

4.A. Elect New Chair & Vice Chair – Discuss/Decision

Staff member Pedersen stated a new Chair and Vice Chair must be elected for the new year. Commissioner Redmon stated he has been Chair for two year and thinks it is important to rotate chairperson duties. Commissioner Stringfellow motioned to nominate Commissioner Blackson as Chair. Commissioner Chanes asked to confirm Commissioners Blackson's interest in the position. Commissioner Blackson confirmed. Motion passed 6-0. Commissioner Blackson motioned to nominate Commissioner Carlson as Vice Chair. Motion passed 6-0.

4.B Discuss Upcoming Land Use Planning and Building Fee Changes

Director Carlson gave a presentation on upcoming changes to land use planning and building permit fees. Carlson stated he is seeking input from all City of Ellensburg commissions and will be holding a presentation for those in the various private development fields for further input. Commissioner Carlson asked what the current shortfall in fees vs. CD budget is. Director Carlson stated our fees do not come close to covering CD budget and would research the exact difference. Director Carlson stated there is no fee proposed for COA's.

5. Unfinished Business

None.

6. Public Comment

None.

7. Staff Update/Discussion Items

7.A CLG Grant Update

Staff member Pedersen gave an update on the CLG Grant story map project. Pedersen presented an inventory of the digitizing efforts of Assistant Planner Kai Bjarke. 1,108 documents have been digitized. Pedersen presented the consultant provided outline for the story map. A public meeting to present map progress is scheduled for the March 17, 2026, LDC meeting.

8. Commission Representative Update

None.

9. Adjournment

The meeting was adjourned at 6:40pm.



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Bid Award – Bid Call 2026-10, Canyon Road Overlay-
Umptanum Road to Mountain View Avenue
Submitted by: Josh Mattson, Assistant City Engineer
Department: Public Works

Suggested Motion/Action:

Award bid call 2026-10, to Central Paving, LLC in the amount of \$667,838.90, the lowest responsive and responsible bidder, declare Interstate Concrete & Asphalt’s bid as non-responsive, and approve budget adjustments as needed.

Background/Summary:

Bids were received on Thursday, April 30th, 2026 for the Canyon Road Overlay. Central Paving LLC was the lowest responsive and responsible bidder in the amount of \$667,838.90. Council is being requested to award the bid to Central Paving and declare Interstate Concrete & Asphalt’s bid as non-responsive.

The project includes planing 10,980 square yards of road surfaces on Canyon Road from Umptanum Road to Mountain View Avenue and overlaying with 1,450 tons of HMA; bring two (2) ADA ramps up to current standards; upgrade one (1) intersection to the most current vehicle detection equipment; install pavement markings to improve multimodal transportation, and perform traffic control. This project will also install conduit for future interconnect of the Mountain View Ave signal with the BNSF railroad.

City staff designed and prepared bid specifications for this project, Bid Call #2026-10. City staff will also provide administration for the above scope of work associated with this bid call.

Previous Council Action:

At the January 5, 2026 Regular Council Meeting, the 2026-2031 Six-Year Transportation Improvement Plan (TIP) was amended through Resolution 2026-01. The Resolution authorized the City of Ellensburg to secure the grant funds awarded for the project.

Analysis:

The project was advertised and bids were received as follows:

Central Paving, LLC	\$667,838.90
Lowell’s Cornerstone Construction	\$680,873.50
Granite Construction Company	\$793,779.13
Interstate Concrete & Asphalt	Non-Responsive
Engineer’s Estimate	\$545,464.34

The low bid submitted by Central Paving is higher than the engineer's estimate. The recent significant increase in oil and fuel prices and current volatility in the petroleum market primarily led to increased bid costs for the project. Interstate Concrete & Asphalt's bid was declared non-responsive due to submission of an incomplete Bid Proposal Signature Form.

Financial Impact:

The total project is estimated to cost \$667,838.90. Funding for the project will largely be through a Transportation Improvement Board (TIB) grant. TIB originally awarded about \$422K from its Arterial Preservation Program and has agreed to an additional \$30.5K of funding since bid opening. Council has approved a supplemental budget adjustment of \$158K from the Sales Tax fund for the project. In order to utilize the grant funds, an additional supplement of \$58K is being requested from the Sales Tax fund to cover the added City match required with the higher than anticipated bid amount.

Budget Adjustment: Yes

Attachments:

1. Ellensburg-2026-Overlay-Bid-Award-Letter



Washington State Transportation Improvement Board

TIB Members

Chair

Councilmember Sam Low
Snohomish County

Vice Chair

Mayor Hilda González
City of Granger

Susan Carter
Hopelink

Kent Cash
Port of Vancouver

Barbara Chamberlain
WSDOT

Dongho Chang
WSDOT

Scott Chesney
Spokane County

Vicky Clarke
Cascade Bicycle Club & Washington
Bikes

Nick Covey
Link Transit

Andrew Denham
Town of Twisp

Stephanie Forman
Forman Consulting

Preston Frederickson
City of Walla Walla

Commissioner Al French
Spokane County

Commissioner Scott Hutsell
Lincoln County

Councilmember Jon Pascal
City of Kirkland

Les Reardanz
Whatcom Transportation Authority

Mayor Kim Roscoe
City of Fife

Maria Thomas
Office of Financial Management

John Vicente
City of Kenmore

Jennifer Walker
Thurston County

Jane Wall
County Road Administration Board

May 5, 2026

Mr. Ryan Lyyski, P.E.
Public Works Director
City of Ellensburg
501 North Anderson Street
Ellensburg, WA 98926-3112

Dear Mr. Lyyski:

Based on your Updated Cost Estimate for the 2026 Overlay project, TIB # 3-E-175(005)-1, your authorized Transportation Improvement Board (TIB) funds are \$452,773, which reflects an increase of \$30,486.

You may now award the construction contract.

Prior to executing any change orders that may occur during the contract, you are required to contact your TIB engineer for review. Failure to do so may result in the change order cost being non-eligible for TIB contribution.

If you have any questions, contact Jonathan Heusman, at (360) 586-1143 or via e-mail at JonathanH@TIB.wa.gov.

Sincerely,

Ashley Probart
Executive Director

Ashley Probart
Executive Director

P.O. Box 40901
Olympia, WA 98504-0901



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Approve City Manager's Signature on a Memorandum of Understanding with IBEW Local 77 - 4/10 Schedule

Submitted by: Lisa Young, HR Director

Department: Human Resources

Suggested Motion/Action:

Approve the City Manager's signature on a Memorandum of Understanding with IBEW Local 77 to amend the 2025-2027 Collective Bargaining Agreement (CBA) with regard to the 4/10 work schedule.

Background/Summary:

The 2025-2027 Collective Bargaining Agreement (CBA) with IBEW Local 77 shifted the work schedule for our Light Crew from 5/8's to 4/10's. To ensure customer service remained a priority, the CBA included a transition plan that would start all employees on a Monday through Thursday schedule, but once fully staffed, one Lineworker would become a second Serviceperson, and one Serviceperson would work Tuesday through Friday. Over the past 5 1/2 months, the Monday through Thursday schedule has worked very well, and there have been no service disruptions or issues. Rather than splitting the crew, both parties would like to continue to have all employees work Monday through Thursday for the duration of the CBA. Under this MOU, the City reserves the right to move one Serviceperson to the Tuesday through Friday schedule if complaints or business interruptions arise.

Previous Council Action:

Approval of the 2025-2027 CBA, and ongoing support of recruitment and retention strategies.

Analysis:

There are several benefits to keeping all employees, including the Operations Supervisor, on the Monday through Thursday schedule. This ensures that everyone is receiving the same information about the plans and priorities each day, and they are aware of special projects and current challenges. It prevents any employee from feeling "out of the loop", and has a positive effect on team morale. It also helps maintain staffing stability when employees take time off, and streamlines recordkeeping.

In addition, the CBA includes language to address Friday service needs. The Lineworker who is on-call for the week will be the one to respond to calls that occur on Friday between 8:00 AM and 4:30 PM, which would have been the hours a Serviceperson worked under the 5/8 schedule, and will do so without the 2-hour minimum callout pay, and at their regular rate of pay, meaning, a Journeyman Lineworker would not receive the Serviceperson rate during that period of time.

Absent any negative impact on customer service, both parties believe keeping everyone on the Monday through Thursday schedule will provide greater productivity.

Financial Impact:

There are no direct financial impacts. While there could be occasional added overtime costs by having the on-call employee respond during regular business hours on Friday, work is scheduled to minimize these occurrences, the CBA language reduces financial impact, and for the most part, there have not been many Friday calls during the business day.

Budget Adjustment: No

Attachments:

1. MOU - IBEW - 4-10 Schedule - 05.18.2026

MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN THE CITY OF ELLENSBURG
AND
LOCAL #77 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

This Memorandum of Understanding (MOU) is entered into by and between the City of Ellensburg ("Employer") and Local #77 of the International Brotherhood of Electrical Workers ("Union"), with regard to Article 2 – Work Hours, of the 2025-2027 Collective Bargaining Agreement ("CBA") between the parties. The parties agree to the following:

WHEREAS, the City and the Union recognize that harmonious relations should be maintained, and all will benefit by continuous collaboration to adjust any differences which may arise by rational, common-sense methods; and

WHEREAS, it is the City's desire to provide a positive work environment that will attract and maintain highly qualified Light Utility workers who strive for excellence in safety and service; and

WHEREAS, the City and the Union will continue to work collaboratively towards solutions that ensure the needs of the City's utility customers are met in a timely fashion while ensuring that the employees feel supported and safe; and

WHEREAS, Article 2, Section 2.1, Subsection "e. Four-Ten Schedule B", states that when there are four (4) or more Lineworkers, all positions will work a 4/10 schedule, EITHER Monday – Thursday, or Tuesday – Friday, 6:30 AM to 5:00 PM; and

WHEREAS, the Subsection "e." further states that one Serviceperson will work Monday – Thursday and the other will work Tuesday – Friday; and

WHEREAS, the transition to a Monday – Thursday 4/10 schedule under Article 2, Section 2.1, Subsection "d. Four-Ten Schedule A" has gone well, and the City has not experienced any negative business implications as a result of the change; and

WHEREAS, the City has been successful in filling all vacant Lineworker positions; and

WHEREAS, the parties desire to maintain the current Monday – Thursday, 6:30 AM to 5 PM work schedule for all employees covered by this Agreement, as long as it continues to work well for the City;

NOW, THEREFORE, the Union and Employer agree as follows:

1. Article 2, Section 2.1, subsection "e." will be placed in deferment as long as the Monday – Thursday 4/10 schedule continues to work well for the City.
2. Should the City experience an increase in customer complaints or business interruptions as a result of the Monday – Thursday schedule, and the City (in its sole discretion and as a management right) determines that a Serviceperson is needed on Fridays, the City will provide thirty (30) days' notice to the Union that Article 2, Section 2.1, Subsection "e." will be removed from deferment, and one (1) Serviceperson will move to the Tuesday – Friday, 6:30 AM to 5:00 PM work schedule in accordance with the parameters outlined in Subsection "e."
3. Except as specifically amended by this MOU, all other terms and conditions of the CBA between the parties remain unchanged.
4. The terms of this MOU shall remain in effect until December 31, 2027, or until a successor CBA is negotiated and ratified, or until the City provides notice in accordance with Section 2 above.
5. This MOU must be ratified by the Union and approved by the Ellensburg City Council.

Nothing in this MOU shall be construed as modifying any other terms of the CBA between the parties, except as specifically provided in this MOU. This agreement is entered into pursuant to Chapter 41.56 RCW.

IBEW Local #77

Signed by:

Kelly Schwint

Kelly Schwint, Business Representative

The City of Ellensburg

Heidi Behrends Cerniwey, City Manager

5/5/2026

Date

Date



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Approve City Manager's Signature on a Memorandum of Understanding with IBEW Local 77 - Holidays

Submitted by: Lisa Young, HR Director

Department: Human Resources

Suggested Motion/Action:

Approve the City Manager's signature on a Memorandum of Understanding with IBEW Local 77 to amend the 2025-2027 Collective Bargaining Agreement (CBA) with regard to Holidays.

Background/Summary:

The 2025-2027 CBA introduced a 4/10 work schedule, but did not address how recognized holidays would be observed if they occurred on a Friday or Monday.

Previous Council Action:

Approval of the 2025-2027 CBA, and ongoing support of recruitment and retention strategies.

Analysis:

The CBA and the City's Personnel Policies both state that when a recognized holiday falls on a Saturday it is observed the Friday prior, and when it falls on a Sunday, it is observed the following Monday.

The Personnel Policies state that when a holiday falls on an employee's regularly scheduled day off, the employee will be credited with eight (8) hours of holiday pay which must be used within the same pay period or the pay period immediately following.

However, for the Light Crew, both parties agree that the best approach would be to follow the methodology already established for holidays that fall on a Saturday or Sunday. If the holiday falls on the Friday off, the employees will observe the holiday on the Thursday prior. If a Serviceperson works Tuesday through Friday and a holiday falls on their Monday off, they would observe the holiday the Tuesday following. In November, Native American Heritage Day is the Friday after Thanksgiving, so employees with Friday off will observe this holiday on the Wednesday before Thanksgiving.

This will maintain consistency with already-established guidance, and it will be less detrimental operationally to have everyone gone on one day rather than being short-staffed over multiple days, especially when some projects have minimum staffing requirements to maintain compliance with safety regulations.

Financial Impact:

There are no foreseen financial impacts.

Budget Adjustment: No

Attachments:

1. MOU - IBEW - Holidays - 05.18.2026

MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN THE CITY OF ELLENSBURG
AND
LOCAL #77 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

This Memorandum of Understanding (MOU) is entered into by and between the City of Ellensburg ("Employer") and Local #77 of the International Brotherhood of Electrical Workers ("Union"), with regard to Article 11 – Holidays, of the 2025-2027 Collective Bargaining Agreement ("CBA") between the parties. The parties agree to the following:

WHEREAS, the City and the Union recognize that harmonious relations should be maintained, and all will benefit by continuous collaboration to adjust any differences which may arise by rational, common-sense methods; and

WHEREAS, it is the City's desire to provide a positive work environment that will attract and maintain highly qualified Light Utility workers who strive for excellence in safety and service; and

WHEREAS, the City and the Union will continue to work collaboratively towards solutions that ensure the needs of the City's utility customers are met in a timely fashion while ensuring that the employees feel supported and safe; and

WHEREAS, Article 11, Section 11.1, states that when one of the listed recognized holidays falls on a Saturday, the preceding Friday shall be observed as the holiday and when such holiday falls on Sunday, the Monday following shall be observed as the holiday; and

WHEREAS, Article 11 does not address holidays that fall on a Friday or Monday, which may be an employee's regular day off when a 4/10 schedule is implemented (Monday – Thursday or Tuesday – Friday); and

WHEREAS, the parties desire to apply the intent of Section 11.1 to the 4/10 schedule authorized under Article 2 – Work Hours;

NOW, THEREFORE, the Union and Employer agree as follows:

1. Article 11, Section 11.1 shall be amended as follows:

NEW: 11.1.1. 4/10 Schedule.

When employees are working a Monday – Thursday 4/10 work schedule, and a holiday (or the day of observation) falls on a Friday (regular day off), employees will observe the holiday on the Thursday prior. When the Thursday prior is

Thanksgiving Day, the Friday holiday will be observed on the Wednesday before Thanksgiving.

When employees are working a Tuesday – Friday 4/10 work schedule, and a holiday (or the day of observation) falls on a Monday (regular day off), employees will observe the holiday on the Tuesday following the holiday.

2. Except as specifically amended by this MOU, all other terms and conditions of the CBA between the parties remain unchanged.
3. The terms of this MOU shall remain in effect until December 31, 2027, or until a successor CBA is negotiated and ratified.
4. This MOU must be approved by the Union and then approved by the Ellensburg City Council.

Nothing in this MOU shall be construed as modifying any other terms of the CBA between the parties, except as specifically provided in this MOU. This agreement is entered into pursuant to Chapter 41.56 RCW.

IBEW Local #77

Signed by:



Kelly Schwint, Business Representative

5/5/2026

Date

The City of Ellensburg

Heidi Behrends Cerniwey, City Manager

Date

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.

Jerica Pascoe

Digitally signed by Jerica Pascoe

Date: 2026.05.11 15:52:47

-07'00"

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 **18TH DAY OF MAY 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	174303	TO	174420	\$ 493,765.16
EFT #'s	7943	TO	7958	\$ 1,100,451.84
Treasure Cash				Total Amounts
EFT #'S	1772	TO	1773	\$ 96,838.98
Check #'s	34578	TO	34587	\$ 364.70
Payroll Fund				Total Amounts
Check #'s	96591	TO	96596	\$ 7,047.53
Direct Deposits	91859	TO	92127	\$ 917,683.91

COUNCIL MEMBER

COUNCIL MEMBER

COUNCIL MEMBER

COUNCIL MEMBER

ATTEST: _____
CITY CLERK



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Public Hearing (Legislative) to Consider Annexation of Parcel 631033 and Second Reading of Ordinance 4985 Approving the Annexation and Zoning of Light Industrial (I-L) (Public Comment Opportunity)

Submitted by: Mark Rud, Associate Planner

Department: City Council

Suggested Motion/Action:

Move to approve the D&N Development LLC annexation petition and perform second reading and adoption of Ordinance 4985 annexing parcel 631033 with a Light Industrial (I-L) zoning designation.

Background/Summary:

A notice of intent to commence annexation proceedings with required attachments was received by the Community Development Department on November 26, 2025 (**Exhibit 1**), submitted by Brandon Drexler of property owner D&N Development LLC, to consider whether to accept a Petition for Annexation of Kittitas County Parcel # 631033 located at 1830 Highway 97. The unplatted 7.86-acre parcel is located just south of the BNSF and Old Highway 10 intersections with Hwy 97, with access along Hwy 97 frontage and abutting the BNSF right-of-way (ROW) (**Exhibit 2**). No annexation of the abutting segment of the Hwy 97 ROW is proposed in this request.

On December 15, 2025, City Council unanimously made a determination to accept the Notice of Intent, allowing Petitioners to commence annexation proceedings set to the area as shown in an attached map (**Exhibit 3**); for simultaneous adoption of a zoning designation of Light Industrial (I-L) upon annexation; and to require the assumption of existing City indebtedness by the area to be annexed - see **Exhibit 4**.

On January 28, 2026, the Community Development Department received a Revised Petition with Legal Exhibit and Diagram Exhibit indicating the legal boundaries of the subject property (**Exhibit 5**). The Petition includes signatures from all owners with interest in the property. Pursuant to RCW 35A.14.120, City staff forwarded the complete Petition to Kittitas County on January 30, 2026 (**Exhibit 6**), and received Certification of Sufficiency from the Kittitas County Assessor on February 3, 2026 (**Exhibit 7**).

Annexation is a Type V Permit under Chapter 15.210 of the Ellensburg City Code (ECC), whose procedures are further regulated by Chapters 15.230 and 15.360 of the ECC, and Chapter 35A.14, RCW. Petitions for Annexation require an Open Record Public Hearing for Recommendation by the Planning Commission to be forwarded to City Council for decision. Annexations must be adopted by Ordinance upon approval of City Council, which may be

read upon conclusion of Public Hearings by the Council.

A combined notice of Public Hearings before the Planning Commission and City Council was advertised in accordance with Chapter 15.220 ECC. Due to the need to reschedule to a later Planning Commission meeting, a revised Notice was circulated. This included posting of the site in three locations on March 10, 2026 (**Exhibit 8**), publication in the *Ellensburg Daily Record* on March 7, 2026 (**Exhibit 9**), and notification to property owners within 300 feet of the contiguous property boundaries by mail on March 6, 2026 (**Exhibit 10**).

The Ellensburg Planning Commission held a Public Hearing during its regular meeting on March 26, 2026 at 5:45pm, held in a hybrid format with both in-person and remote participation options. No comments on the proposal were received by the Community Development Department prior to the Planning Commission hearing, and no public testimony was given. The Planning Commission moved unanimously to forward a recommendation of approval to City Council.

City Council held a Public Hearing during its regular meeting on April 6, 2026. No comments on the proposal were received by the Community Development Department prior to the City Council Hearing, and no public testimony was given. Council moved unanimously to approve the annexation, and conducted first reading of Ordinance 4985 that simultaneously adopted I-L zoning for the property.

Pursuant to RCW 35A.14.330 and 35A.14.340, where annexation simultaneously adopts zoning, no fewer than thirty (30) days must pass between two separate Public Hearings on the Petition by the legislative body. Because Council's decision is legislative and the Petition is not considered a project permit under Chapter 36.70B RCW, annexation is not subject to closed record hearing procedures of Chapter 15.230 ECC, and any interested persons may appear and voice approval or disapproval of the Petition at any of its public hearings.

As of the date of this report's publication, no written public comments were received by the Community Development Department for City Council's second public hearing.

Previous Council Action:

City Council Acceptance of Notice of Intent to Commence Annexation Proceedings on December 15, 2025. Approval of first reading of Ordinance 4985 on April 6, 2026.

Analysis:

The sole parcel proposed for annexation is at the southeast corner of the intersection of Hwy 97 and the BNSF ROW, near the northwesternmost boundary of the City of Ellensburg's unincorporated Urban Growth Area (UGA) (**Exhibit 11**). The new Lower County Transfer Station is located just south of the property. The property has several existing structures and supports construction-related use. Existing improvements are not currently served by City utilities. Upon annexation, further development of the parcel will necessitate connection to City utilities.

The Growth Management Act calls for logical growth patterns. Annexation of areas in the City's UGA is a valuable tool extending the City's land use regulations, assuring consistent and orderly growth through subdivision regulations, zoning and design standards, and other

relevant regulations in the City's Land Development Code and related regulations of Building Codes, and Public Works and Energy Services Development Standards. Annexation of the parcels would be a logical extension of the City contiguous with an incorporated parcel south and east, and ensure any future development in the area is consistent with City standards.

Pursuant to ECC 15.360.010, City Council has set that upon approval of the Petition, a zoning designation of Light Industrial (I-L) will be adopted for the property. This conforms with the City of Ellensburg Comprehensive Plan's Future Land Use Map designation of Light Industrial for the area (**Exhibit 12**), for which the Future Land Use-Zoning Conversion Table's only implementing zoning designation is I-L (**Exhibit 13**).

Financial Impact:

No additional street maintenance is anticipated, as no ROW annexation is being proposed. Staff anticipate a modest increase in property tax revenue.

Budget Adjustment: No

Attachments:

1. Ordinance 4985 - Second Reading
2. EXHIBIT 1 - Notice of Intent to Annex
3. EXHIBIT 2 - Vicinity Map
4. EXHIBIT 3 - Property Boundaries
5. EXHIBIT 4 - Ellensburg City Council Minutes 12.15.2025
6. EXHIBIT 5 - Revised Petition for Annexation
7. EXHIBIT 6 - Petition Submission to Auditor 1.30.2026
8. EXHIBIT 7 - Assessor Certification of Petition Sufficiency
9. EXHIBIT 8 - Affidavit of Posting & Photos
10. EXHIBIT 9 - Ellensburg Daily Record Legal Notice 3.7.2026
11. EXHIBIT 10 - Affidavit of Mailing 3.6.2026
12. EXHIBIT 11 - Ellensburg City Limits and Urban Growth Area
13. EXHIBIT 12 - Future Land Use Map
14. EXHIBIT 13 - Future Land Use-Zoning Conversation Table

ORDINANCE NO. 4985

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON ANNEXING PARCEL 631033 TO THE CITY OF ELLENSBURG, WASHINGTON, ASSIGNING LIGHT INDUSTRIAL ZONING TO THE PACEL, PROVIDING FOR THE PROPORTIONAL ASSUMPTION OF EXISTING CITY INDEBTEDNESS, AND FIXING A TIME WHEN THE SAME SHALL BE EFFECTIVE.

WHEREAS, on November 26, 2025 the City of Ellensburg, Washington received a notice of intention to commence annexation proceedings pursuant to the “direct petition” method of RCW 35A.14.120 for Kittitas County Parcel number 631033, located at 1830 Highway 97 and more fully described in Section 1 of this Ordinance and depicted in Exhibit A attached hereto; and

WHEREAS, the territory described in Section 1 of this ordinance is contiguous to the City of Ellensburg, Washington and entirely within the City of Ellensburg Urban Growth Area established pursuant to RCW 36.70A; and

WHEREAS, on December 15, 2025, the City Council of the City of Ellensburg, Washington held a public meeting and determined that the initiators could proceed to acquire a sixty percent (60%) petition for annexation, pursuant to RCW 35A.14.120; and

WHEREAS, at its December 15, 2025 public meeting, the City Council set the annexation area exclusively to the parcel indicated in the Notice; and

WHEREAS, the City Council further determined at the December 15, 2025 meeting that the parcel would receive a Light Industrial (I-L) zoning designation pursuant to Chapter 15.360 of the Ellensburg City Code; and

WHEREAS, the City Council further determined at the December 15, 2025 meeting that the parcel would assume the annexation area’s proportional share of City indebtedness; and

WHEREAS, on January 28, 2026, the owners of not less than sixty percent (60%) in value of the territory proposed for annexation, according to the assessed valuation for general taxation of the property hereinafter described, submitted a signed the petition for the annexation of said area to the City of Ellensburg, Washington pursuant to RCW 35A.14.120; and

WHEREAS, on January 30, 2026 the petition for annexation was submitted to Kittitas County for certification of sufficiency in compliance with and 35A.01.040; and

WHEREAS, on February 3, 2026 the City of Ellensburg received certification that petition for annexation is sufficient from the Kittitas County Assessor; and

WHEREAS, notice of the proposed annexation and public hearings providing the time and place for public comments thereon by all interested persons to voice approval or disapproval of the annexation was duly provided pursuant to RCW 35A.14.130 and Chapter 15.220 ECC; and

WHEREAS, on March 26, 2026 the Planning Commission of the City of Ellensburg, Washington conducted a public hearing on the proposed annexation, and following such hearing unanimously recommended City Council approve the annexation request as presented to the Ellensburg City Council; and

WHEREAS, on April 6, 2026, the Ellensburg City Council reviewed all documentation associated with this annexation petition, conducted a public hearing on the proposed annexation in accordance with RCW 35A.14 providing opportunity for interested persons to appear and voice approval or disapproval; and

WHEREAS, on May 18, 2026, the Ellensburg City Council reviewed all documentation associated with this annexation petition, conducted a second public hearing on the proposed annexation in accordance with RCW 35A.14 providing opportunity for interested persons to appear and voice approval or disapproval; and

WHEREAS, following said hearings the City Council determined to effect the annexation of the territory described in Section 1 of this ordinance, finding that the petition for annexation met the applicable requirements, and that the best interests of the City of Ellensburg, Washington, will be served by the annexation and that it is appropriate to good government of the City of Ellensburg, Washington, and therefore accepted the petition for annexation pursuant to RCW 35A.14.120 and Chapter 15.360 of the Ellensburg City Code; and

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Annexation. The following described parcels are hereby annexed to and made a part of the City of Ellensburg, Washington, to wit:

Parcel # 631033, commonly known as 1830 Highway 97 and legally described as:

That portion of the Northwest Quarter of the Southeast Quarter of Section 28, Township 18 North, Range 18 East, W.M., in County of Kittitas, State of Washington, which is bounded by a line described as follows:

Beginning at the Southeast corner of said Northwest Quarter of the Southeast Quarter; thence West along the South boundary of said Northwest Quarter of the Southeast Quarter, 973.8 feet to the true point of beginning; thence North 9 °38' East, 785.94 feet to the South boundary of the right of way of the Burling Northern Railroad; thence North 47 °58' West, 75.00 feet; thence South 42 °02' West, 25. feet; thence North 47 °58' West,

507.64 feet to the East right of way line of Desmond Road; thence South 2 °58'40" East along said right of way, 942.94 feet; thence South 1 °33'20" West along said right of way, 205.23 feet; thence East 273.70 feet to the true point of beginning.

EXCEPT the right of way of the Burlington Northern Railroad.

Section 2. Assessment and Taxation. All property within the territory so annexed shall be assessed and taxed at the same rate and on the same basis as other property of the City of Ellensburg, Washington is assessed and taxed to pay for any outstanding indebtedness of the City of Ellensburg, Washington as presently adopted or as is hereafter amended.

Section 3. Comprehensive Plan Designation. All property within the territory so annexed shall be subject to and a part of the Comprehensive Plan of the City of Ellensburg, Washington as presently adopted or as is hereinafter amended, at the time of annexation being Light Industrial.

Section 4. Land Use Designation and Zoning. All property within the territory so annexed shall be hereby zoned Light Industrial (I-L).

Section 5. Transmittal and Filing. The Ellensburg City Clerk is directed to file a certified copy of this ordinance with the Kittitas County Board of County Commissioners.

Section 6. Severability. If any portion of this ordinance is declared invalid of unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

Section 7. 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, sections/subsections numbers and any references thereto.

Section 8. Effective Date. This ordinance shall take effect and be in full force five (5) days after its passage, approval and publication.

The foregoing ordinance was first read at a regular meeting of the City Council on 18th of May, 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. 4985 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4985 was published as required by law.

Exhibit A: Annexation of Parcel 631033



RECEIVED

NOV 26 2025

COMMUNITY DEVELOPMENT



Notice of Intention to Annex

PF-04
FORM

Community Development Department

 501 N. Anderson, Ellensburg, WA 98926 (509) 962-7239 (Building) (509) 962-7231 (Planning) permits@ci.ellensburg.wa.us

NOTICE OF INTENTION TO COMMENCE ANNEXATION TO THE CITY OF ELLENSBURG, WASHINGTON

TO: THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON

The undersigned, representing the ownership of more than ten percent of the acreage of the real property for which annexation is sought, as more particularly described below, hereby gives notice to the City Council of the City of Ellensburg, Washington, of their intent to commence annexation proceedings.

The City Council of the City of Ellensburg is hereby requested to set a date not later than 60 days after the date this NOTICE OF INTENTION is filed with the Community Development Department for a meeting with the initiating party to determine whether the city will accept, reject, or geographically modify the proposed annexation, whether it will require the simultaneous adoption of a proposed zoning regulation, and whether it will require the assumption of all or any portion of existing city indebtedness by the area sought to be annexed.

Information regarding real property for which annexation is sought:

1830 HWY 97, Ellensburg, WA 98926

(Street address of property)

(City, State, Zip Code)

631033

7.86 acres

(Parcel Number)

(Acreage)

PTN NW1/4 SE1/4; SEC 28, TWP 18, RGE 18

(Legal)

Respectfully submitted:

(Signature of Initiator of Annexation)

Brandon Drexler

(Printed Name of Initiator of Annexation)

700 E. Mt. View Ave., Suite 504, Ellensburg, WA 98926

(Petitioner's Address)

(City, State, Zip Code)

509-925-9747

11/26/2025

(Phone number)

(Date Signed)

*** List this same information for all signers representing the ownership of at least 10% of the most recent assessed valuation of the real property for which annexation is sought. Attach additional sheets, as necessary.*

*** Provide a location map identifying the area you are requesting to be annexed.*

y:\community development\2-planning department\forms -updated 2022\planning forms\pf-04 notice-of-intent-to-annex 6.16.22.docx

y:\community development\2-planning department\forms -updated 2022\planning forms\pf-04 notice-of-intent-to-annex 6.16.22.docx

Barb R BRANDON DREXLER
(Signature of Petitioner) (Printed Name of Petitioner)

700 E. MT. VIEW AVE, STE #504, ELLENSBURG, WA 98926
(Petitioner's Address) (City, State, Zip Code)

509-925-9747 11/26/2025
(Phone number) (Date Signed)

(Signature of Petitioner) (Printed Name of Petitioner)

(Petitioner's Address) (City, State, Zip Code)

(Phone number) (Date Signed)

(Signature of Petitioner) (Printed Name of Petitioner)

(Petitioner's Address) (City, State, Zip Code)

(Phone number) (Date Signed)

(Signature of Petitioner) (Printed Name of Petitioner)

(Petitioner's Address) (City, State, Zip Code)

(Phone number) (Date Signed)

(Signature of Petitioner) (Printed Name of Petitioner)

(Petitioner's Address) (City, State, Zip Code)

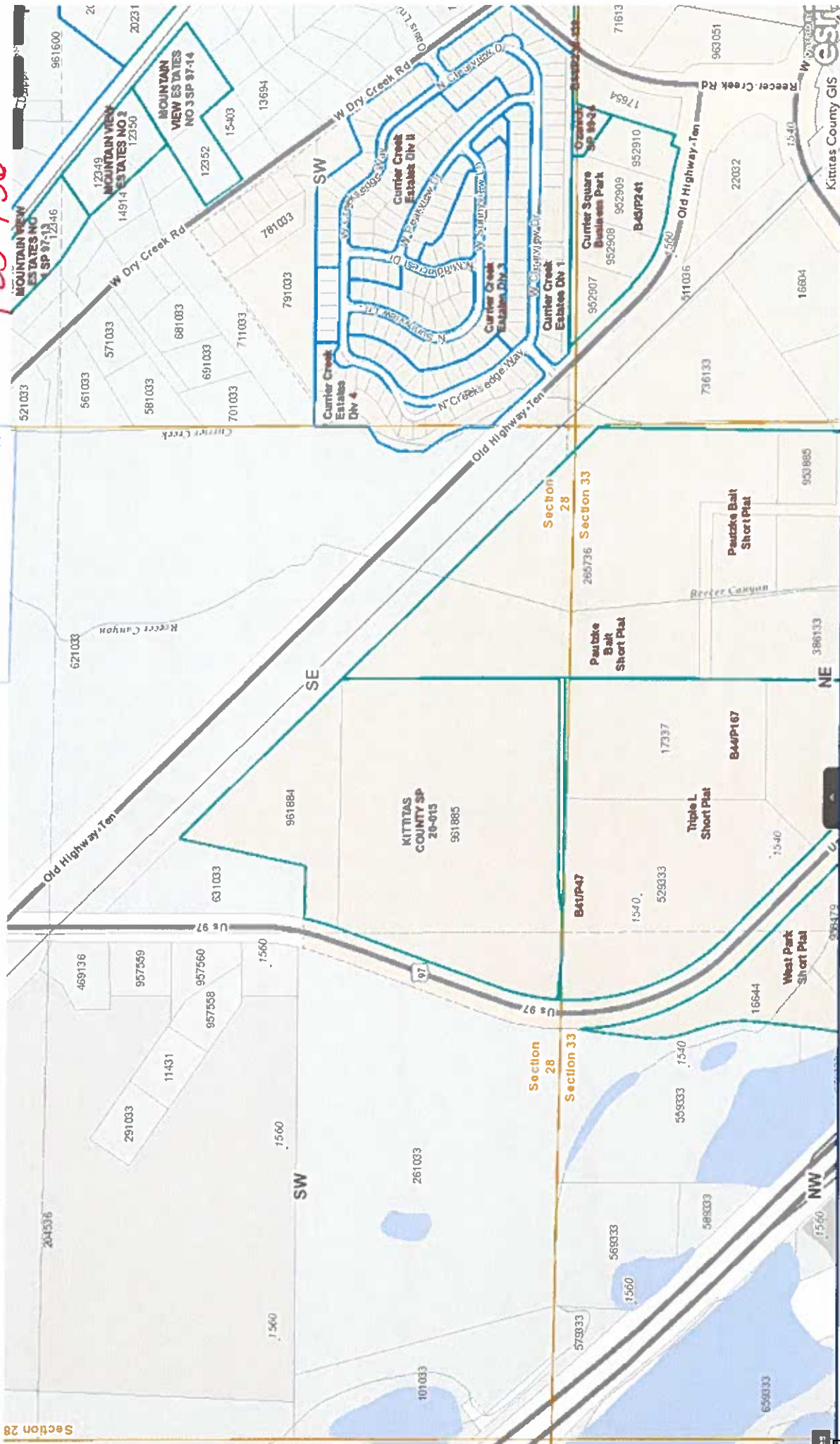
(Phone number) (Date Signed)

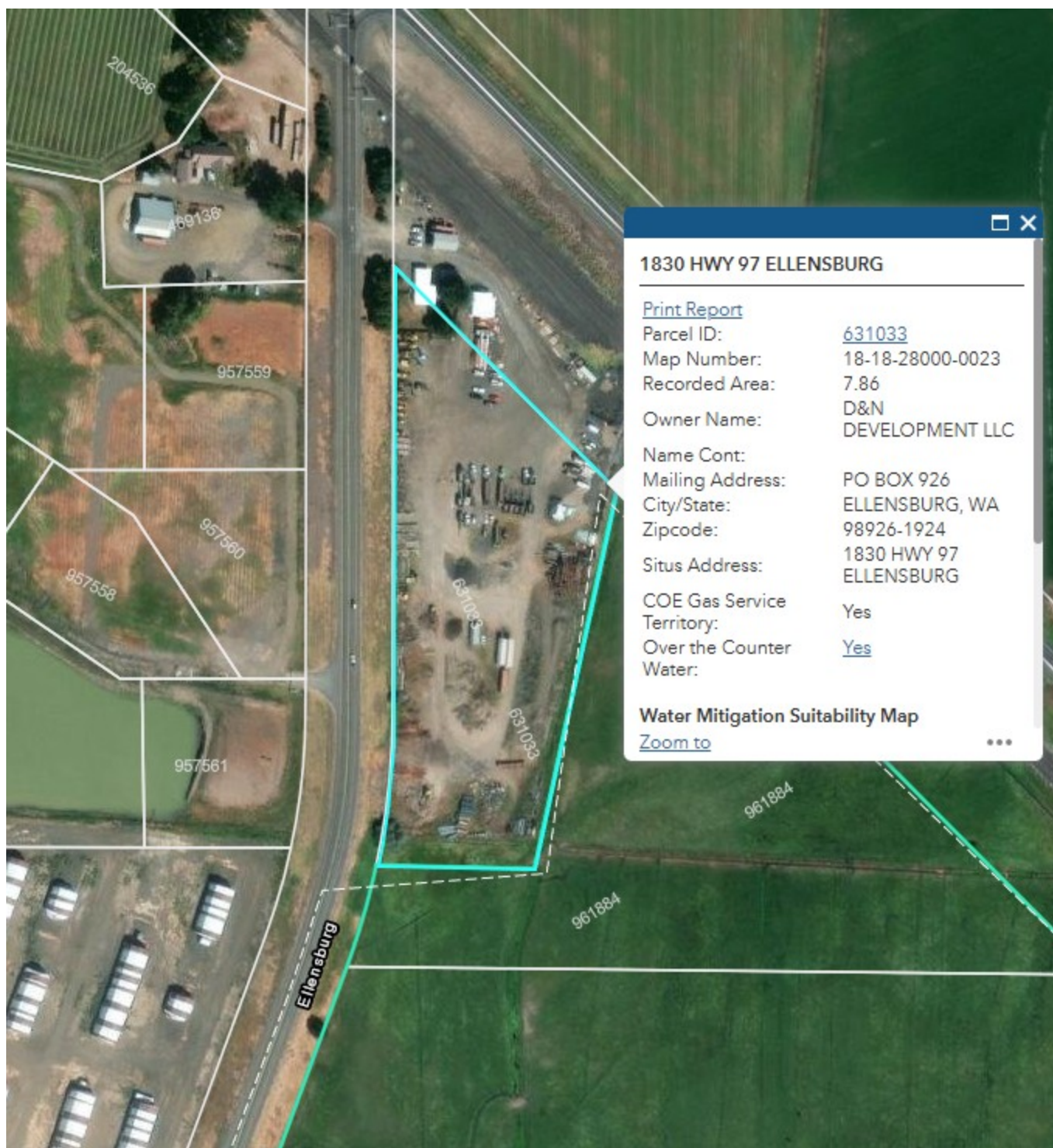
P25-136

RECEIVED

NOV 25 2025

COMMUNITY DEVELOPMENT







CITY OF ELLENSBURG

Date of Meeting

Time of Meeting

Place of Meeting

Minutes of City Council, Regular Meeting

December 15, 2025

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 Councilmember Palmer.

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, Community Development Director Carlson, Planning Manager Henderson, Associate Planner Rud, Housing Program Manager Frey, Water Resources Manager Springer, Public Works Director Lyyski, and approximately eight members of the public

Others present remotely via Zoom: HR Director Young and three members of the public

2. Proclamations

3. Awards and Recognitions

4. Approval of Agenda

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

5. Consent Agenda

- 5.A Approve Minutes of December 1, 2025 Regular Meeting
- 5.B Approve Minutes of December 1, 2025 Study Session
- 5.C Approval of Special Event Where Alcohol is Served - 2026 Winterhop Brewfest
- 5.D Diversity, Equity & Inclusion Commission 2025 Annual Report
- 5.E Environmental Commission Resignation - Jean Marie Linhart
- 5.F Approve the 2026-2028 Collective Bargaining Agreement with OPEIU Local 8
- 5.G Approve December 15, 2025 Voucher Listing

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

6. Petitions, Protests, and Communications

- 6.A Affordable Housing Commission Reappointments - John Perrie & Dan Witkowski (Public Comment Opportunity)
Heidi Behrends Cernlwey, City Manager presented the information.

Councilmember Palmer moved to approve reappointment of John Perrie and Dan Witkowski to the Affordable Housing Commission. **Motion Approved 7-0**

7. Public Comment on Non-agenda Issues

Public Comment was heard by the following citizen:
Pat Kelleher, City resident

8. Business Requiring Public Hearings

9. Introduction and Adoption of Ordinances and Resolutions

- 9.A Ordinance 4977 (Second Reading) 2025 Annual Comprehensive Plan Amendments (Public Comment Opportunity)
Stacey Henderson, Planning Manager, presented information in the staff report.

Public comment on the topic was heard from the following citizens:
Pat Kelleher, City resident
Amber Hoefer, Ellensburg resident & DEI Commission member

Councilmember Goodloe moved to conduct second reading and adoption of Ordinance 4977, 2025 Annual Comprehensive Plan Amendments. **Motion Approved 6-1 (Thompson voted no)**

- 9.B Resolution 2025-32 - Fiscal Year 2026 Pay Plan for Non-Represented Employees (Public Comment Opportunity)
Lisa Young (present remotely), HR Director, presented information in the staff report.

Councilmember Palmer moved to approve Resolution 2025-32 adopting the 2026 fiscal year Pay Plan for Non-Represented employees, including the necessary budget adjustments. **Motion Approved 7-0**

10. Unfinished Business

11. New Business

- 11.A Interlocal Agreement Between the City of Ellensburg and Kittitas County for Flood Insurance Rate Map Updates for Whiskey and Mercer Creeks (Public Comment Opportunity)
Rebecca Springer, Water Resources Manager, Arden Thomas with Kittitas

County Flood Control Zone District, and Dan Carlson, Community Development Director, presented information to Council. Council asked questions of staff.

Councilmember Palmer moved to approve the City Manager's signature on an Interlocal Agreement between the City of Ellensburg and Kittitas County for Flood Insurance Rate Map Updates for Whiskey and Mercer Creeks (as attached, or in substantially similar form). **Motion Approved 7-0**

- 11.B Interlocal Agreement between Kittitas County and the City of Ellensburg for Pooling of Opioid Funds Resulting from the Settlement of Claims Against Pharmaceutical Supply Chain Participants (Public Comment Opportunity)
Heidi Behrends Cerniwey, City Manager, presented information in the staff report. Council asked questions of staff.

Councilmember Palmer moved to approve the Interlocal Agreement between Kittitas County and the City of Ellensburg for Pooling of Opioid Funds Resulting from the Settlement of Claims Against Pharmaceutical Supply Chain Participants and necessary budget adjustments and authorize the City Manager to execute the agreement. **Motion Approved 7-0**

- 11.C Notice of Intent to Commence Annexation Proceedings for Parcel 631033 Located at 1830 Hwy 97 (Public Comment Opportunity)
Mark Rud, Associate Planner, presented information in the staff report.

Councilmember Palmer moved to approve the notice of intent to commence annexation proceedings, set annexation area as shown on the attached map, set simultaneous adoption of zoning as provided for in this agenda report, and the City shall require the assumption of all or of any portion of existing city or town indebtedness by the area to be annexed. **Motion Approved 7-0**

12. Miscellaneous

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

The City Manager reviewed the report. City facility holiday hours were announced.

An Executive Session would be held per RCW 42.30.140(4)(B) and was anticipated to last 10 minutes. No action would be taken.

12.B Councilmembers' Reports (No Public Comment)

- Councilmember Lillquist attended a County Airport Advisory Committee meeting and a Checkerboard Partnership meeting
- Councilmember Goodloe attended a DEI Commission meeting
- Councilmember Beauchamp attended Library Board
- Councilmember Palmer reported on Affordable Housing
- Councilmember Miller attended Planning Commission
- Mayor Elliott reported on KCCOG, and attended a County Developmental Disabilities Advisory Committee meeting

13. Executive Session

13.A CLOSED SESSION - RCW 42.30.140(4)(B) The OPMA does not apply to that portion of a meeting during which the governing body is planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress.

Council recessed to Executive Session at 8:33 pm.

Council reconvened at 8:39 pm

14. Adjournment

Meeting adjourned at 8:39 pm



Mayor

ATTEST: 

City Clerk



Petition For Annexation

RECEIVED

JAN 23 2026

COMMUNITY DEVELOPMENT

PF-02
FORM

Community Development Department

501 N. Anderson, Ellensburg, WA 98926 (509) 962-7239 (Building) (509) 962-7231 (Planning) permits@ci.ellensburg.wa.us

PETITION FOR ANNEXATION TO THE CITY OF ELLENSBURG, WASHINGTON

TO: The City Council
City of Ellensburg
501 North Anderson
Ellensburg, Washington

WE, the undersigned, being the owners of not less than sixty percent in value (according to the assessed valuation for general taxation), of the real property described on Exhibit "A" attached hereto, lying contiguous to the City of Ellensburg, Washington, do hereby petition that such territory be annexed to and made a part of the City of Ellensburg under the provisions of RCW 35A.14.120, et seq., and any amendments thereto, of the State of Washington.

The territory proposed to be annexed is within Kittitas County, Washington, and is described in Exhibit "A", attached hereto. Exhibit "A" includes the full legal description(s) of each property proposed to be annexed.

WHEREFORE, the undersigned respectfully petition the Honorable City Council and ask:

(a) That appropriate action be taken to entertain this petition, fixing a date for a public hearing, causing notice to be published and posted, specifying the time and place of such hearing, and inviting all persons interested to appear and voice approval or disapproval of such annexation; and

(b) That following such hearing, the City Council determine by Ordinance that such annexation shall be effective; and that property so annexed shall become a part of the City of Ellensburg, Washington, subject to its laws and ordinances then and thereafter in force.

The Petitioners subscribing hereto agree "...that all property within the territory hereby sought to be annexed shall be assessed and taxed at the same rate and on the same basis as property within the City of Ellensburg for any now outstanding indebtedness of said City, including assessments or taxes in payments of any bonds issued or debts contracted, prior to or existing at the date of annexation, and that simultaneous adoption of proposed zoning regulations be required" in accordance with the requirements of the City Council of said City, and as quoted herein from the minute entry of the records of said City Council meeting of 12/15/2025.

This petition is accompanied and has attached hereto as Exhibit "B" a diagram, which outlines the boundaries of the property sought to be annexed.

These pages are a group of pages containing an identical text and prayer intended by the signers of this petition to be presented and considered as one petition and may be filed with other pages containing additional signatures which cumulatively may be considered as a single petition.

WARNING: Every person who signs this petition with any other than his true name, or who knowingly signs more than one of these petitions, or signs a petition seeking an election when he is not a legal voter, or signs a petition when he is otherwise not qualified to sign, or who makes herein any false statement, shall be guilty of a misdemeanor.

PRAYER OF PETITION: (1) Annexation of area described in Exhibits "A" and "B", and (2) Assumption of indebtedness of

5305 50

the City of Ellensburg, and (3) Adoption of the City of Ellensburg Comprehensive Zoning Plan.

 P.O. Box 924 Ellensburg WA 98926
OWNER'S SIGNATURE ADDRESS

Brandon Drexler 1/23/2026
PRINTED NAME DATE SIGNED

➤  1930 Umpquom Rd, Ellensburg, WA 98926
OWNER'S SIGNATURE ADDRESS

Bryan Nelson 1/23/2026
PRINTED NAME DATE SIGNED

➤
OWNER'S SIGNATURE ADDRESS

PRINTED NAME DATE SIGNED

➤
OWNER'S SIGNATURE ADDRESS

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OWNER'S SIGNATURE ADDRESS

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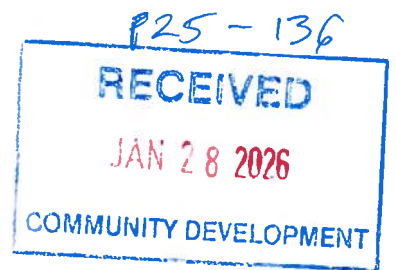


EXHIBIT A

1830 HWY 97, ELLENSBURG, WA

TAX PARCEL NO. 631033

LEGAL DESCRIPTION:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 28, TOWNSHIP 18 NORTH, RANGE 18 EAST, W.M., IN COUNTY OF KITTITAS, STATE OF WASHINGTON, WHICH IS BOUNDED BY A LINE DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE WEST ALONG THE SOUTH BOUNDARY OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER, 973.8 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 9 DEGREES 38' EAST, 785.94 FEET TO THE SOUTH BOUNDARY OF THE RIGHT OF WAY OF THE BURLINGTON NORTHERN RAILROAD; THENCE NORTH 47 DEGREES 58' WEST, 75.00 FEET; THENCE SOUTH 42 DEGREES 02' WEST, 25.00 FEET; THENCE NORTH 47 DEGREES 58' WEST, 507.64 FEET TO THE EAST RIGHT OF WAY LINE OF THE DESMOND ROAD; THENCE SOUTH 2 DEGREES 58.40' EAST ALONG SAID RIGHT OF WAY, 942.94 FEET; THENCE SOUTH 1 DEGREE 33'20" WEST ALONG SAID RIGHT OF WAY, 205.23 FEET; THENCE EAST 273.70 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT THE RIGHT OF WAY OF THE BURLINGTON NORTHERN RAILROAD.

END OF EXHIBIT A

P25-136

RECEIVED

JAN 28 2026

COMMUNITY DEVELOPMENT

EXHIBIT B

1830 HWY 97, ELLENSBURG, WA
TAX PARCEL NO. 631033

21
28

C/L HWY 97
(WF LINE)

TPN 631033

C/L BNSF RAILROAD

C/L HWY 10

Mark Rud

From: Mark Rud
Sent: Friday, January 30, 2026 2:36 PM
To: bryan.elliott@co.kittitas.wa.us
Subject: Certification of Petition for Annexation - Parcel 631033
Attachments: P25-136 Annexation - Revised Petition.pdf; P25-136 Annexation - Exhibit A Legal.pdf; P25-136 Annexation - Exhibit B Diagram.pdf; Ellensburg City Council Minutes 12.15.2025.pdf

Good afternoon, Mr. Elliott. Attached find a Petition for Annexation to the City of Ellensburg for Kittitas County Parcel ID 631033, a 7.86-acre parcel at 1830 Hwy 97. I have also attached signed Minutes from the City Council's December 15, 2025 meeting approving commencement of annexation proceedings – see Page 3, Item 11.C.

This is submitted to the Kittitas County Auditor's office for sufficiency certification pursuant to RCW 35A.01.040(4).

Let me know if you have any questions or need additional information.

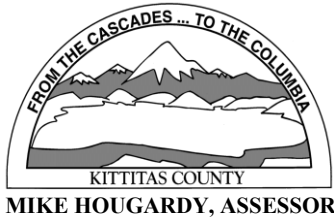
Best,

Mark Rud (*he/him/his*) | **Associate Planner**
(509) 962-7235 | rudm@ellensburgwa.gov
501 N. Anderson St, Ellensburg, WA 98926



Confidentiality Notice: This e-mail may contain confidential and privileged information. If you have received this message by mistake, please notify me immediately by replying to this message or telephoning me, and do not review, disclose, copy or distribute.

Advisory: Please be advised the City of Ellensburg is required to comply with the Public Records Act, Chapter 42.56 RCW. This act establishes a strong state mandate in favor of disclosure of public records. Therefore, the information you submit to the City via email, including personal information, may ultimately be subject to disclosure as a public record.



Kittitas County Assessor

205 W 5th Avenue, Suite 101 • Ellensburg, WA 98926-2887
Phone (509) 962-7501
Upper County Toll-Free 674-2584
www.co.kittitas.wa.us/assessor

February 3, 2026

City of Ellensburg
Community Development Department
501 N Anderson St
Ellensburg WA 989256

RE: Proposed Annexation Petition, P25-136
Parcels: 631033

To whom it may concern,

I, Mike Hougardy, as Assessor of Kittitas County, Washington, Hereby Certify that the parcels legally described and mapped in the proposed annexation, P25-136 received by this office 2/2/2026 have been verified regarding legal description and corresponding owner of record.

If you have any questions, please contact Haley Mercer at 509-962-7633
haley.mercer@co.kittitas.wa.us.

Sincerely,

Mike Hougardy
Kittitas County Assessor

Sent via email to:
Mark Rud rudm@ellensburgwa.gov



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

Per RCW 35A.14.130 and Ellensburg City Code 15.220.050, Petitioners for Annexation are required to have notice boards posted at no fewer than three (3) public places within the territory proposed for annexation. Per ECC 15.220.050, 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. Three (3) signs shall be posted on the property along its frontage with the SR-97 right-of-way in separate locations.
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: March 5, 2026	PLANNER: Mark Rud, Associate Planner
PROJECT NAME AND SUMMARY: D&N Development LLC Petition for Annexation	FILE NUMBER: P25-136

PLEASE COMPLETE THE FOLLOWING:

I, BRANDON DREXLER, 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 sign(s) must be posted no later than March 12, 2026 and remain posted until the ending of the appeal period on the final decision by the City Council. **Failure to post the site by March 12, 2026, or to return this form and photographs to Community Development by March 19, 2026, will result in re-issuing the notices for the project.**

Brandon Drexler
Signature

March 10th, 2026

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



LAND USE ACTION
NOTICE OF PUBLIC HEARINGS FOR AN ANNEXATION PETITION AND ZONING

[illegible]

**CITY OF ELLENSBURG
NOTICE OF ANNEXATION PETITION & RESCHEDULED PUBLIC HEARINGS**

Notice is hereby given that the City of Ellensburg has received a Petition for Annexation requiring public hearings. You are invited to comment on this proposal. This revised Notice being published to reschedule the Planning Commission hearing on this matter to Thursday, March 26, 2026 at 5:45pm. All other information contained in a previous notice published February 26, 2026 is the same.

Date of Petition: January 28, 2026

Certification of Sufficiency: February 3, 2026

Public Notice of Petition and Hearings: February 26, 2026

Notice of Rescheduled Planning Commission Hearing: March 7, 2026

Comment Due Dates: SEE BELOW

Planning Commission Recommendation: March 26, 2025 at 5:45pm

City Council Decision: Monday, April 6, 2026 at 7:00pm, AND Monday, May 18, 2026 at 7:00pm

Annexation Location: 1830 Highway 97, Parcel ID # 631033 (7.86 acres)

Petitioners: Brandon Drexler and Bryan Nelson of property owner D&N Development LLC

Petition Description: P25-136; Petitioners seek annexation of the property under the direct petition method authorized by Chapter 35A.14, RCW. The unplatted parcel is located just north of the Lower County Transfer Station and within the City of Ellensburg's unincorporated Urban Growth Area. Consistent with the Ellensburg Comprehensive Plan and Ellensburg City Code (ECC) 15.360.010, upon annexation the parcel would be zoned Light Industrial (I-L).

Notice is hereby given that the Ellensburg Planning Commission will hold an Open Record Public Hearing during a regular meeting to provide a recommendation on the Petition on Thursday, March 26, 2026 at 5:45pm, held in a hybrid format both in-person at Ellensburg City Hall (501 N Anderson St) and with virtual participation options via Zoom using this link: <https://us02web.zoom.us/j/85333999074?pwd=oDCRa8zmp3cQfztbLAJ9cdK0keN6Na.1> Meeting ID: 853 3399 9074 / Passcode: 707763

Notice is also hereby given that the Ellensburg City Council will hold two separate Open Record Public Hearings on the Petition and Zoning during subsequent regular meetings, tentatively on Monday, April 6, 2026 at 7:00pm, and on Monday, May 18, 2026 at 7:00pm, both at Ellensburg City Hall. Remote meeting participation is available, and information will be published to interactive meeting agendas prior to the Council meetings, at <https://ci.ellensburg.wa.us/1184/Agendas-Minutes>.

Written comments for the March 26, 2026 Planning Commission Hearing must be received

by mail, email, or hand delivery by 5:00pm on Thursday, March 19, 2026. For City Council, written comments must be received by 5:00pm on Wednesday, March 25, 2026 for the April 6, 2026 Hearing; and by 5:00pm on Wednesday, May 6, 2026 for the May 18, 2026 Hearing.

Petition documents can be obtained from the Community Development Department upon request, and are also available online at <https://www.ci.ellensburg.wa.us/623/Public-NoticesCurrent-Projects>.

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

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

Please Publish: **Saturday, March 7, 2026**



COMMUNITY DEVELOPMENT DEPARTMENT
501 N. Anderson St., Ellensburg WA 98926
(509) 962-7231 comdev@ci.ellensburg.wa.us

NOTICE OF ANNEXATION PETITION & PUBLIC HEARINGS (Rescheduled)

Notice is hereby given that the City of Ellensburg has received a Petition for Annexation requiring public hearings that may be of interest to you. You are invited to comment on this proposal. **This revised Notice being sent solely to reschedule the Planning Commission hearing on this matter to Thursday, March 26, 2026 at 5:45pm. All other information contained in a previous notice (dated February 26, 2026) is the same.**

Date of Petition: January 28, 2026

Certification of Sufficiency: February 3, 2026

Public Notice of Petition and Hearings: February 26, 2026

Notice of Rescheduled Planning Commission Hearing: March 6, 2026

Comments Due Date: March 19, 2026 at 5:00pm / March 25, 2026 at 5:00pm / May 6, 2026 at 5:00pm (see below)

Planning Commission Recommendation: Thursday, March 26, 2026 at 5:45pm – City Hall & Zoom (info below)

City Council Decision (Tentative): Monday, April 6, 2026 at 7:00pm, AND Monday, May 18, 2026 at 7:00pm – City Hall & Zoom (info below)

Petition Description: P25-136 – D&N Development LLC Annexation

Annexation Location: 1830 Highway 97, Parcel # 631033 (7.86 acres)

Petitioners: Brandon Drexler and Bryan Nelson of property owner D&N Development LLC

Overview: Petitioners seek annexation of the property under the direct petition method authorized by Chapter 35A.14, RCW. The unplatted parcel is located just north of the Lower County Transfer Station and within the City of Ellensburg's unincorporated Urban Growth Area. Consistent with the Ellensburg Comprehensive Plan and Ellensburg City Code (ECC) 15.360.010, upon annexation the parcel would be zoned Light Industrial (I-L).

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Meeting ID: 853 3399 9074 / Passcode: 707763

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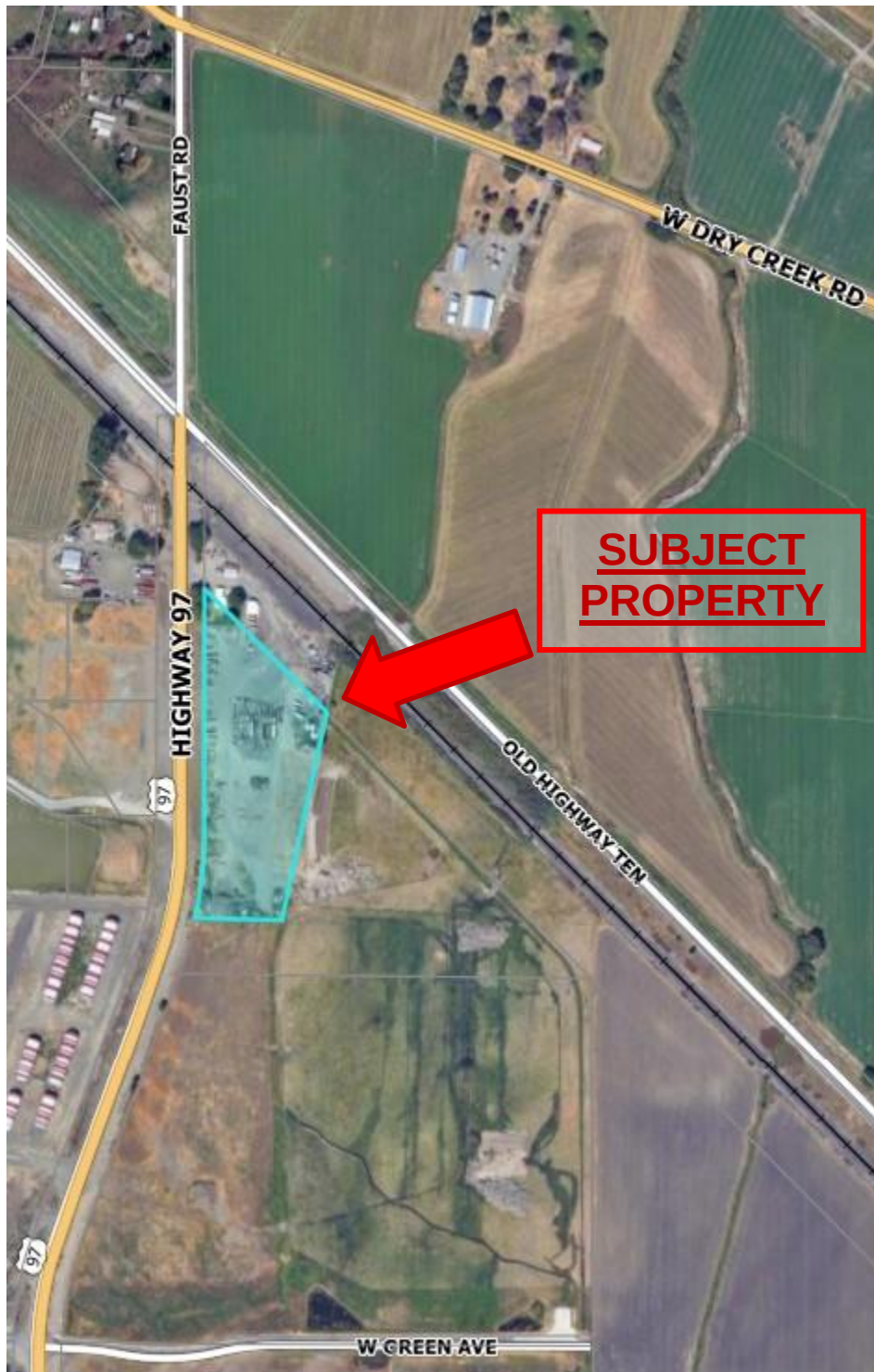
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Petition documents can be obtained from the Community Development Department upon request, and are also available online at <https://www.ci.ellensburg.wa.us/623/Public-NoticesCurrent-Projects>.

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

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

Vicinity Map

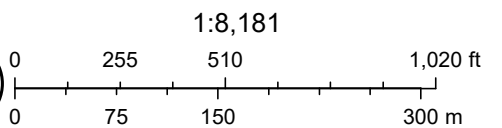


Ellensburg City Limits and Urban Growth Area



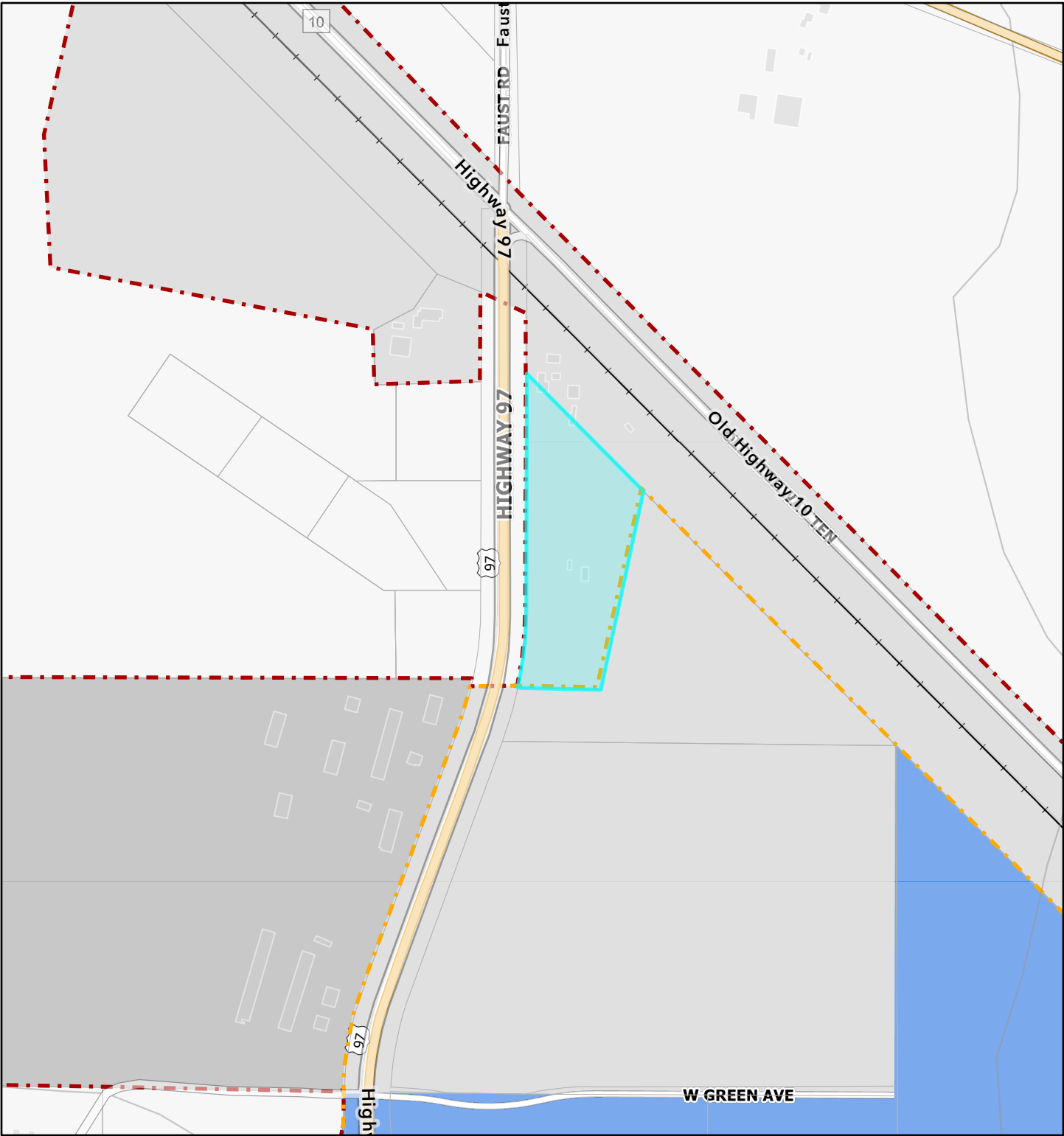
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- Urban Growth Area
- Tax Parcel Query (COMPAS)
- Railroad



Google Maps

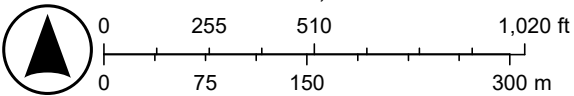
Future Land Use Map



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-  Urban Growth Area
-  Tax Parcel Query (COMPAS)
-  Railroad

- Land Use Designations
-  Community mixed use
 -  Light industrial
 -  Heavy industrial



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

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)



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Second Reading and Adoption of Ordinance 4984 Amending Ellensburg City Code Chapter 8.54.150 -- Residential Parking Zones (Public Comment Opportunity)

Submitted by: Cameron Clasen, Captain

Department: Police

Suggested Motion/Action:

Move to conduct second reading and adoption of Ordinance No. 4984, amending Ellensburg City Code Chapter 8.54.150 regarding Residential Parking Zones.

Background/Summary:

Section 8.54 of the Ellensburg City Code, which governs Residential Parking Zones (RPZ), has been in effect for many years. However, Code Enforcement has identified instances where RPZ permits have been misused by some permit holders.

The proposed additional language is intended to strengthen enforcement against permit violations and help reduce improper use that contributes to decreased neighborhood parking availability, particularly in areas near Central Washington University (CWU).

Language to be added includes: 8.54.150 (B): Permits shall be used only to access or visit a residence or business within the specific limited parking zone for which the permit was issued; and defining unlawful conduct to also include, 8.54.250 (G): To use or permit to be used a permit for any purpose other than accessing or visiting a residence or business within the specific limited parking zone for which the permit was issued. For example, using or permitting to be used a permit for the purpose of parking to attend, visit, or work on the CWU campus is strictly prohibited and is considered an unlawful act.

Per Ellensburg City Code, RPZ permits expire on August 31 of each calendar year. Penalties will remain as provided in ECC 8.54.400: \$25.00 for a first offense, \$50.00 for a second offense within 12 months, and \$75.00 for a third offense within 12 months. Increased penalties apply only when the citations were issued to the same vehicle under the same ownership during that 12-month period.

Additionally, under ECC 8.54.300, a permit may be revoked if the permit holder has made false, misleading, or incomplete statements on the application, or if the permit holder violates any provision of the chapter. See attachment ECC 8.54

There will be an education period, including outreach through social media and the distribution of an educational brochure to offenders at the time of their first offense. City staff

will work with Central Washington University to notify community members of the policy change.

Previous Council Action:

First reading was approved at the May 4, 2026 City Council Meeting.

Analysis:

The RPZ program is intended to protect neighborhood parking availability by managing limited curb space—not by eliminating public parking, but by prioritizing resident access and discouraging nonresident and commuter parking in residential areas. The proposed language supports these goals by clarifying the rules and consequences to improve compliance, providing clearer authority and standards to ensure consistent enforcement, reducing parking-related impacts on residents' quality of life, and promoting fairness for permit holders who follow the requirements.

Financial Impact:

None

Budget Adjustment: No

Attachments:

1. CHAPTER_8.54___RESIDENTIAL_PARKING_ZONES (1)
2. Ordinance 4984-Residential Parking Zone Update May 2026

CHAPTER 8.54 RESIDENTIAL PARKING ZONES

8.54.000 Purpose.

This chapter is adopted to help preserve parking opportunities within certain defined residential areas of the city which, due to the high demand for parking created by Central Washington University (CWU), have extremely limited on-street parking available, and to encourage CWU staff, faculty, students and visitors to utilize the parking available on campus.

(Ord. 4085, 1997)

8.54.010 Residential parking permits defined.

When properly issued and displayed, a residential parking permit ("permit") shall exempt a vehicle, while parked on a street or alley within a specific limited parking zone for which the permit was issued, from citation for parking longer than the posted time limit for that particular zone and no other; provided, however, the permit shall not authorize parking for more than 24 consecutive hours in any one location. The permit shall not guarantee a parking space, nor shall it exempt the vehicle or operator from observing zones where parking is prohibited at all times, including but not limited to no parking zones, load zones, and fire zones.

(Ord. 4055 § 1, 1996)

8.54.015 Revisions to zone boundaries.

The following requirements are established for the revision of the residential parking zone (RPZ) boundaries as defined by the exhibits in ECC 8.54.999:

- A. Request must be made in writing to the city's public works department;
- B. Revisions to the RPZ boundaries shall be in minimum one-block segments (one side of roadway). In situations where the block length exceeds 500 lineal feet, a revision of a minimum of 300 lineal feet in length will be allowed;
- C. The RPZ boundaries shall remain contiguous and no revision shall create pockets of non-RPZ parking areas within the outer boundaries of the overall RPZ zones;
- D. The written request(s), as described in subsection (A) of this section, shall have the support of at least 60 percent of the immediate adjacent property owner(s), based upon frontage foot of the subject proposed modification. Written support shall be in the form of either a letter or petition that shall include the signatures of the potentially affected property owners; and
- E. Council adoption of an ordinance modifying the RPZ boundaries.

(Ord. No. 4955, § 40, 2-18-2025; Ord. 4804 § 3, 2018; Ord. 4676 § 1, 2014)

8.54.020 Residential parking zones authorized.

The city council may establish a residential parking zone which may have one or more of the following provisions:

-
- A. Parking in the street or alley is reserved for the exclusive use by the owners of abutting properties and/or residents in a prescribed vicinity; vehicles used by their visitors; and service vehicles having business in the street or with the residents; and/or
 - B. Parking in the street or alley is reserved during certain posted hours for such exclusive use and available at all other times without additional restriction; and/or
 - C. Time limits are established for parking in the street or alley which apply to all vehicles except vehicles owned by or used by such residents, their visitors or service vehicles of persons having business in the street or with the residents.

Residential parking zones shall be appropriately signed or marked.

The city council may temporarily suspend the parking limitations imposed by this chapter for major public events, such as but not limited to the Kittitas County Fair and Rodeo, major Central Washington University events, and Election Day.

(Ord. 4055 § 1, 1996)

8.54.030 Designation of residential parking zones.

A permit or visitors' permit must be displayed in a prominent place on all vehicles parked within the area or areas designated and identified by the official residential parking zone map, as amended, attached hereto as exhibit "A" and by this reference incorporated herein as if set out in full in the text of this chapter. The time during which parking will be restricted in each zone is set out in exhibit "B," as amended, which is by this reference also incorporated into this chapter.

Except on a legal holiday, no person shall stop, stand or park a vehicle in violation of the posted or marked restrictions or when a permit or other authorization issued by the city is required as a condition for parking unless the same or a card or decal issued pursuant to RCW 46.16.381 or recognized under RCW 46.16.390 is displayed in a prominent place on the vehicle.

(Ord. 4317, 2002; Ord. 4085, 1997; Ord. 4061 § 1, 1996; Ord. 4055 § 1, 1996)

8.54.050 Eligibility for residential parking permits.

- A. *Eligibility.* Permits may be issued only to persons who reside within a residential parking zone area or to businesses located and licensed to operate within such an area; provided, however, a home occupation is not separately eligible for the issuance of permits as a business; and provided further, one permit may be issued to the occupants of any residential property located contiguous to a residential parking zone. For purposes of this chapter, in order to qualify as a residence, a living unit must be an approved fully self-contained building, or portion of a building, which provides for separate living, sleeping, eating, cooking and sanitation facilities, as further defined and required by the provisions of the International Building Code. Additionally, residence or business location shall be determined by the street address of the structure in which the applicant resides or the business is located, as determined by the U.S. Postal Service, or such other street upon which the residence fronts and for which the applicant can present adequate evidence that the proposed alternative frontage adequately reflects the actual orientation and location of the structure in which the applicant resides.
- B. *Proof of residence.* Proof of residence shall be established by:
 - 1. Display of a valid driver's license reflecting a current address within the area for which the permit is issued; or

-
2. Display of a deed, lease, rental agreement, utility account or other acceptable document showing residency.

(Ord. 4068 § 1, 1996; Ord. 4055 § 1, 1996)

8.54.100 Applications for permits.

- A. Authorization of finance department. The Ellensburg finance department is authorized to issue permits to qualified residents and businesses.
- B. Application form. Applications for permits shall be made on forms which shall include:
 1. The name, address, telephone number and vehicle license number of the applicant;
 2. The make, model, color and year of the vehicle or vehicles for which the permit is sought;
 3. The type of document used to establish eligibility for the permit as required by ECC 8.54.050;
 4. The license plate number and state of the vehicle;
 5. If a business, the average number of full-time equivalent employees employed by the business;
 6. The number of permits requested/issued;
 7. A statement immediately above where the applicant is to sign stating that the applicant has been provided with an opportunity to examine this chapter and is familiar with the terms thereof. All applications shall be signed by the applicant.
- C. No more than two permits shall be issued to any one residence or business; provided, however, the finance department may issue additional permits if an applicant demonstrates he or she occupies a residence and there are more than three motor vehicles owned or controlled by the occupants of that residence and there is insufficient off-street parking available to accommodate the additional vehicle or vehicles. These additional permits would not be subject to exchange for visitors' permits.

(Ord. 4108, 1997; Ord. 4068 § 2, 1996; Ord. 4055 § 1, 1996)

8.54.120 Residential parking permit description.

The permit shall contain the following information:

- A. The residential parking zone for which the permit is issued; and
- B. The expiration date of the permit.

(Ord. 4055 § 1, 1996)

8.54.150 Use and validity of permits.

- A. *Display.* Permits shall be displayed in the top center of the vehicle's front window; provided, however, any residential parking permit (decal) affixed to the rear window of a vehicle prior to the effective date of the ordinance codified in this section may be maintained in that position until the expiration date of the permit.
- B. *Validity.* Permits shall be valid only in the zone designated, and only for so long as the permit holder retains the vehicle and resides at the address specified in his or her application. Permits are nontransferable. Permits shall be valid during the period September 1 through August 31 of the following year.
- C. *Expiration.* Permits shall expire on August 31 of each calendar year.

(Ord. 4085, 1997; Ord. 4055 § 1, 1996)

8.54.180 Visitors' permits.

- A. The finance department is hereby authorized to issue visitors' permits which shall be valid for a period of up to one year. Two visitors' permits shall be issued upon request for each residential address; provided, however, upon request the finance department may substitute residential parking zone permits for visitors' permits or visitors' permits for residential parking zone permits. A business will be issued upon request with visitors' permits equal in number to the average number of full-time equivalent employees employed by the business. No visitors' permit shall be issued to the occupant of a residence located contiguous to a residential parking zone. Visitors' permits may be temporarily lent or borrowed between residents within the same residential parking zone for which the visitors' permit was issued.

For purposes of this section, the term "full-time equivalent" refers to the calculation made to determine the number of employees, both part-time and full-time, employed by a particular business. The sum of this calculation is stated in a manner that treats part-time employees, in the aggregate, as a whole or a fraction of a full-time employee. Thus, a business which employs two full-time and three half-time employees employs a full-time equivalent of three and one-half employees. Normal rules of fraction "rounding" apply for determining the number of visitors' permits that may be issued to a business.

- B. Visitors' permits shall be issued in conjunction with the issuance or renewal of a residential parking permit, for those individuals or businesses holding a valid residential parking permit or for the calendar year or any unexpired portion thereof for other qualified applicants.
- C. Additional visitors' or temporary guest permits may be issued to a resident or business within a residential parking zone upon application and proof of need. Such permits shall be valid for a period not to exceed three days in duration, with the expiration date of the permit clearly marked on the permit. An application for a temporary visitors' or guest permit may be made over the telephone, with the permit or permits delivered to the applicant through the regular United States Mail.
- D. Upon application, the finance department shall issue up to 20 visitors' permits to any church located within a residential parking zone.

(Ord. 4108, 1997; Ord. 4068 § 3, 1996; Ord. 4055 § 1, 1996)

8.54.190 Childcare, preschool and child-related permits.

- A. *Permit authorized—Purpose.* The city council recognizes there are childcare, preschool and child art instruction businesses located in the residential parking zones. (A "child art instruction" includes, e.g. music and dance lessons and art instruction.) The city council further recognizes that the normal operation of such businesses may require a parent or guardian of a child, especially of a young child, to leave his or her vehicle to drop a child off at or pick a child up from one of the businesses. To accommodate such activities, a child-related permit is authorized to permit short-term parking by a parent or guardian within the block in which the licensed childcare, preschool or art instruction business is located.
- B. *Application form.* Applications for permits shall be made to the Ellensburg finance department on forms which shall include:
1. The name, address, and telephone number of the business;
 2. The business must indicate whether it possesses a current city business license;
 3. The number of children and parents or guardians expected to be served in an average week; and

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(Supp. No. 3)

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4. The number of permits requested/ issued.
- C. *Permit issuance.* The finance department is authorized to issue child-related short-term parking permits to qualified daycare, preschool and art instruction businesses. The reissuance of individual permits to parents or guardians shall be the responsibility of the business operator. The permits shall be issued for the specific street and block upon which the business is located.
- D. *Permit term and use limitation.* A child-related short-term parking permit shall be valid for a period of up to one year and shall expire on August 31 of each year. The permit allows a parent or guardian to park for a period not to exceed 45 minutes and is to be used exclusively for the parent or guardian to either drop a child off at or pick a child up from childcare, preschool or art instruction or to accompany the child during instruction.
- E. *Permit location.* Child-related short-term parking permits should be displayed near the middle of the vehicle's dashboard, clearly visible from outside the vehicle.

(Ord. 4168, 1998)

8.54.200 Service vehicles.

Service vehicles parked in residential parking zones shall be exempt from holding a residential parking permit while making service calls to residential dwellings or businesses within the zone and exempt from posted time limits. Such service vehicles shall either display a sign provided by the city to indicate the vehicle is a service vehicle or be clearly and appropriately marked or signed as a service vehicle on the exterior of the vehicle. In the event a sign provided by the city is used, the sign shall be displayed in the windshield on the street side of the vehicle (driver's side).

(Ord. 4055 § 1, 1996)

8.54.220 Disabled parking.

The parking restrictions established for a residential parking zone shall not limit the parking of vehicles displaying a card or decal issued pursuant to RCW 46.16.381, relating to disabled persons' parking privileges.

(Ord. 4055 § 1, 1996)

8.54.250 Unlawful acts.

It shall be unlawful to do any of the following:

- A. To make any false or misleading statement in application for a permit.
- B. To transfer a permit to another person; provided, however, visitors' permits may be temporarily lent or borrowed between residents of a residential parking zone.
- C. To fraudulently alter a permit or visitors' permit in any manner whatsoever.
- D. To improperly display the permit or visitors' permit or to violate any terms or conditions under which the permit or visitors' permit was issued.
- E. To use or permit to be used a revoked or suspended permit.
- F. To copy, produce or otherwise bring into existence a facsimile or counterfeit parking permit or permits or to knowingly use or display a facsimile or counterfeit permit or visitors' permit in order to evade the time limitations applicable within a residential parking zone.

(Ord. 4055 § 1, 1996)

8.54.300 Revocation of permits.

Permits and/or visitors' permits may be revoked by the director of the finance department for any of the following reasons:

- A. The permit holder has made any false, misleading or incomplete statement in the application.
- B. Violation of any of the provisions of this chapter.

(Ord. 4055 § 1, 1996)

8.54.320 Revocation—Director of finance department duties.

If the director of the finance department finds a permit and/or visitors' permit should be revoked for any of the reasons set forth in ECC 8.54.300, he or she shall cause a written notice to be sent to the permit holder at the address contained on the application. The notice shall contain the following information:

- A. Advise the permit holder that the permit and/or visitors' permit will be revoked on a specified date which shall not be fewer than ten nor more than 13 days from the date of the letter.
- B. Advise the permit holder that unless a written notice of appeal, setting forth the reasons for the appeal, is filed with the finance department not later than the date set forth in subsection A of this section, the permit will be deemed revoked.
- C. Advise the permit holder that if a written notice of appeal is filed within the required time, the date, time and place of the hearing will be set.
- D. The reasons for the revocation.

(Ord. 4055 § 1, 1996)

8.54.350 Appeal.

Upon receipt of the appeal, the city manager or the manager's designee shall set a date for a hearing within 30 days of the receipt of the notice of appeal and notify the appellant of the date, time and place of the hearing. The city manager or the manager's designee shall render the decision within ten days after the hearing is closed, reduce the decision to writing and include a statement of the reasons for the decision. The city manager or his or her designee may affirm or reverse the revocation decision or order suspension for a specified period.

(Ord. 4055 § 1, 1996)

8.54.400 Penalties.

The basic penalty for parking in violation of this chapter shall be a \$25.00 fine; provided, however, upon a second violation in any 12-month period the penalty shall be \$50.00 and upon a third or succeeding violation in any 12-month period the penalty shall be \$75.00; provided further, warning citations shall be issued for such violations during the first 15 calendar days after the creation of a residential parking zone or change in enforcement hours of an existing residential parking zone. For the purpose of determining increased penalties under this section, the notices of infraction shall have been issued on the same vehicle under the same ownership during the 12-month period.

(Ord. 4350, 2002; Ord. 4334, 2002; Ord. 4055 § 1, 1996)

Exhibit "A"

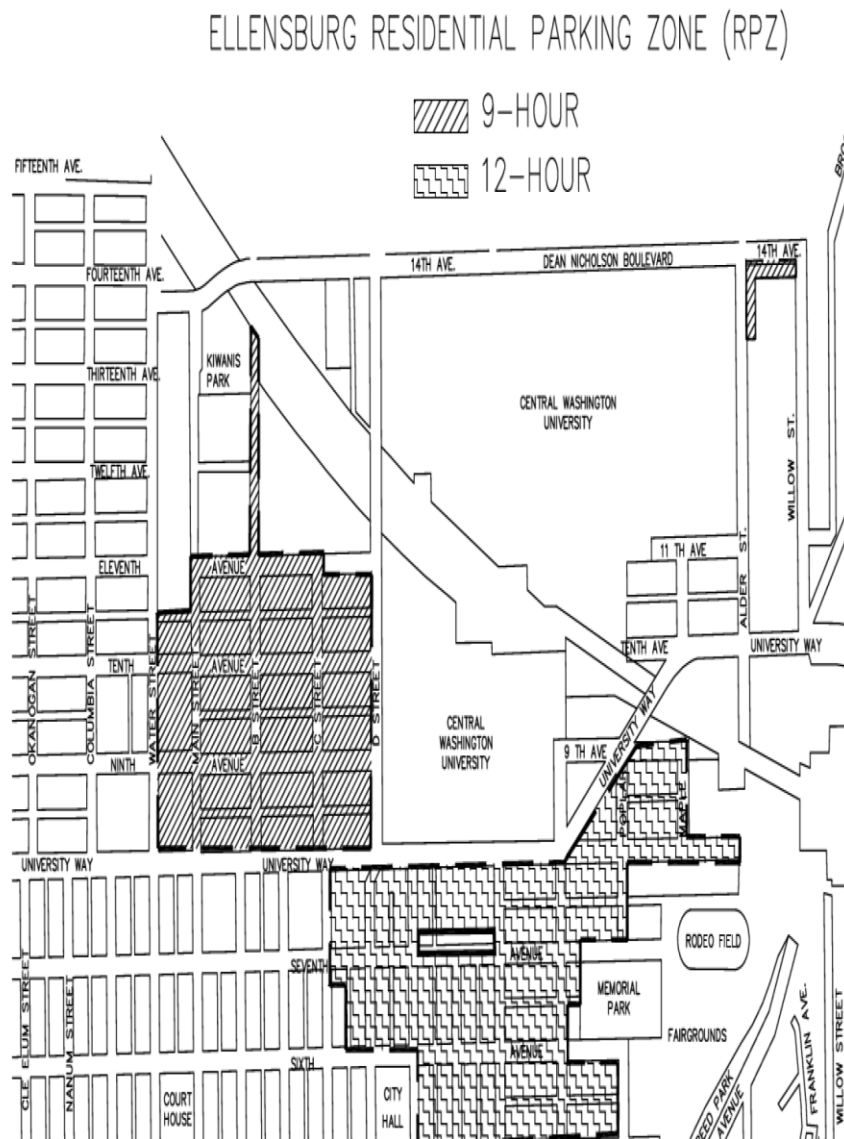


Exhibit "B"

All that area shown on the official map north of University Way shall have on-street parking restricted to vehicles containing RPZ permits, or signed service vehicles, during the hours of 8:00 a.m. to 5:00 p.m., Monday through and including Friday.

All that area shown on the official map south of University Way shall have on-street parking restricted to vehicles containing RPZ permits, or signed service vehicles, during the hours of 6:00 a.m. to 6:00 p.m., Monday through and including Friday, except for the north side of Seventh Ave. between Walnut St. and Anderson St., which shall not be subject to residential parking zone restrictions.

(Ord. 4833 § 4, 2019; Ord. 4698 § 1 (Exh. A), 2015; Ord. 4564 §§ 1, 2, 2010; Ord. 4093, 1997; Ord. 4085, 1997; Ord. 4061, 1996; Ord. 4055, 1996)

ORDINANCE NO. 4984

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, RELATING TO RESIDENTIAL PARKING ZONES AND AMENDING SECTION 8.54.150 OF THE ELLENSBURG CITY CODE

WHEREAS, due to high demand for parking near the CWU campus, Residential Parking Zones (“RPZ”) were created around the Central Washington University (“CWU”) campus to help preserve parking opportunities for residences and businesses in the RPZ area;

WHEREAS, it has come to the attention of the Ellensburg Police Department Parking Enforcement staff that some RPZ parking permits are being used by individuals for the sole purpose of visiting the CWU campus, which is contrary to the intent of the RPZ to preserve parking for residences and businesses near CWU; and

WHEREAS, amending city code will provide additional clarity on violations and permitted uses of RPZ parking permits;

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

Section 1. Section 8.54.150 of the Ellensburg City Code, as last amended by Section Ordinance 4085, is hereby amended to read as follows:

8.54.150 Use and validity of permits.

A. *Display.* Permits shall be displayed in the top center of the vehicle's front window; provided, however, any residential parking permit (decal) affixed to the rear window of a vehicle prior to the effective date of the ordinance codified in this section may be maintained in that position until the expiration date of the permit.

B. *Validity.* Permits shall be used only to access or visit a residence or business within the specific limited parking zone for which the permit was issued. Permits shall be valid only in the zone designated, and only for so long as the permit holder retains the vehicle and resides at the address specified in his or her application. Permits are nontransferable. Permits shall be valid during the period September 1 through August 31 of the following year.

C. *Expiration.* Permits shall expire on August 31 of each calendar year.

(Ord. 4085, 1997; Ord. 4055 § 1, 1996)

Section 2. Section 8.54.250 of the Ellensburg City Code, as last amended by Ordinance 4055, is hereby amended to read as follows:

8.54.250 Unlawful acts.

It shall be unlawful to do any of the following:

- A. To make any false or misleading statement in application for a permit.
- B. To transfer a permit to another person; provided, however, visitors' permits may be temporarily lent or borrowed between residents of a residential parking zone.
- C. To fraudulently alter a permit or visitors' permit in any manner whatsoever.
- D. To improperly display the permit or visitors' permit or to violate any terms or conditions under which the permit or visitors' permit was issued.
- E. To use or permit to be used a revoked or suspended permit.
- F. To copy, produce or otherwise bring into existence a facsimile or counterfeit parking permit or permits or to knowingly use or display a facsimile or counterfeit permit or visitors' permit in order to evade the time limitations applicable within a residential parking zone.
- G. To use or permit to be used a permit for any purpose other than accessing or visiting a residence or business within the specific limited parking zone for which the permit was issued. For example, using or permitting to be used a permit for the purpose of parking to attend, visit, or work on the CWU campus is strictly prohibited and is considered an unlawful act.

(Ord. 4055 § 1, 1996)

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 portion(s) 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 force five (5) days after its passage, approval and publication.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the _____ day of May, 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. 4984 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4984 was published as required by law.

BETH LEADER



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Ordinance 4987 (First Reading) - Amending the 2025/2026 Biennial Budget (Public Comment Opportunity)
Submitted by: Emily Del Prete, Accountant III - Budget Officer
Department: Finance

Suggested Motion/Action:

Move to conduct First Reading of Ordinance 4987, amending the 2025/2026 Biennial Budget.

Background/Summary:

The proposed supplemental budget is a routine budget amendment which principally carries forward unspent 2025 budget into 2026, amends the 2025/2026 Biennial Budget to reflect changes in operational requirements and adjustments to capital project plans approved through prior Council action since the last supplemental budget was adopted in December, along with other modifications to the Biennial Budget as proposed by the City Manager.

Previous Council Action:

Council adopted the 2025/2026 Biennial Budget via Ordinance 4950 on December 2, 2024, appropriating funds and providing expenditure authority for the two-year period beginning January 1, 2025. Council amended the budget via Ordinance 4958 on March 17, 2025, Ordinance 4970 on September 2, 2025, and Ordinance 4976 on December 1, 2025. Council held a public hearing on 2026 General Fund revenue sources on November 3, 2025. Council regularly reviews and approves additional budget adjustments as part of its ongoing review and approval of contracts and purchases.

Analysis:

Since the prior supplemental budget was adopted, items have been approved by City Council that require a supplemental budget adjustment in order to be implemented. The anticipated budget impacts are presented as part of the City's standard agenda reports that accompany the initial request. The proposed ordinance will officially authorize expenditures in support of previously approved projects and program changes. Previously approved projects and program changes that have come before Council since the approval of the mid-biennial review include: Personnel adjustments related to the adoption of the OPEIU CBA, two pay resolutions for Non-Represented employees, and Teamsters Local 760 CBA; distribution of Opioid Settlement Funds to be pooled with Kittitas County funds, Dissolution of the EBDA and final ILA Property Exchange, Periodic Update of Comprehensive Plan, Grant-Odd Fellows Lodge #20 Housing project, Grant-Habitat Willow Street, Pathways Place traffic impact fee replacement, JustFOIA purchase, Interlocal agreement with KVFR for IT Services, Property Acquisition on Industrial Way, 2025-27 Stormwater Capacity Grant Agreement, updated/amended Transit related agreements, 2026 Canyon Rd Overlay-Umpthanum Rd to Mountain View Ave, Engineering and Design of the Umpthanum Road Roundabout, Natural

Gas System Plan Update, Water Utility Fed Indirect Grant Emergency Drought Relief, Interlocal Agreement with Kittcom for Accounting Services, Amendment 2 to the 2023 Electrical System Plan Consultant, West Ellensburg Park Playground Purchase, Electric Rate Increase, Bull Rd & Mountain View Ave Traffic Signal & Intersection Improvements, Yakima Humane Society Ellensburg Animal Shelter Contract, Microsoft licensing agreement, 3rd Avenue Paverstone Pathway & Historic Lighting Project.

Additional items in the proposed ordinance include:

- Carry-forward of 2025 actual ending fund balances and unspent budget into 2026
- Personnel analysis true-up to 2025 actuals to reflect changes in personnel, accurate coding of personnel costs on the account level, and to reflect changes to tax and other benefit rates
- Clean-up of budgeted utility expenditures to be in line with actual expenditures.
- Account code corrections per BARS (no financial impact)
- Purchase of receptacle bins for downtown Ellensburg
- Recognize a donation of estate proceeds to the Ellensburg Animal Shelter
- Increase budget for the ERP and EAM projects using funds previously set aside for the projects
- CCA Compliance increase
- Increased developer revenue
- Development of the Decarbonization Roadmap and related planning activities
- Transit Retail Sales tax
- Recognize increased voter registration costs

Detailed figures for each item, by fund, are included in Table 1. A summary of all items by fund are identified in Table 2.

Financial Impact:

The proposed ordinance increases beginning budgeted fund balance by \$26.01 million, increases total budgeted 2026 revenue by approximately \$8.47 million, increases total budgeted 2026 expenditures by approximately \$17.74 million, and increases the total anticipated 2026 ending fund balances by \$16.74 million. While these amendments appear large, the 2026 proposed amended budget is close to the 2025 final approved budget. The proposed amendments maintain anticipated 2025 and 2026 ending fund balances within required fund balance thresholds.

Budget Adjustment: No

Attachments:

1. Table 1 - Supplemental Items by Fund
2. Table 2 - Summary of Budget Adjustments by Fund
3. Ordinance 4987- 2025-2026 Supplemental Budget (First Reading)
4. Exhibits A & B - 2025-2026 Biennial Budget as Amended

Table 1 - Supplemental Items by Fund (First Reading)

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
General Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	\$ 3,143,532	\$ -	\$ -	\$ 3,143,532
Restructure Human Resources front counter/reception area		-	4,000	(4,000)
Periodic Update of Comprehensive Plan		-	121,547	(121,547)
Engineering Admin - Professional Services		-	15,000	(15,000)
Engineering Admin - Travel		-	11,000	(11,000)
Engineering Admin - Capital Outlay Equipment		-	20,000	(20,000)
Diving Board Replacement - KVMP		-	7,500	(7,500)
Other Capital Facilities - Parks and Recreation		-	92,500	(92,500)
2026 Supplemental				
Distribution of Opioid Settlement Funds to be pooled with Kittitas County funds		-	100,000	(100,000)
Periodic Update of Comprehensive Plan		24,000	200,000	(176,000)
Estate Proceeds for Ellensburg Animal Shelter		406,947	-	406,947
Interlocal Agreement with Kittcom for Accounting Services		1,377	-	1,377
Personnel Updates/True-Ups		-	167,960	(167,960)
Electric Rate Increase (3.75% May-Dec)		-	787	(787)
Utility Adjustments to be in line with 2025 actuals		-	97,991	(97,991)
Yakima Humane Society Ellensburg Animal Shelter Contract		-	150,000	(150,000)
Increased Voter Registration Costs		-	8,236	(8,236)
General Fund Total	3,143,532	432,324	996,521	2,579,335
General Sub-Funds				
Economic Development Investments Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	25,972	-	-	25,972
2026 Supplemental				
Airport Business Park Utilities		-	1,000	(1,000)
Dissolution of the EBDA and final ILA Property Exchange.		-	30,000	(30,000)
Economic Development Investments Fund Total	25,972	-	31,000	(5,028)
Sales Tax Reserve Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	(115,573)	-	-	(115,573)
2026 Supplemental				
2026 Canyon Rd Overlay-Umptanum Rd to Mountain View Ave		-	216,000	(216,000)
Bull Rd & Mountain View Ave Traffic Signal & Intersection Improvements		-	200,000	(200,000)
Sales Tax Reserve Fund Total	(115,573)	-	416,000	(531,573)

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Art Acquisition Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	14,652	-	-	14,652
2026 Supplemental				
Personnel Updates/True-Ups		-	475	(475)
Art Acquisition Fund Total	14,652	-	475	14,177
Grants Fund (CARES/ARPA/CCA)				
2025 Carryforward				
Beginning Fund Balance Adjustments	192,960	-	-	192,960
Development of the Decarbonization Roadmap and related planning activities		-	220,490	(220,490)
2026 Supplemental				
Development of the Decarbonization Roadmap and related planning activities		-	127,500	(127,500)
Grants Fund (CARES/ARPA/CCA) Total	192,960	-	347,990	(155,030)
Library Trust Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	13,789	-	-	13,789
Library Trust Fund Total	13,789	-	-	13,789
Hal Holmes Trust Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	27,795	-	-	27,795
Hal Holmes Trust Fund Total	27,795	-	-	27,795
Flex Savings Account Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	3,620	-	-	3,620
Flex Savings Account Fund Total	3,620	-	-	3,620
Fire Relief & Pension Trust Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	84,049	-	-	84,049
Fire Relief & Pension Trust Fund Total	84,049	-	-	84,049
General Sub-Funds Total	247,262	-	795,465	(548,203)

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Special Revenue Funds				
Street Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	651,131	-	-	651,131
Street Preservation		-	209,800	(209,800)
Street Maintenance		-	41,600	(41,600)
Snow & Ice Control		-	92,700	(92,700)
Training		-	9,350	(9,350)
2026 Supplemental				
Receptacle bins for downtown Ellensburg		-	15,000	(15,000)
Personnel Updates/True-Ups		-	(41,791)	41,791
Electric Rate Increase (3.75% May-Dec)		-	826	(826)
Utility Adjustments to be in line with 2025 actuals		-	17,308	(17,308)
Street Fund Total	651,131	-	344,793	306,338
Arterial Street Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	60,610	-	-	60,610
Traffic Control Devices O&M - Prof Services		-	32,900	(32,900)
Road & St Ops - Engineering		-	15,400	(15,400)
Engineering - Professional Services		-	326,000	(326,000)
Construction Engineering - Professional Services		-	25,000	(25,000)
Utility Adjustments - Other Improvements		-	175,000	(175,000)
Main/Manitoba to Water/Bender Overlay		699,460	-	699,460
Helena Ave Improvements		97,407	-	97,407
Gateway II - Vantage Hwy		309,915	-	309,915
2026 Supplemental				
2026 Canyon Rd Overlay-Umptanum Rd to Mountain View Ave		638,288	667,839	(29,551)
Engineering and Design of the Umptanum Road Roundabout		302,300	302,300	-
Bull Rd & Mountain View Ave Traffic Signal & Intersection Improvements		200,000	200,000	-
3rd Avenue Paverstone Pathway & Historic Lighting Project		202,607	202,607	-
Arterial Street Fund Total	60,610	2,449,977	1,947,046	563,541
Traffic Impact Fees Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	562,379	-	-	562,379
2026 Supplemental				
Engineering and Design of the Umptanum Road Roundabout		-	114,641	(114,641)
Traffic Impact Fees Fund Total	562,379	-	114,641	447,738

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Public Transit Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	679,030	-	-	679,030
2026 Supplemental				
Cabulance Operating Agreement		-	44,000	(44,000)
Paratransit Operating Amendment		-	5,251	(5,251)
Public Transit Amendment Agreement		-	70,216	(70,216)
Interlocal Agreement for Provision of Yakima-Ellensburg Commuter Service		-	16,000	(16,000)
Interlocal Agreement for transit services around the CWU		(15,000)	-	(15,000)
Transit Retail Sales		1,210,834	-	1,210,834
Personnel Updates/True-Ups		-	2,002	(2,002)
Public Transit Fund Total	679,030	1,195,834	137,469	1,737,396
Criminal Justice Sales Tax Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	181,031	-	-	181,031
2026 Supplemental				
Personnel Updates/True-Ups		-	117,283	(117,283)
Yakima Humane Society Ellensburg Animal Shelter Contract		-	(123,000)	123,000
Criminal Justice Sales Tax Fund Total	181,031	-	(5,717)	186,748
Drug Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	24,236	-	-	24,236
Drug Fund Total	24,236	-	-	24,236
CATV Operations Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	1,503	-	-	1,503
2026 Supplemental				
Move expense to ECTV Operations Fund and request increase		-	3,725	(3,725)
CATV Operations Fund Total	1,503	-	3,725	(2,222)
CATV Capital Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	3,108	-	-	3,108
CATV Capital Fund Total	3,108	-	-	3,108
Parks Acquisition Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	619,500	-	-	619,500
Parks Acquisition Fund Total	619,500	-	-	619,500

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Lodging Tax Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	333,431	-	-	333,431
Receptacle bins for downtown Ellensburg		-	58,370	(58,370)
2026 Supplemental				
Personnel Updates/True-Ups		-	147	(147)
Lodging Tax Fund Total	333,431	-	58,517	274,914
Housing Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	459,933	-	-	459,933
CHIP Grant-Stuart Meadows		245,599	245,599	-
CHIP Grant- Pathways		829,875	829,875	-
2026 Supplemental				
Grant Odd Fellows Lodge #20 Housing project		-	1,200,000	(1,200,000)
Grant Habitat Willow Street		-	1,100,000	(1,100,000)
Pathways Place traffic impact fee replacement		-	22,446	(22,446)
Split out/adjust cold weather shelter costs		-	(11,400)	11,400
Housing Fund Total	459,933	1,075,474	3,386,520	(1,851,113)
Special Revenue Funds Total	3,575,894	4,721,285	5,986,994	2,310,184
Debt Service Funds				
Facilities Imp. Debt Service Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	2,001	-	-	2,001
Facilities Imp. Debt Service Fund Total	2,001	-	-	2,001
2010 Maint. Bond Debt Service Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	1,600	-	-	1,600
2026 Supplemental				
2010 Maint. Bond Debt Service Fund Total	1,600	-	-	1,600
Debt Service Funds Total	3,601	-	-	3,601
Capital Projects Funds				
Fieldhouse Development Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	(280,689)	-	-	(280,689)
Fieldhouse Construction		-	287,534	(287,534)
Fieldhouse Development Fund Total	(280,689)	-	287,534	(568,223)
Cap. Imp. Bond Projects Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	301,723	-	-	301,723
Cap. Imp. Bond Projects Fund Total	301,723	-	-	301,723

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
General Capital Projects Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	(0)	-	-	(0)
General Capital Projects Fund Total	(0)	-	-	(0)
Sidewalk Fund (REET1)				
2025 Carryforward				
Beginning Fund Balance Adjustments	46,918	-	-	46,918
Sidewalks - Improvements		-	120,000	(120,000)
Sidewalk Fund (REET1) Total	46,918	-	120,000	(73,082)
Rec. Facilities Fund (REET 2)				
2025 Carryforward				
Beginning Fund Balance Adjustments	140,041	-	-	140,041
2026 Supplemental				
West Ellensburg Park Playground Purchase		-	40,000	(40,000)
Rec. Facilities Fund (REET 2) Total	140,041	-	40,000	100,041
Capital Projects Funds Total	207,993	-	447,534	(239,541)
Enterprise Funds				
Stormwater Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	(431,161)	-	-	(431,161)
Administration - Professional Services		-	137,500	(137,500)
Maintenance		-	135,500	(135,500)
2026 Supplemental				
Account code corrections per BARS		-	-	-
2025-27 Stormwater Capacity Grant Agreement		(10,000)	-	(10,000)
Personnel Updates/True-Ups		-	83,874	(83,874)
Electric Rate Increase (3.75% May-Dec)		-	88	(88)
Stormwater Utility Fund Total	(431,161)	(10,000)	356,962	(798,123)
Telecommunications Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	230,493	-	-	230,493
Equipment upgrades		-	200,000	(200,000)
Unexpected grant funding		99,458	-	99,458
Delayed federal grant reimbursement		180,332	-	180,332
Delayed state grant reimbursement		53,710	-	53,710
Anticipated new Dark Fiber service connections		60,000	-	60,000
Installation/ maintenance on Telecom property		20,863	-	20,863
Central Connect payment for NTIA Grant, payment is delayed due to L&I filling		-	62,044	(62,044)
2026 Supplemental				
Personnel Updates/True-Ups		-	2,098	(2,098)
Electric Rate Increase (3.75% May-Dec)		-	40	(40)
Utility Adjustments to be in line with 2025 actuals		-	676	(676)
Telecommunications Utility Fund Total	230,493	414,363	264,858	379,998

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Gas Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	1,795,372	-	-	1,795,372
SR 97 project and other miscellaneous projects		-	700,000	(700,000)
2026 Supplemental				
CCA Compliance increase		-	50,000	(50,000)
Increased developer revenue		100,000	-	100,000
Natural Gas System Plan Update - Budget Amendment for Professional Services Agreement		-	45,500	(45,500)
Personnel Updates/True-Ups		-	395,799	(395,799)
Electric Rate Increase (3.75% May-Dec)		-	115	(115)
Utility Adjustments to be in line with 2025 actuals		-	(1,364)	1,364
Gas Utility Fund Total	1,795,372	100,000	1,190,050	705,322
Electric Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	10,243,195	-	-	10,243,195
Purchase of land		-	1,600,000	(1,600,000)
CCA allowance sales		105,460	-	105,460
Removal of existing overhead conductor and replacement with new underground feeder conductor		-	297,187	(297,187)
2026 Supplemental				
Amendment 2 to the 2023 Electrical System Plan Consultant		-	8,759	(8,759)
Personnel Updates/True-Ups		-	279,386	(279,386)
Electric Rate Increase (3.75% May-Dec)		-	486	(486)
Utility Adjustments to be in line with 2025 actuals		-	20	(20)
Revenue adjusted for the electric rate increase driven by the cost of service analysis		2,477,648	-	2,477,648
Electric Utility Fund Total	10,243,195	2,583,108	2,185,837	10,640,466
Water Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	3,545,342	-	-	3,545,342
Distribution Main - Improvements		-	434,900	(434,900)
Station Equipment - Other Improvements		-	36,000	(36,000)
Transmission Main - Other Improvements		-	19,900	(19,900)
Wells - Professional Services		-	400,000	(400,000)
Reservoirs - Land and Land Imp.		-	750,000	(750,000)
Training		-	23,250	(23,250)
Treatment Ops		-	5,000	(5,000)
Cross Connection Control		-	20,000	(20,000)
2026 Supplemental				
Water Utility Fed Indirect Grant Emergency Drought Relief		248,031	-	248,031
Personnel Updates/True-Ups		-	71,907	(71,907)
Electric Rate Increase (3.75% May-Dec)		-	5,269	(5,269)
Utility Adjustments to be in line with 2025 actuals		-	144,883	(144,883)
Water Utility Fund Total	3,545,342	248,031	1,911,109	1,882,264

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Sewer Utility Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	418,406	-	-	418,406
WWTP Maintenance - Small Tools		-	9,200	(9,200)
Buildings & Structures - Other Improvements		-	695,043	(695,043)
Training		-	28,400	(28,400)
2026 Supplemental				
Personnel Updates/True-Ups		-	(149,609)	149,609
Electric Rate Increase (3.75% May-Dec)		-	6,977	(6,977)
Utility Adjustments to be in line with 2025 actuals		-	30,107	(30,107)
Sewer Utility Fund Total	418,406	-	620,118	(201,712)
Enterprise Funds Total	15,801,648	3,335,502	6,528,934	12,608,216
Internal Service Funds				
Shop & Warehouse Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	760,877	-	-	760,877
Machinery & Equipment		-	232,000	(232,000)
2026 Supplemental				
Property Acquisition on Industrial Way		-	460,000	(460,000)
Personnel Updates/True-Ups		-	(178,659)	178,659
Electric Rate Increase (3.75% May-Dec)		-	851	(851)
Shop & Warehouse Fund Total	760,877	-	514,192	246,685
General Facilities Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	537,089	-	-	537,089
2026 Supplemental				
Personnel Updates/True-Ups		-	(67,406)	67,406
Electric Rate Increase (3.75% May-Dec)		-	3,142	(3,142)
Utility Adjustments to be in line with 2025 actuals		-	(4,683)	4,683
General Facilities Fund Total	537,089	-	(68,947)	606,036
Health & Benefits Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	391,395	-	-	391,395
2026 Supplemental				
Personnel Updates/True-Ups		-	3,816	(3,816)
Health & Benefits Fund Total	391,395	-	3,816	387,579
Risk Management Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	(47,567)	-	-	(47,567)
Risk Management Fund Total	(47,567)	-	-	(47,567)

Fund/Item	Bud. Beg. Fund Balance	2026 Revenues	2026 Expenditures	Bud. Ending Fund Balance
Information Technology Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	1,309,686	-	-	1,309,686
Capital outlay for network resources.		-	193,000	(193,000)
Software purchases		-	77,100	(77,100)
Professional services		-	18,500	(18,500)
Repairs and maintenance for network switches and other equipment		-	203,000	(203,000)
Prefunded replacements of computer, servers, and network equipment		-	328,428	(328,428)
Training and travel		-	37,200	(37,200)
Equipment expenses		-	2,500	(2,500)
ERP Replacement		-	533,000	(533,000)
2026 Supplemental				
City utility charges-True-up to 2025 actuals		-	23,231	(23,231)
JustFOIA purchase-a public records management software-as-a-service		-	10,754	(10,754)
Interlocal agreement with KVFR for IT Services updated allocation costs		36,679	-	36,679
Personnel Updates/True-Ups		-	183,515	(183,515)
Electric Rate Increase (3.75% May-Dec)		-	37	(37)
Move vehicle rental from Enterprise Applications to Desktop Operations		-	-	-
ERP Replacement		-	979,338	(979,338)
Move expense to ECTV Operations Fund and request increase		-	(870)	870
Microsorft licensing agreement		-	4,537	(4,537)
Increased costs for support and licensing of Dynamics GP and its add-on software		-	6,327	(6,327)
Information Technology Fund Total	1,309,686	36,679	2,599,597	(1,253,232)
Geographic Info. Systems Fund				
2025 Carryforward				
Beginning Fund Balance Adjustments	77,189	-	-	77,189
2025 personnel savings to fund two additional GIS interns		-	17,937	(17,937)
Software purchases		-	2,200	(2,200)
Professional services		-	36,000	(36,000)
Training and travel		-	8,000	(8,000)
Equipment expenses		-	1,700	(1,700)
2026 Supplemental				
Personnel Updates/True-Ups		-	(4,413)	4,413
Geographic Info. Systems Fund Total	77,189	-	61,424	15,765
Internal Service Funds Total	3,028,668	36,679	3,110,082	(44,735)
Grand Total	\$ 26,008,599	\$ 8,525,790	\$ 17,865,531	\$ 16,668,857

Table 2
City of Ellensburg

2026 Summary of Budget Adjustments by Fund

	Bud. Beg.	2026	2026	Bud. Ending
	Fund Balance	Revenues	Expenditures	Fund Balance
General Fund	\$ 3,143,532	\$ 432,324	\$ 996,521	\$ 2,579,335
Managerial Funds of the General Fund				
Econ. Dev. Investments Fund	25,972	-	31,000	(5,028)
Sales Tax Reserve Fund	(115,573)	-	416,000	(531,573)
Art Acquisition Fund	14,652	-	475	14,177
Grants Fund (CARES/ARPA/CCA)	192,960	-	347,990	(155,030)
Library Trust Fund	13,789	-	-	13,789
Hal Holmes Trust Fund	27,795	-	-	27,795
Flex Savings Account Fund	3,620	-	-	3,620
Fire Relief & Pension Trust Fund	84,049	-	-	84,049
Total Managerial Funds of the GF	247,262	-	795,465	(548,203)
Special Revenue Funds				
Street Fund	651,131	-	344,793	306,338
Arterial Street Fund	60,610	2,449,977	1,947,046	563,541
Traffic Impact Fees Fund	562,379	-	114,641	447,738
Public Transit Fund	679,030	1,195,834	137,469	1,737,396
Criminal Justice Sales Tax Fund	181,031	-	(5,717)	186,748
Drug Fund	24,236	-	-	24,236
CATV Operations Fund	1,503	-	3,725	(2,222)
CATV Capital Fund	3,108	-	-	3,108
Parks Acquisition Fund	619,500	-	-	619,500
Lodging Tax Fund	333,431	-	58,517	274,914
Housing Fund	459,933	1,075,474	3,386,520	(1,851,113)
Total Special Revenue Funds	3,575,894	4,721,285	5,986,994	2,310,185
Debt Service Funds				
Facilities Imp. Debt Service Fund	2,001	-	-	2,001
2010 Maint. Bond Debt Service Fund	1,600	-	-	1,600
LID Guaranty Fund	-	-	-	-
Total Debt Service Funds	3,601	-	-	3,601
Capital Project Funds				
Fieldhouse Development Fund	(280,689)	-	287,534	(568,223)
Cap. Imp. Bond Projects Fund	301,723	-	-	301,723
General Capital Projects Fund	(0)	-	-	(0)
Sidewalk Fund (REET1)	46,918	-	120,000	(73,082)
Rec. Facilities Fund (REET 2)	140,041	-	40,000	100,041
Total Capital Project Funds	207,993	-	447,534	(239,541)
Enterprise Funds				
Stormwater Utility Fund	(431,161)	(10,000)	356,962	(798,123)
Telecommunications Utility Fund	230,493	414,363	264,858	379,998
Gas Utility Fund	1,795,372	100,000	1,190,050	705,322
Electric Utility Fund	10,243,195	2,583,108	2,185,837	10,640,466
Water Utility Fund	3,545,342	248,031	1,911,109	1,882,264
Sewer Utility Fund	418,406	-	620,118	(201,712)
Total Enterprise Funds	15,801,648	3,335,502	6,528,934	12,608,216
Internal Service Funds				
Shop & Warehouse Fund	760,877	-	514,192	246,685
General Facilities Fund	537,089	-	(68,947)	606,036
Health & Benefits Fund	391,395	-	3,816	387,579
Risk Management Fund	(47,567)	-	-	(47,567)
Information Technology Fund	1,309,686	36,679	2,599,597	(1,253,232)
Geographic Info. Systems Fund	77,189	-	61,424	15,765
Total Internal Service Funds	3,028,668	36,679	3,110,082	(44,735)
All Funds	\$ 26,008,599	\$ 8,525,790	\$ 17,865,530	\$ 16,668,858

ORDINANCE NO. 4987

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, AMENDING THE 2025-2026 BIENNIAL BUDGET FOR THE CITY OF ELLENSBURG, WASHINGTON AS SET FORTH IN ORDINANCE NO. 4950 TO ADJUST APPROPRIATIONS IN THE CITY'S FUNDS.

WHEREAS, the City Council approved Ordinance No. 4950, which adopted a biennial budget for fiscal years 2025-2026; and

WHEREAS, the City Council approved Ordinance No. 4958, which amended the biennial budget for fiscal years 2025-2026; and

WHEREAS, the City Council approved Ordinance No. 4970, which amended the biennial budget for fiscal years 2025-2026; and

WHEREAS, the City Council approved Ordinance No. 4976, which amended the biennial budget for fiscal years 2025-2026; and

WHEREAS, Ch. 35A.34 RCW provides procedures for adopting, managing, and amending a biennial budget; and

WHEREAS, the City Manager has identified the need to make certain revisions to the 2025-2026 biennial budget; and

WHEREAS, the City Council has reviewed the proposed adjustments to the budget and has determined that they should be made;

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

Section 1. 2025-2026 Supplemental Budget. The 2025-2026 Biennial Budget for the City of Ellensburg for the period January 1, 2025 through December 31, 2026, as authorized in Ordinance 4950 and previously amended in Ordinance 4958, Ordinance 4970, and Ordinance 4976 is hereby amended as revised in attached Exhibits A and B, and are hereby appropriated for expenditure at the fund level during the 2025-2026 biennium.

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 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 1st day of June, 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. 4987 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4987 was published as required by law.

BETH LEADER

City of Ellensburg
2025 Budget - All Funds as Amended

	Bud. Beg.	2025	2025	Bud. Ending
	Fund Balance	Revenues	Expenditures	Fund Balance
General Fund	\$ 8,301,093	\$ 22,381,847	\$ 23,937,442	\$ 6,745,498
Managerial Funds of the General Fund				
Econ. Dev. Investments Fund	657,018	272,000	18,806	910,212
Sales Tax Reserve Fund	1,392,527	8,670,232	7,056,734	3,006,025
Art Acquisition Fund	82,560	51,000	105,000	28,560
Grants Fund (CARES/ARPA/CCA)	805,941	750,000	1,100,881	455,060
Library Trust Fund	382,656	7,500	8,974	381,182
Hal Holmes Trust Fund	199,147	4,500	1,472	202,175
Flex Savings Account Fund	-	-	-	-
Fire Relief & Pension Trust Fund	949,397	232,767	163,852	1,018,312
Total Managerial Funds of the GF	4,469,246	9,987,999	8,455,719	6,001,526
Special Revenue Funds				
Street Fund	1,149,604	2,658,227	3,149,134	658,697
Arterial Street Fund	228,475	6,437,253	5,686,316	979,412
Traffic Impact Fees Fund	682,871	389,387	158,330	913,928
Public Transit Fund	4,300,013	3,213,190	3,230,015	4,283,188
Criminal Justice Sales Tax Fund	2,787,333	2,087,540	2,164,481	2,710,392
Drug Fund	26,286	3,100	10,000	19,386
CATV Operations Fund	117,688	81,536	86,109	113,115
CATV Capital Fund	70,820	-	-	70,820
Parks Acquisition Fund	672,237	101,820	427,800	346,257
Lodging Tax Fund	1,841,216	687,000	622,966	1,905,250
Housing Fund	3,424,285	2,302,875	2,886,895	2,840,265
Total Special Revenue Funds	15,300,828	17,961,928	18,422,046	14,840,710
Debt Service Funds				
Facilities Imp. Debt Service Fund	361,381	562,327	563,326	360,382
2010 Maint. Bond Debt Service Fund	86,815	186,403	186,403	86,815
LID Guaranty Fund	153,508	9,492	163,000	-
Total Debt Service Funds	601,704	758,222	912,729	447,197
Capital Project Funds				
Fieldhouse Development Fund	5,607,619	2,332,931	485,232	7,455,318
Cap. Imp. Bond Projects Fund	348,384	-	348,384	-
General Capital Projects Fund	116,203	-	-	116,203
Sidewalk Fund (REET1)	232,319	396,000	363,000	265,319
Rec. Facilities Fund (REET 2)	806,936	313,431	35,000	1,085,367
Total Capital Project Funds	7,111,461	3,042,362	1,231,616	8,922,207
Enterprise Funds				
Stormwater Utility Fund	1,404,011	3,518,351	3,802,605	1,119,757
Telecommunications Utility Fund	262,779	1,019,457	1,031,365	250,871
Gas Utility Fund	7,585,123	15,122,537	19,902,582	2,805,078
Electric Utility Fund	14,328,297	22,634,757	31,553,245	5,409,809
Water Utility Fund	9,071,285	6,978,953	9,253,523	6,796,715
Sewer Utility Fund	7,415,678	8,266,225	10,212,243	5,469,660
Total Enterprise Funds	40,067,173	57,540,280	75,755,563	21,851,890
Internal Service Funds				
Shop & Warehouse Fund	9,793,434	4,178,620	3,310,993	10,661,061
General Facilities Fund	181,326	3,522,128	3,481,135	222,319
Health & Benefits Fund	1,295,483	10,000	1,301,366	4,117
Risk Management Fund	1,356,984	1,076,102	1,168,716	1,264,370
Information Technology Fund	2,992,205	2,998,071	3,357,481	2,632,795
Geographic Info. Systems Fund	433,228	349,127	538,095	244,260
Total Internal Service Funds	16,052,660	12,134,048	13,157,786	15,028,922
All Funds	\$ 91,904,165	\$ 123,806,686	\$ 141,872,901	\$ 73,837,950

City of Ellensburg				
2026 Budget - All Funds as Amended				
	Bud. Beg.	2026	2026	Bud. Ending
	Fund Balance	Revenues	Expenditures	Fund Balance
General Fund	\$ 9,889,030	\$ 20,673,263	\$ 24,150,315	\$ 6,411,978
Managerial Funds of the General Fund				
Econ. Dev. Investments Fund	936,184	-	31,000	905,184
Sales Tax Reserve Fund	2,890,452	6,475,071	7,672,164	1,693,359
Art Acquisition Fund	43,212	51,000	50,475	43,737
Grants Fund (CARES/ARPA/CCA)	648,020	-	647,990	30
Library Trust Fund	394,971	7,500	8,983	393,488
Hal Holmes Trust Fund	229,970	4,000	1,546	232,424
Flex Savings Account Fund	3,620	-	-	3,620
Fire Relief & Pension Trust Fund	1,102,361	231,888	169,793	1,164,456
Total Managerial Funds of the GF	6,248,790	6,769,459	8,581,951	4,436,298
Special Revenue Funds				
Street Fund	1,309,828	2,857,106	3,629,973	536,961
Arterial Street Fund	1,040,022	4,514,195	4,456,790	1,097,427
Traffic Impact Fees Fund	1,476,307	389,387	1,149,391	716,303
Public Transit Fund	4,962,218	2,916,405	3,345,974	4,532,649
Criminal Justice Sales Tax Fund	2,891,423	2,070,984	2,293,285	2,669,122
Drug Fund	43,622	3,100	5,000	41,722
CATV Operations Fund	114,618	75,954	89,772	100,800
CATV Capital Fund	73,928	-	-	73,928
Parks Acquisition Fund	965,757	101,820	-	1,067,577
Lodging Tax Fund	2,238,681	687,000	684,492	2,241,189
Housing Fund	3,300,198	1,880,880	3,879,290	1,301,788
Total Special Revenue Funds	18,416,602	15,496,831	19,533,967	14,379,466
Debt Service Funds				
Facilities Imp. Debt Service Fund	362,383	562,327	563,326	361,384
2010 Maint. Bond Debt Service Fund	88,415	186,403	186,403	88,415
LID Guaranty Fund	-	-	-	-
Total Debt Service Funds	450,798	748,730	749,729	449,799
Capital Project Funds				
Fieldhouse Development Fund	7,174,629	-	287,534	6,887,095
Cap. Imp. Bond Projects Fund	301,723	-	-	301,723
General Capital Projects Fund	116,203	-	-	116,203
Sidewalk Fund (REET1)	312,237	376,000	610,000	78,237
Rec. Facilities Fund (REET 2)	1,225,408	328,931	865,000	689,339
Total Capital Project Funds	9,130,200	704,931	1,762,534	8,072,597
Enterprise Funds				
Stormwater Utility Fund	688,596	2,532,752	3,133,381	87,967
Telecommunications Utility Fund	481,364	824,687	828,921	477,130
Gas Utility Fund	4,600,450	15,277,736	16,504,922	3,373,264
Electric Utility Fund	15,653,004	31,566,706	32,626,498	14,593,212
Water Utility Fund	10,342,057	7,126,984	10,097,615	7,371,426
Sewer Utility Fund	5,888,066	10,241,344	12,882,939	3,246,471
Total Enterprise Funds	37,653,537	67,570,209	76,074,276	29,149,470
Internal Service Funds				
Shop & Warehouse Fund	11,421,938	4,348,114	3,759,277	12,010,775
General Facilities Fund	759,408	1,057,701	951,299	865,810
Health & Benefits Fund	395,512	250,000	253,816	391,696
Risk Management Fund	1,216,803	1,116,798	1,161,525	1,172,076
Information Technology Fund	3,942,481	3,424,047	5,289,282	2,077,246
Geographic Info. Systems Fund	321,449	357,010	603,733	74,726
Total Internal Service Funds	18,057,591	10,553,670	12,018,932	16,592,329
All Funds	\$ 99,846,548	\$ 122,517,093	\$ 142,871,704	\$ 79,491,937



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Ordinance 4988 (First Reading) for Water and Sewer Utility Rates and Plant Investment Fees 2026-2028 (Public Comment Opportunity)

Submitted by: Mike Helgeson, Assistant Public Works Director

Department: Public Works

Suggested Motion/Action:

Move to conduct first reading of proposed ordinance 4988, adjusting water and sewer rates and plant investment fees.

Background/Summary:

The Public Works Department completed a Water System Plan Update in 2024 which was adopted by Council at its June 17th, 2024, meeting and recently completed a General Sewer Plan Update which was approved by Council in substantially similar form at the May 4, 2026, Council meeting. These plans identify capital improvement and maintenance projects that will need to be completed to continue providing quality service, and to maintain the reliability of the Water and Sewer utilities. In an effort to equitably cover the costs of these significant and necessary infrastructure upgrades, FCS Group was retained to complete a rate analysis for both water and sewer utilities.

Previous Council Action:

Council will be provided a presentation from FCS Group at a study session prior to this May 18, 2026, Council Meeting outlining their findings and the reasoning behind the proposed ordinance.

Analysis:

Water and sewer (wastewater) utilities operate as their own business entities (enterprise funds) where revenues from utility rates must cover all expenditures (capital and operations) for the utility.

The FCS Group's analysis of the Water and Sewer Utility's revenue requirements show a need for rate and plant investment fee (PIF) increases over the next six years to adequately fund the necessary maintenance and capital improvement projects that have been outlined in the recently adopted Water and Sewer System Plan Updates.

FCS Group presented these findings to the Environmental Commission at its April 15th, 2026 meeting. The Environmental Commission provided a favorable recommendation to Council to consider the increases proposed in the ordinance, which includes rate increases for three years (July 2026, January 2027, January 2028), and tiered PIF increases for two years beginning in January 2027. The recommendation to start the PIF increases on January 1,

2027, is suggested so as to not start mid-year and allow adequate notifications to contractors and developers, which would be consistent with previous PIF increases. Staff would then complete another rate analysis in 2028 to see where each utility fund stands at that time. Revenue sources (rate revenue, debt service, and grants) would be re-evaluated to see if the proposed increases in the final three years of the study are necessary in their current form.

Non-Profit City utilities such as water and sewer are self-supporting (Enterprise Funds) and must cover the cost of services that they provide to the public. It is the City's responsibility to deliver reliable service to customers by maintaining systems and preparing for projected future growth.

Financial Impact:

The proposed ordinance before Council includes the rate and PIF increases that have been recommended by the Environmental Commission and presented to Council at the study session preceding this meeting.

Budget Adjustment: No

Attachments:

1. Ordinance 4988 - Utility Rates Update

ORDINANCE NO. 4988

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, RELATING TO TITLE 9 “UTILITIES” AND AMENDING SECTIONS 9.91.300, 9.91.400, 9.92.300, AND 9.92.400 OF THE ELLENSBURG CITY CODE.

WHEREAS, the Water System Plan (WSP) was adopted by Council on June 17, 2024; and

WHEREAS, the General Sewer Plan (GSP) was accepted by Council on May 4th, 2026; and

WHEREAS, both the WSP and GSP included Capital Improvements Plans (CIP’s) outlining necessary improvement needed over each respective plans 20 year evaluations based on projected growth and demand; and

WHEREAS, water and wastewater utilities operate as enterprise funds where revenues from utility rates must cover all expenditures (capital and operations) for the utility; and

WHEREAS, the City contracted with the FCS (a Bowman company) on Sept. 17th, 2025, to complete a water and sewer revenue requirement rate study to support the water and sewer CIP’s; and

WHEREAS, a water and sewer rate proposal was presented to the Environmental Commission on April 15th, 2026, which recommended that City Council adopt the first three of the six rate and PIF increases, with increased in July 2026, January 2027, and January 2028; and

WHEREAS, a water and sewer Plant Investment Fee (PIF), or connection charges, was also presented to the Environmental Commission on April 15th, 2026, which recommended that City Council adopt a phased in PIF; and

WHEREAS, the City Council is scheduled to have a Study Session and receive a water and sewer rate and PIF presentation at the Council Study session at 6pm on May 18th, 2026, prior to the regular Council meeting.

WHEREAS, the rate study recommended six annual rate increases, but due to economic uncertainties and the desire to secure state and/or federal funding to facilitate large capital projects, especially in the sewer system improvements, staff recommend adoption of three (3) increases through 2028, and then completing an additional rate study to reevaluate rate increases for subsequent years; and

WHEREAS, staff recommends that the incremental increases to the PIF’s begin on January 1, 2027, to allow adequate notifications to contractors and developers, consistent with previous PIF increases; and

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

Section 1. Section 9.91.300 of the Ellensburg City Code, as last amended by Section 85 of Ordinance 4955, is hereby amended to read as follows:

9.91.300 Sewer utility rate schedules.

A. *Residential single-family WW-11.*

1. *Availability.* This rate schedule is available to single-family dwellings having a single water service meter and churches.
2. *Character of service.* Service shall be nonmetered and at a single point of receipt.

B. *Residential multifamily WW-12.*

1. *Availability.* This rate schedule is available to houses and other multiple-unit residential structures, including manufactured home parks. The residence units referred to in this schedule shall be those dwelling units contained in a single structure as the dwelling units are defined in the zoning ordinance.
2. *Character of service.* Service shall be charged to and collected from each residential unit or property user having a city sewer connection for their property.

C. *Low-income senior citizen/low-income disabled citizen WW-13.*

1. *Availability.* This rate schedule is available for residential service to individuals who meet the definition of low-income senior citizen or low-income disabled citizen and who do not reside in federally subsidized housing. The rates established by this section will be published on the city's website, and be made available from the city's finance department.
2. *Character of service.* Service shall be nonmetered and at a single point of receipt.

D. *Commercial, industrial and general service WW-21.*

1. *Availability.* This rate schedule is available to single and multiple services for commercial, industrial, residential units combined with commercial and/or industrial, schools, motels, hotels, trailer parks, social and fraternal facilities, governmental facilities, and other services not qualifying under other rate schedules.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.

3. *Rate.* The rate shall be composed of a monthly volume charge and a daily customer charge.
4. *Surcharges.* The surcharges shall apply when effluent strength differs substantially from domestic wastes as determined by the public works director.

E. *Central Washington University WW-22.*

1. *Availability.* This rate schedule is available to all Central Washington University facilities with the exception of single-family dwellings owned, leased or rented by the university.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.
3. *Rate.* The rate shall be composed of a monthly volume charge and a daily customer charge.
4. *Surcharges.* The surcharges shall apply when effluent strength differs substantially from domestic wastes as determined by the public works director.

F. *Multiple-family WW-23.*

1. *Availability.* This rate schedule is available on an optional basis to single-family residences, apartment houses and other multiple-unit residential structures, including manufactured home parks.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.
3. *Rate.* The rate shall be composed of a monthly volume charge and a daily customer charge.
4. *Surcharges.* The surcharges shall apply when effluent strength differs substantially from domestic wastes as determined by the public works director.

G. *Municipal WW-40.*

1. *Availability.* This rate schedule is available to city-owned buildings.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.
3. *Rate.* The rate shall be composed of a monthly volume charge and a daily customer charge.

H. *High-strength commercial WW-33.*

1. *Availability.* This rate schedule is available, subject to city council approval, to commercial businesses with strengths differing substantially from typical commercial customers.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.
3. *Rate.* The rates available under this schedule shall be established by contract between the city and the customer.

I. *Nonprofit agency serving the disadvantaged WW-70.*

1. *Availability.* This rate schedule is available to nonprofit agencies serving the disadvantaged. The rates established by this section will be published on the city's website, and be made available from the city's finance department.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.

J. *Large customer/contractual WW-80.*

1. *Availability.* This rate schedule is available to new sewer customers whose sewer service is provided by contract authorized by the city council. The city will provide sewer service under this schedule; provided, that:
 - a. Adequate capacity exists in the city's wastewater collection system; and
 - b. Adequate capacity exists in the city's wastewater treatment plant; and
 - c. The customer has executed a sewer sales agreement with the city for services under this schedule.
2. *Character of service.* Service shall be based on water usage through water or other approved meter to determine volume of sewage to be treated.
3. *Rate.* The rates available under this schedule shall be established by contract between the city and the customer.

Sewer Rate Summary

Rate class	Rate effective date				Consumption unit
	1/1/2022	1/1/2023	1/1/2024	1/1/2025	

WW-11 residential single-family	\$1.2345	\$1.3401	\$1.4548	\$1.5793	Flat rate/day
WW-12 multifamily	\$1.2171	\$1.3212	\$1.4342	\$1.5570	Each/first four units/day
	\$0.9120	\$0.9900	\$1.0747	\$1.1667	Each additional unit/day
WW-21 commercial/industrial	\$1.4058	\$1.5429	\$1.6933	\$1.8584	Customer charge/day
	\$4.5234	\$4.9644	\$5.4484	\$5.9796	Per 1,000 gallons of water use
	\$0.3645	\$0.4000	\$0.4390	\$0.4818	Per lb BOD surcharge > 200 mg/l
	\$0.3645	\$0.4000	\$0.4390	\$0.4818	Per lb suspended solids > 250 mg/l
WW-22 CWU	\$1.4259	\$1.5649	\$1.7175	\$1.8850	Customer charge/day
	\$4.82	\$5.29	\$5.81	\$6.38	Per 1,000 gallons of water use
	\$0.3697	\$0.4057	\$0.4453	\$0.4887	Per lb BOD surcharge > 200 mg/l
	\$0.3697	\$0.4057	\$0.4453	\$0.4887	Per lb suspended solids > 250 mg/l
WW-23 multifamily	\$1.2171	\$1.3212	\$1.4342	\$1.5570	Customer charge/day
	\$3.92	\$4.25	\$4.62	\$5.01	Per 1,000 gallons of water use
	\$0.3697	\$0.4013	\$0.4356	\$0.4729	Per lb BOD surcharge > 200 mg/l
	\$0.3697	\$0.4013	\$0.4356	\$0.4729	Per lb suspended solids > 250 mg/l
WW-40 municipal	\$1.2967	\$1.4134	\$1.5406	\$1.6793	Customer charge/day

	\$4.39	\$4.78	\$5.21	\$5.68	Per 1,000 gallons of water use
WW-80 large customer/contractual	\$1.4058	\$1.5429	\$1.6933	\$1.8584	Customer charge/day
	\$4.94	\$5.43	\$5.95	\$6.54	Per 1,000 gallons of water use
	\$0.3645	\$0.4000	\$0.4390	\$0.4818	Per lb BOD surcharge > 200 mg/l
	\$0.3645	\$0.4000	\$0.4390	\$0.4818	Per lb suspended solids > 250 mg/l

Rate Class	Rate effective date			Consumption unit
	<u>7/1/2026</u>	<u>1/1/2027</u>	<u>1/1/2028</u>	
<u>WW-11 residential single-family</u>	<u>\$1.7609</u>	<u>\$1.9634</u>	<u>\$2.1892</u>	<u>Flat rate/day</u>
<u>WW-12 multifamily</u>	<u>\$1.7361</u>	<u>\$1.9358</u>	<u>\$2.1584</u>	<u>Each/first four units/day</u>
	<u>\$1.3009</u>	<u>\$1.4505</u>	<u>\$1.6173</u>	<u>Each addition unit/day</u>
<u>WW-21 commercial/ industrial</u>	<u>\$2.0721</u>	<u>\$2.3104</u>	<u>\$2.5761</u>	<u>Customer charge/day</u>
	<u>\$6.6673</u>	<u>\$7.4340</u>	<u>\$8.2889</u>	<u>Per 1,000 gallons of water use</u>
	<u>\$0.5372</u>	<u>\$0.5990</u>	<u>\$0.6679</u>	<u>Per lb BOD surcharge > 200 mg/l</u>
	<u>\$0.5372</u>	<u>\$0.5990</u>	<u>\$0.6679</u>	<u>Per lb suspended solids > 250 mg/l</u>
<u>WW-22 CWU</u>	<u>\$2.1018</u>	<u>\$2.3435</u>	<u>\$2.6130</u>	<u>Customer charge/day</u>

	<u>\$7.11</u>	<u>\$7.93</u>	<u>\$8.84</u>	<u>Per1,000 gallons of water use</u>
	<u>\$0.5449</u>	<u>\$0.6076</u>	<u>\$0.6775</u>	<u>Per lb BOD surcharge > 200 mg/l</u>
	<u>\$0.5449</u>	<u>\$0.6076</u>	<u>\$0.6775</u>	<u>Per lb suspended solids > 250 mg/l</u>
<u>WW-23 multifamily</u>	<u>\$1.7361</u>	<u>\$1.9358</u>	<u>\$2.1584</u>	<u>Customer charge/day</u>
	<u>\$5.59</u>	<u>\$6.23</u>	<u>\$6.95</u>	<u>Per1,000 gallons of water use</u>
	<u>\$0.5273</u>	<u>\$0.5879</u>	<u>\$0.6555</u>	<u>Per lb BOD surcharge > 200 mg/l</u>
	<u>\$0.5273</u>	<u>\$0.5879</u>	<u>\$0.6555</u>	<u>Per lb suspended solids > 250 mg/l</u>
<u>WW-40 municipal</u>	<u>\$1.8724</u>	<u>\$2.0877</u>	<u>\$2.3278</u>	<u>Customer charge/day</u>
	<u>\$6.33</u>	<u>\$7.06</u>	<u>\$7.87</u>	<u>Per1,000 gallons of water use</u>
<u>WW-80 large customer/contractual</u>	<u>\$2.0721</u>	<u>\$2.3104</u>	<u>\$2.5761</u>	<u>Customer charge/day</u>
	<u>\$7.29</u>	<u>\$8.13</u>	<u>\$9.06</u>	<u>Per1,000 gallons of water use</u>
	<u>\$0.5372</u>	<u>\$0.5990</u>	<u>\$0.6679</u>	<u>Per lb BOD surcharge > 200 mg/l</u>
	<u>\$0.5372</u>	<u>\$0.5990</u>	<u>\$0.6679</u>	<u>Per lb suspended solids > 250 mg/l</u>

(Ord. No. 4955, § 85, 2-18-2025; Ord. No. 4933, § 4, 12-4-2023; Ord. 4897 § 3, 2022; Ord. 4844 § 8, 2019; Ord. 4817 § 1, 2018; Ord. 4804 § 4, 2018; Ord. 4690 § 1, 2014; Ord. 4555 § 9, 2009; Ord. 4503 § 2, 2007)

Section 2. Section 9.91.400 of the Ellensburg City Code, as last amended by Section 86 of Ordinance 4955, is hereby amended to read as follows:

9.91.400 Water utility rate schedules.

A. *Residential W-110.*

1. *Availability.* This rate schedule is available to single-family dwellings, residential seasonal sprinkling service, and churches.
2. *Character of service.* Service shall be through metered delivery.
3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.

B. *Irrigation W-111.*

1. *Availability.* This rate schedule is available to irrigation systems served by a water meter dedicated to irrigation service.
2. *Character of service.* Service shall be through metered delivery.
3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.

C. *SF residential including fire service W-115.*

1. *Availability.* This rate schedule is available to single-family dwellings when a single-family residential customer elects to install a fire suppression system within the structure charged from city water service. The fire suppression system must be installed by a licensed professional fire installer permitted by the Kittitas County Fire District No. 2.
2. *Character of service.* Service shall be through metered delivery.
3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size. The maximum meter size available at this rate is one inch.

D. *Residential multiple housing W-120.*

1. *Availability.* This rate schedule is available to buildings, grounds, and premises used for residential multiple housing purposes.
2. *Character of service.* Service shall be through metered delivery.

3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.
- E. *Low-income senior citizen/low-income disabled citizen W-130.*
1. *Availability.* This rate is available for residential service to individuals who meet the definition of low-income senior citizen or low-income disabled citizen and who do not reside in federally subsidized housing.
 2. *Character of service.* Service shall be through a single five-eighths-inch to three-fourths-inch meter at a single point of delivery.
 3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge. The rates established by this section will be published on the city's website, and be made available from the city's finance department.
- F. *Commercial/industrial W-200.*
1. *Availability.* This rate schedule is available to commercial users, industrial users, and other customers who do not qualify under other rate schedules.
 2. *Character of service.* Service shall be through a metered delivery.
 3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.
- G. *Private fire protection W-300.*
1. *Availability.* This rate schedule is available inside the city to any water user connected to the municipal water system for the use of fire protection only.
 2. *Character of service.* Service shall be through a nonmetered connection and shall be separately piped within the premises for the purpose of fire protection only, and shall require installation of a detector device.
 3. *Rate.* The daily rate shall be based on the diameter of pipe connecting the fire protection to the city main.
- H. *Central Washington University W-600.*
1. *Availability.* This rate schedule is available to buildings, grounds and premises operated by Central Washington University.
 2. *Character of service.* Service shall be through a metered delivery.

3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.
- I. *Meter maintenance service W-610.*
1. *Availability.* This rate schedule is established for those water meters of Central Washington University which are used to measure the water which is the basis for determination of the sewer charge and not for water consumption billing.
 2. *Character of service.* The charges are for the purpose of covering the expense of maintenance to the meters and additional labor and expense in meter reading and billing.
 3. *Rate.* The rate shall be composed of a daily customer charge based on meter size.
- J. *Nonprofit agency serving the disadvantaged W-700.*
1. *Availability.* This rate schedule is available to nonprofit agencies serving the disadvantaged. The rates established by this section will be published on the city's website, and be made available from the city's finance department.
 2. *Character of service.* Service shall be through a metered delivery.
 3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.
- K. *Municipal W-710.*
1. *Availability.* This rate schedule is available to buildings, grounds and premises operated by the city.
 2. *Character of service.* Service shall be through a metered delivery.
 3. *Rate.* The rate shall be composed of a monthly consumption charge plus a daily customer charge based on meter size.
- L. *New large commercial/industrial contract W-800.*
1. *Availability.* This rate is available to customers whose services are provided by contract authorized by the city council. The city will provide water service under this schedule; provided, that:
 - a. Adequate capacity exists in the city's water distribution system;
 - b. Adequate capacity exists in the city's water supply system; and

- c. The customer has executed a water sales agreement with the city for service under this schedule.
2. *Rate.* The rates under this schedule will be covered by individual contract between the city and the customer.
3. *Billing.* Billing shall be made on a calendar month basis or as otherwise covered by the agreement.

Water Rate (Consumption)

Rate class	Rate and effective date				Consumption unit
	1/1/2022 (\$/1,000 gal.)	1/1/2023 (\$/1,000 gal.)	1/1/2024 (\$/1,000 gal.)	1/1/2025 (\$/1,000 gal.)	
W-110 residential	\$1.92	\$2.03	\$2.15	\$2.27	First 15,000 gallons
	\$2.05	\$2.17	\$2.30	\$2.43	All over 15,000 gallons
W-111 irrigation	\$2.12	\$2.24	\$2.37	\$2.50	First 15,000 gallons
	\$2.26	\$2.39	\$2.53	\$2.67	All over 15,000 gallons
W-115 residential fire protection	\$1.92	\$2.03	\$2.15	\$2.27	First 15,000 gallons
	\$2.05	\$2.17	\$2.30	\$2.43	All over 15,000 gallons
W-120 multifamily	\$1.98	\$2.09	\$2.21	\$2.33	All consumption
W-200 commercial/industrial	\$2.01	\$2.13	\$2.25	\$2.37	First 100,000 gallons
	\$1.67	\$1.77	\$1.87	\$1.97	All over 100,000 gallons
W-300* private fire service	\$0.2099	\$0.2167	\$0.2237	\$0.2304	*Dollars/day/inch diameter of connection pipe
W-600 CWU	\$2.01	\$2.13	\$2.25	\$2.37	First 100,000 gallons

	\$1.67	\$1.77	\$1.87	\$1.97	All over 100,000 gallons
W-710 municipal	\$2.35	\$2.49	\$2.63	\$2.77	First 100,000 gallons
	\$1.94	\$2.05	\$2.17	\$2.29	All over 100,000 gallons

<u>Rate class</u>	<u>Rate effective date</u>			<u>Consumption unit</u>
	<u>7/1/2026</u> <u>(\$/1,000</u> <u>gal.)</u>	<u>1/1/2027</u> <u>(\$/1,000</u> <u>gal.)</u>	<u>1/1/2028</u> <u>(\$/1,000</u> <u>gal.)</u>	
				-
<u>W-110 Residential</u>	<u>\$2.34</u>	<u>\$2.41</u>	<u>\$2.48</u>	<u>First 15,000</u> <u>gallons</u>
-	<u>\$2.50</u>	<u>\$2.58</u>	<u>\$2.66</u>	<u>All over 15,000</u> <u>gallons</u>
<u>W-111 irrigation</u>	<u>\$2.58</u>	<u>\$2.66</u>	<u>\$2.74</u>	<u>First 15,000</u> <u>gallons</u>
-	<u>\$2.75</u>	<u>\$2.83</u>	<u>\$2.91</u>	<u>All over 15,000</u> <u>gallons</u>
<u>W-115 residential fire protection</u>	<u>\$2.34</u>	<u>\$2.41</u>	<u>\$2.48</u>	<u>First 15,000</u> <u>gallons</u>
	<u>\$2.50</u>	<u>\$2.58</u>	<u>\$2.66</u>	<u>All over 15,000</u> <u>gallons</u>
<u>W-120 multifamily</u>	<u>\$2.40</u>	<u>\$2.47</u>	<u>\$2.54</u>	<u>All consumption</u>
<u>W-200 commercial/industrial</u>	<u>\$2.44</u>	<u>\$2.51</u>	<u>\$2.59</u>	<u>First 100,000</u> <u>gallons</u>
-	<u>\$2.03</u>	<u>\$2.09</u>	<u>\$2.15</u>	<u>All over 100,000</u> <u>gallons</u>

<u>W-300* private fire service</u>	<u>\$0.2373</u>	<u>\$0.2444</u>	<u>\$0.2517</u>	<u>*Dollars/day/inch diameter of connection pipe</u>
<u>W-600 CWU</u>	<u>\$2.44</u>	<u>\$2.51</u>	<u>\$2.59</u>	<u>First 100,000 gallons</u>
-	<u>\$2.03</u>	<u>\$2.09</u>	<u>\$2.15</u>	<u>All over 100,000 gallons</u>
<u>W-710 municipal</u>	<u>\$2.85</u>	<u>\$2.94</u>	<u>\$3.03</u>	<u>First 100,000 gallons</u>
-	<u>\$2.36</u>	<u>\$2.43</u>	<u>\$2.50</u>	<u>All over 100,000 gallons</u>

Water Rate (Customer Charge)

Service size	Daily fixed charge and effective date			
	1/1/2022 (\$/day)	1/1/2023 (\$/day)	1/1/2024 (\$/day)	1/1/2025 (\$/day)
$\frac{5}{8}$ " or $\frac{3}{4}$ " meter	\$0.8482	\$0.8970	\$0.9486	\$1.0008
1" Meter for W-115 class only	\$0.8702	\$0.9202	\$0.9731	\$1.0266
1" or 1 $\frac{1}{4}$ " meter	\$2.1202	\$2.2421	\$2.3710	\$2.5014
1 $\frac{1}{2}$ " meter	\$4.2401	\$4.4839	\$4.7417	\$5.0025
2" meter	\$6.7841	\$7.1742	\$7.5867	\$8.0040
3" meter	\$12.7190	\$13.4503	\$14.2237	\$15.0060
4" meter	\$21.1992	\$22.4182	\$23.7072	\$25.0111
6" meter	\$42.3972	\$44.8350	\$47.4130	\$50.0207
8" meter	\$67.8365	\$71.7371	\$75.8620	\$80.0344

<u>Service size</u>	<u>Daily fixed charge and effective date</u>		
	<u>7/1/2026</u> <u>(\$/day)</u>	<u>1/1/2027</u> <u>(\$/day)</u>	<u>1/1/2028</u> <u>(\$/day)</u>
<u>5/8" or 3/4" meter</u>	<u>\$1.0308</u>	<u>\$1.0617</u>	<u>\$1.0936</u>
<u>1" Meter for W-115 class only</u>	<u>\$1.0574</u>	<u>\$1.0891</u>	<u>\$1.1218</u>
<u>1" or 1-1/4" meter</u>	<u>\$2.5764</u>	<u>\$2.6537</u>	<u>\$2.7333</u>
<u>1-1/2" meter</u>	<u>\$5.1526</u>	<u>\$5.3072</u>	<u>\$5.4664</u>
<u>2" meter</u>	<u>\$8.2441</u>	<u>\$8.4914</u>	<u>\$8.7461</u>
<u>3" meter</u>	<u>\$15.4562</u>	<u>\$15.9199</u>	<u>\$16.3975</u>
<u>4" meter</u>	<u>\$25.7614</u>	<u>\$26.5342</u>	<u>\$27.3302</u>
<u>6" meter</u>	<u>\$51.5213</u>	<u>\$53.0669</u>	<u>\$54.6589</u>
<u>8" meter</u>	<u>\$82.4354</u>	<u>\$84.9085</u>	<u>\$87.4558</u>

CWU Irrigation Meter Maintenance Fee W-610

<u>Service size</u>	<u>Daily fixed charge and effective date: W-610</u>			
	<u>1/1/2022</u> <u>(\$/day)</u>	<u>1/1/2023</u> <u>(\$/day)</u>	<u>1/1/2024</u> <u>(\$/day)</u>	<u>1/1/2025</u> <u>(\$/day)</u>
<u>5/8" or 3/4" meter</u>	<u>\$0.2422</u>	<u>\$0.2561</u>	<u>\$0.2708</u>	<u>\$0.2857</u>
<u>1" or 1-1/4" meter</u>	<u>\$0.3874</u>	<u>\$0.4097</u>	<u>\$0.4333</u>	<u>\$0.4571</u>
<u>1-1/2" meter</u>	<u>\$0.5459</u>	<u>\$0.5773</u>	<u>\$0.6105</u>	<u>\$0.6441</u>
<u>2" meter</u>	<u>\$0.9565</u>	<u>\$1.0115</u>	<u>\$1.0697</u>	<u>\$1.1285</u>
<u>3" meter</u>	<u>\$1.5017</u>	<u>\$1.5880</u>	<u>\$1.6793</u>	<u>\$1.7717</u>

4" meter	\$2.3993	\$2.5373	\$2.6832	\$2.8308
6" meter	\$4.9063	\$5.1884	\$5.4867	\$5.7885

Service size	Daily fixed charge and effective date: W-610		
	<u>7/1/2026</u> (\$/day)	<u>1/1/2027</u> (\$/day)	<u>1/1/2028</u> (\$/day)
<u>5/8" or 3/4" meter</u>	<u>\$0.2943</u>	<u>\$0.3031</u>	<u>\$0.3122</u>
<u>1" or 1-1/4" meter</u>	<u>\$0.4708</u>	<u>\$0.4849</u>	<u>\$0.4994</u>
<u>1-1/2" meter</u>	<u>\$0.6634</u>	<u>\$0.6833</u>	<u>\$0.7038</u>
<u>2" meter</u>	<u>\$1.1624</u>	<u>\$1.1973</u>	<u>\$1.2332</u>
<u>3" meter</u>	<u>\$1.8249</u>	<u>\$1.8796</u>	<u>\$1.9360</u>
<u>4" meter</u>	<u>\$2.9157</u>	<u>\$3.0032</u>	<u>\$3.0933</u>
<u>6" meter</u>	<u>\$5.9622</u>	<u>\$6.1411</u>	<u>\$6.3253</u>

(Ord. No. 4955, § 86, 2-18-2025; Ord. 4897 § 4, 2022; Ord. 4844 § 9, 2019; Ord. 4817 § 1, 2018; Ord. 4690 § 2, 2014; Ord. 4555 § 10, 2009; Ord. 4503 § 2, 2007)

Section 3. Section 9.92.300 of the Ellensburg City Code, as last amended by Section 1 of Ordinance 4911, is hereby amended to read as follows:

9.92.300 Sewer utility fee and credit schedule.

Service credit	None	
Extension credit	None	
Reconnect fee	N/A	
After hours reconnect fee	N/A	
Meter testing fee	N/A	
Inspection fee	See ECC title 4	

Temporary service fee	Actual cost	
Plant investment fee	Size of meter	PIF
		Effective date 1/1/2023
	¾ inch or smaller	5,680.00
	1 inch	\$9,467.00
	1 ½ inch	\$18,933.00
	2 inch	\$30,293.00
	3 inch	\$60,587.00
	4 inch	\$94,667.00
	6 inch	\$189,333.00
	8 inch	\$302,933.00

<u>Service credit</u>	<u>None</u>		
<u>Extension credit</u>	<u>None</u>		
<u>Reconnect fee</u>	<u>N/A</u>		
<u>After hours reconnect fee</u>	<u>N/A</u>		
<u>Meter testing fee</u>	<u>N/A</u>		
<u>Inspection fee</u>	<u>See ECC title 4</u>		
<u>Temporary service fee</u>	<u>Actual cost</u>		
<u>Plant investment fee</u>	<u>Size of meter</u>	<u>PIF</u>	
		<u>Effective Date</u> <u>1/1/2027</u>	<u>Effective Date</u> <u>1/1/2028</u>

	<u>¾-inch or smaller</u>	<u>\$7,893.05</u>	<u>\$10,968.35</u>
	<u>1-inch</u>	<u>\$13,155.55</u>	<u>\$18,281.24</u>
	<u>1-½-inch</u>	<u>\$26,309.71</u>	<u>\$36,560.54</u>
	<u>2-inch</u>	<u>\$42,095.81</u>	<u>\$58,497.25</u>
	<u>3-inch</u>	<u>\$84,193.00</u>	<u>\$116,996.41</u>
	<u>4-inch</u>	<u>\$131,551.31</u>	<u>\$182,806.54</u>
	<u>6-inch</u>	<u>\$263,101.23</u>	<u>\$365,611.16</u>
	<u>8-inch</u>	<u>\$420,962.24</u>	<u>\$584,978.23</u>

(Ord. No. 4911, § 1, 3-6-2023; Ord. 4897 § 5, 2022; Ord. 4817 § 2, 2018; Ord. 4555 § 13, 2009; Ord. 4503 § 2, 2007)

Section 4. Section 9.92.400 of the Ellensburg City Code, as last amended by Section 2 of Ordinance 4911, is hereby amended to read as follows:

9.92.400 Water utility fee and credit schedule.

Service credit	None		
Extension credit	None		
Reconnect fee	1 hour at senior pipeperson wage		
Unauthorized service fee	1.5 hours at senior pipeperson wage		
After hours reconnect fee	2 hours at senior pipeperson overtime wage		
Inspection fee	See ECC title 4		
Temporary service fee	Actual cost		

Plant investment fees	Meter size	PIF 2019	Effective Date 1/1/2023
	¾-inch or smaller	\$3,080.00	\$6,160.00
	1-inch	\$5,144.00	\$10,267.00
	1½-inch	\$10,256.00	\$20,533.00
	2-inch	\$16,416.00	\$32,853.00
	3-inch	\$30,800.00	\$65,707.00
	4-inch	\$51,344.00	\$102,667.00
	6-inch	\$102,656.00	\$205,333.00
	8-inch	\$164,256.00	\$328,533.00
Bacteriological samples	Actual cost		

<u>Service credit</u>	<u>None</u>		
<u>Extension credit</u>	<u>None</u>		
<u>Reconnect fee</u>	<u>1 hour at senior pipeperson wage</u>		
<u>Unauthorized service fee</u>	<u>1.5 hours at senior pipeperson wage</u>		
<u>After hours reconnect fee</u>	<u>2 hours at senior pipeperson overtime wage</u>		
<u>Inspection fee</u>	<u>See ECC title 4</u>		
<u>Temporary service fee</u>	<u>Actual cost</u>		

<u>Plant investment fees</u>	<u>Meter size</u>	<u>Effective Date 1/1/2027</u>	<u>Effective Date 1/1/2028</u>
-	<u>¾-inch or smaller</u>	<u>\$7,672.00</u>	<u>\$9,555.13</u>
-	<u>1-inch</u>	<u>\$12,787.08</u>	<u>\$15,925.73</u>
-	<u>1-½-inch</u>	<u>\$25,572.92</u>	<u>\$31,849.92</u>
-	<u>2-inch</u>	<u>\$40,916.93</u>	<u>\$50,960.19</u>
-	<u>3-inch</u>	<u>\$81,835.10</u>	<u>\$101,921.92</u>
-	<u>4-inch</u>	<u>\$127,867.11</u>	<u>\$159,252.71</u>
-	<u>6-inch</u>	<u>\$255,732.98</u>	<u>\$318,503.87</u>
-	<u>8-inch</u>	<u>\$409,173.01</u>	<u>\$509,606.50</u>
<u>Bacteriological samples</u>	<u>Actual cost</u>		

(Ord. No. 4911, § 2, 3-6-2023; Ord. 4897 § 6, 2022; Ord. 4817 § 3, 2018; Ord. 4761 § 3, 2016; Ord. 4690 § 3, 2014; Ord. 4555 § 14, 2009; Ord. 4508 § 2, 2007; Ord. 4503 § 2, 2007)

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 portion(s) 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 force five (5) days after its passage, approval and publication.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the ____ day of June, 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. 4988 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4988 was published as required by law.

BETH LEADER



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: First Quarter 2026 Financial Status and Investment Reports
(Public Comment Opportunity)
Submitted by: Jerica Pascoe, Finance Director
Department: Finance

Suggested Motion/Action:

Move to accept the First Quarter 2026 Financial Status and Investment Reports as presented.

Background/Summary:

Attached are the First Quarter 2026 Financial Status and Investment Reports for the period ending March 31, 2026. The First Quarter 2026 Financial Status report represents General Fund status, Governmental fund type tax revenues, and citywide revenues and expenditures. The City's Financial Management Policy provides that Council will receive updated information relating to the City's Financial Reports on a quarterly basis.

Previous Council Action:

The First Quarter 2026 Financial Status and Investment Reports were presented to the Finance Committee at the May 7, 2026 meeting.

Analysis:

Key items – 2026 First Quarter (These are first quarter reports and do not reflect all activities):

- General Fund revenues are projected to come in slightly above budget whereas expenditures are projected to come in below budget. (Table 1, Page 1)
- Revenue remitted from State of Washington Sales Tax Activity was up **4%** above 1st quarter 2025 (Table 2, Page 2)
 - City Assistance was **down** 11%
 - Hotel/Motel Lodging was up 9%
 - Liquor Excise Tax was **down** 5%
 - Marijuana Excise Tax was **down** 5%
 - Motor Vehicle Fuel Tax (MVFT) was **down** 12%
- Year-End tax revenue - projected to be 21.75% above budget. (Table 3, Page 3)
 - Sales tax revenue is projected to be 31.52% above budget. (Table 3, Page 3)
 - Local Criminal Justice .1% – \$44,038 or 5.8% above budget (Table 4, Page 4)
 - Retail Sales for Public Transit .2% - \$1,210,834 or 257% above budget
 - Retail Sales for Public Safety .3% - (**\$101,548**) or 5.1% **below** budget
 - Regular Retail Sales .85% – \$1,983,544 or 30.8% above budget
 - Retail Sales for Housing .1% – \$256,465 or 34.9% above budget

- Retail Sales for Housing (State Credit) - \$71,000 or at budget
- B&O Tax revenue is projected - 20.41% above budget. (Table 3, Page 3)
- Other Tax revenue is projected - 13.2% above budget. (Table 3, Page 3)
- Property Tax revenue is projected - 1.22% **below** budget. (Table 3, Page 3)
- January through March 2026 sales tax receipts were 11.52% higher than January through March 2025 receipts. (Table 5, Page 5)
- Utility tax revenues were .10% higher than 1st quarter 2025. (Table 6, Page 6)
- General Fund *not including managerial funds* (Table 7, Page 7)
 - Revenues - projected to be \$709 thousand above budget
 - Expenditures - projected to be \$1.9 million **below** budget
- The total excess revenues over expenditures for all funds through the 1st quarter was \$7.6 million, of which \$6.1 million of the excess is from the enterprise and internal service funds, in which rates are set to provide for replacement and capital projects. The General Fund (including managerial funds) saw a net **loss** of \$1.26 million. (Table 9, Page 9)
- The City had \$92,860,814.30 in excess cash invested as of 03/31/2026.(Investment report, page 1)

Financial Impact:

None

Budget Adjustment: No

Attachments:

1. Q1 2026 Financial Status and Investment Reports

City of Ellensburg Washington



PRELIMINARY

Quarterly Financial Status Report

For the Quarter Ending March 31, 2026
AS OF 04/14/2026

General Fund

The Governmental Funds' major funding sources include Property Tax, Sales Tax, Utility Taxes, Licenses & Permit Fees, Intergovernmental Revenue, and Charges for Services. Sales Tax is the largest tax revenue source for the City at approximately 56%, followed by B&O Tax at 19%, Property Tax at 18%, and Other Taxes at 7% of the budgeted City tax revenue. Tax revenue is approximately 18% of the total City revenues budgeted in 2026.

Table 1



NOTE: The above graph illustrates the difference between year-to-date actuals through March, year-to-date projections as of 04/14/2026, and revised budget through December 2025.

First quarter projections, estimated based on the economic conditions on 04/14/2025, indicate General Fund revenues, excluding managerial funds, are above budget. General Fund expenditures remain below budget, in compliance with Chapter 35A.33 RCW. Budgeted expenditures reflect all adjustments approved by City Council through December 2025. A breakdown of General Fund departments is included in Table 7 of this report.

Governmental Funds Tax Revenue

Table 2

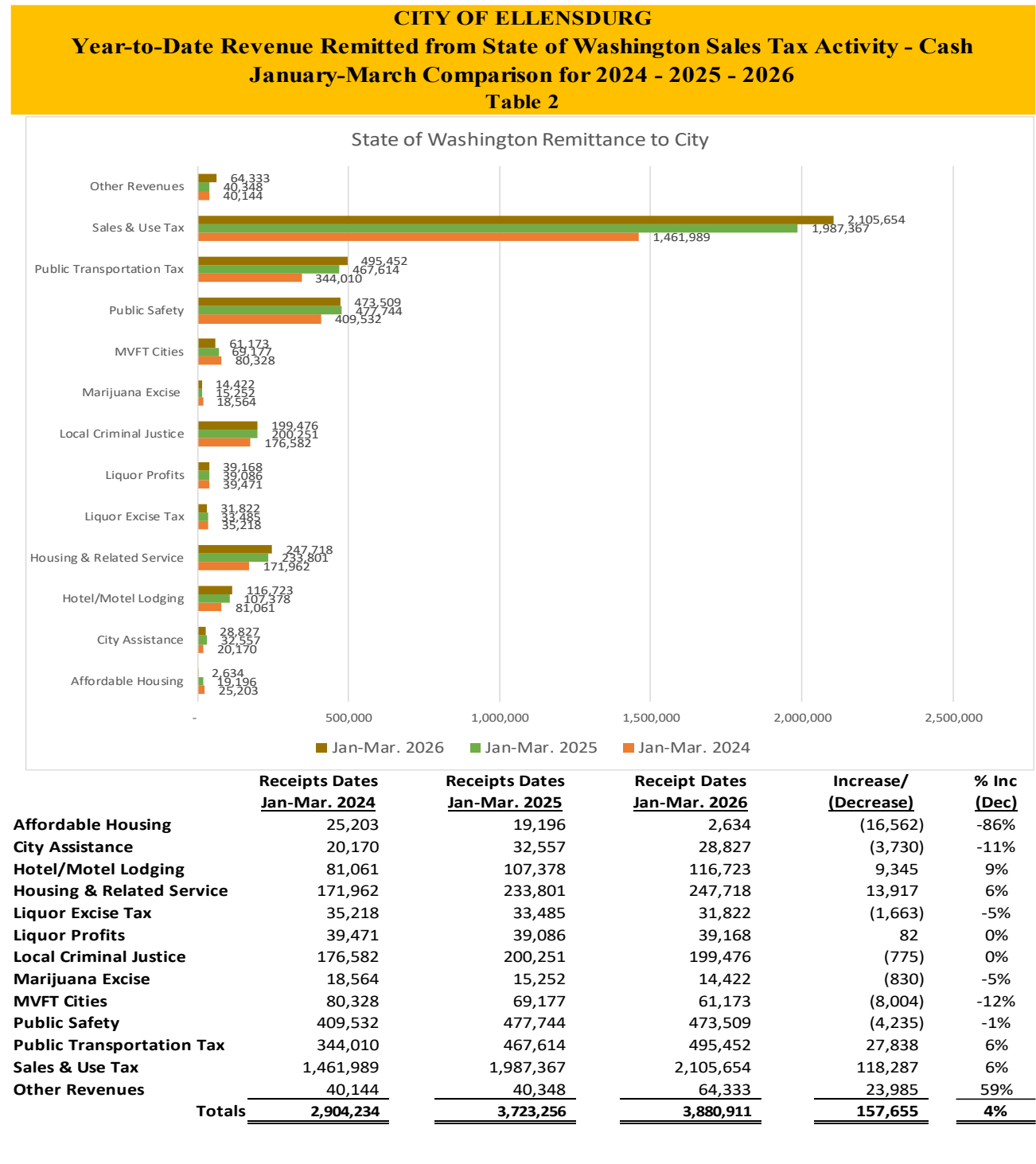


Table 3



	3/31/2026	Year-End Projection	Budget	Over/(Under) Budget
Sales Tax *	\$3,524,443	\$14,158,236	\$10,764,903	31.52%
B&O Tax **	1,129,824	4,621,077	3,837,925	20.41%
Other Tax ***	315,925	1,646,378	1,454,431	13.20%
Property Tax	135,740	3,768,144	3,814,745	-1.22%
	\$5,105,932	\$24,193,834	\$19,872,004	21.75%

* SALES TAX includes tax portions for public transit, affordable housing, public safety, and regular retail sales

**B&O TAX includes utility, gambling etc.

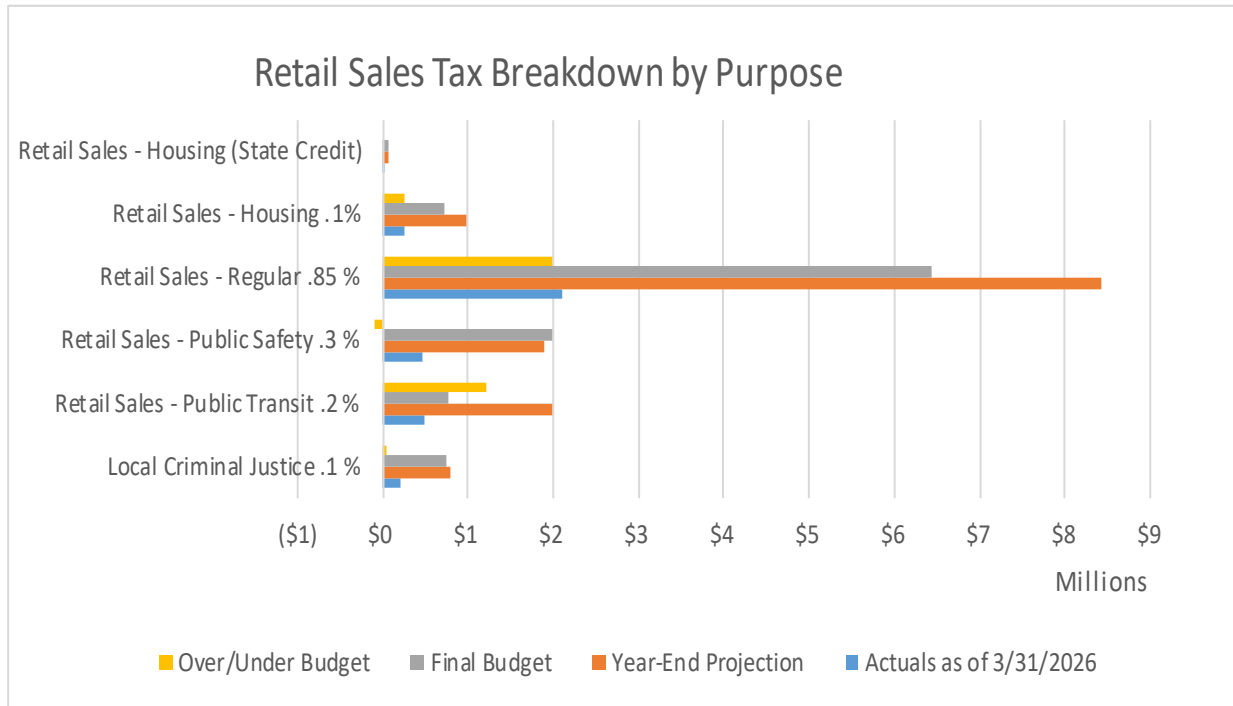
*** OTHER TAX includes leasehold and other excise taxes including hotel/motel tax

Overall governmental fund tax revenue is projected to exceed budget by approximately \$4.3 million or 21.75%.

Sales Tax

Table 4 breaks down the difference of budgeted less projected by tax purpose. It is important to note that this includes retail sales and use tax that is restricted for public transit, public safety, and affordable housing purposes. Sales tax revenue received in January is for November 2025 activity.

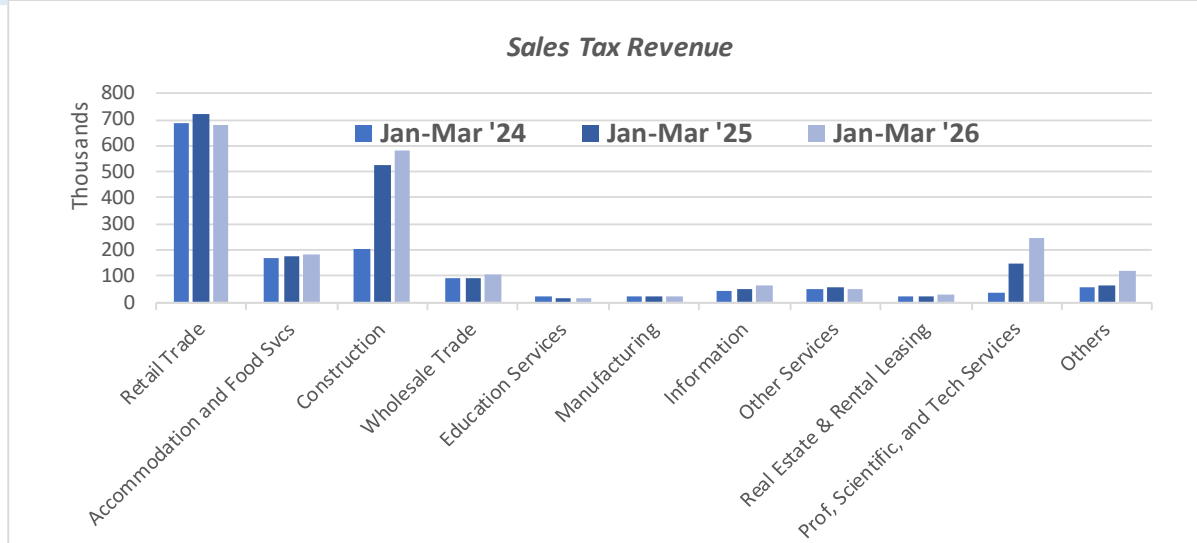
Table 4



	Actuals as of 3/31/2026	Year-End Projection	Final Budget	Projected Over/Under Budget
Local Criminal Justice .1 %	\$199,476	\$797,904	\$753,866	\$44,038
Retail Sales - Public Transit .2 %	495,452	1,981,810	770,976	1,210,834
Retail Sales - Public Safety .3 %	473,509	1,894,036	1,995,584	(101,548)
Retail Sales - Regular .85 %	2,105,654	8,422,615	6,439,071	1,983,544
Retail Sales - Housing .1%	247,718	990,871	734,406	256,465
Retail Sales - Housing (State Credit)	2,634	71,000	71,000	0
	\$3,524,443	\$14,158,236	\$10,764,903	\$3,393,333

Table 5

**Year-to-Date Sales Tax Activity - Cash Basis
Jan-Mar 2023/2024/2025**



	Receipts Dates Jan-Mar '24	Receipts Dates Jan-Mar '25	Receipt Dates Jan-Mar '26	Increase/ (Decrease)	% Inc (Dec)
Retail Trade	\$688,050	\$721,161	\$681,958	-\$39,203	-5.4%
Accommodation and Food Svcs	166,676	176,621	180,292	3,671	2.1%
Construction	207,333	522,236	582,175	59,939	11.5%
Wholesale Trade	89,713	92,401	105,508	13,107	14.2%
Education Services	21,332	16,407	19,182	2,775	16.9%
Manufacturing	23,570	21,463	22,832	1,369	6.4%
Information	46,421	48,514	62,011	13,497	27.8%
Other Services	53,339	54,919	51,584	-3,335	-6.1%
Real Estate & Rental Leasing	25,375	23,226	33,350	10,124	43.6%
Prof, Scientific, and Tech Services	37,315	146,808	244,201	97,393	66.3%
Others	60,971	64,317	122,560	58,243	90.6%
Total	\$ 1,420,095	\$ 1,888,073	\$ 2,105,653	\$ 217,580	11.52%

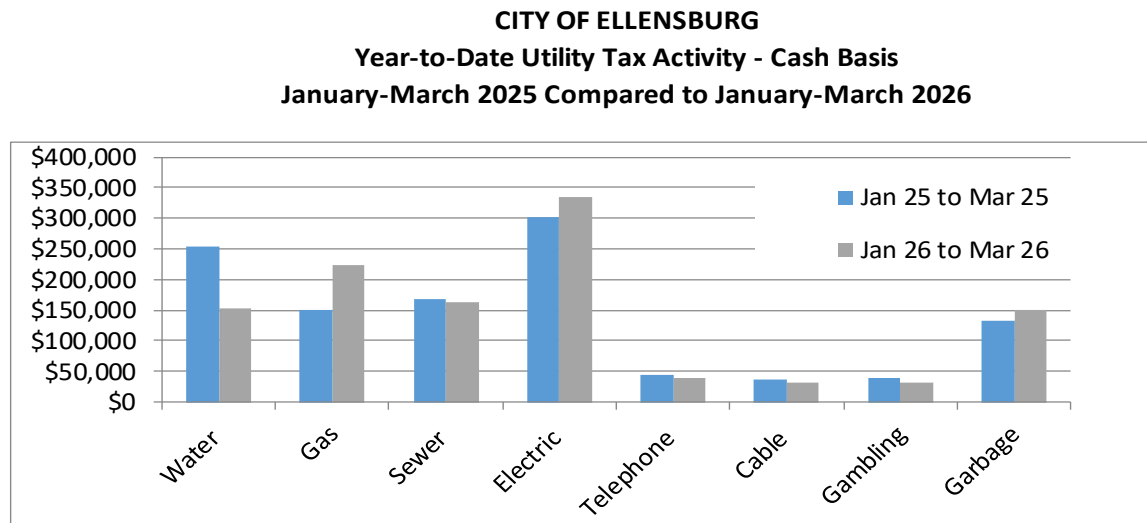
Source: Dept of Revenue Sales Tax Reports - 2026 information: reporting revenue received January thru March
Revenue was recorded on a cash basis for this report. January will be the first month of reporting for 2026

Retail sales tax is distributed monthly reflecting 20 different categories. The above graph reflects the top ten categories with 10 categories being identified within the “Others” category. **Overall sales tax is up 11.52% compared to the 1st quarter of 2025. Prof, Scientific, and Tech Services had the highest dollar and percentage increase. Construction had a significant increase as well. Retail Trade continues to decline and is down 5.4% from Q1 2025. If we removed the increase for construction and tech services, which are very volatile, the**

sales tax increase over 2025 would be **up 4.9%**. These numbers do not include the .03% for criminal justice, the .02% for public transit, or the .01% for housing and related services. **These revenues are for sales from November 2025 through January 2026.**

Utility Tax – Table 6

The city generates utility tax revenues from the sale of the City’s gas, electric, water, and sewer utilities as well as utility taxes on cable television, telephone, and garbage collection. The cable utility tax revenue includes both the General Fund and the Special Revenue funds.



	Receipt Dates Jan 25 to Mar 25	Receipt Dates Jan 26 to Mar 26	Increase/ (Decrease)	% Inc (Dec)
Water (10.5%)	\$255,173	\$153,228	(\$101,945)	-39.95%
Gas (6%)	150,553	224,836	74,283	49.34%
Sewer (10.5%)	168,610	162,716	(5,895)	-3.50%
Electric (6%)	301,313	335,237	33,923	11.26%
Telephone (6%)	43,554	39,420	(4,135)	-9.49%
Cable (1.075%)	37,188	30,839	(6,349)	-17.07%
Gambling (varies 2%-8%)	39,882	31,926	(7,957)	-19.95%
Garbage (8.1%)	132,394	151,623	19,229	14.52%
Total	<u>\$1,128,669</u>	<u>\$1,129,824</u>	<u>\$1,156</u>	<u>0.10%</u>

Revenue was recorded as cash basis for this report.

Telephone and cable taxes will continue to decrease as landlines and cable television have become less common. Residents using cell phone numbers with billing addresses from outside of the area are not paying this local telephone tax.

Table 7

General Fund				
Revenues and Expenditures - Budget and Projected				
31-Mar-26				
	2026 Budget	2026 Projected	2026 Actual YTD	Budget less Projected
Revenues				
Taxes	\$8,455,582	\$9,219,340	\$1,462,462	-\$763,758
Licenses & Permits	568,828	\$365,481	89,674	\$203,347
Intergovernmental	674,467	\$545,125	139,046	\$129,342
Charges For Fees	5,813,299	\$5,769,029	1,497,835	\$44,270
Fines & Forfeits	245,000	\$215,439	115,893	\$29,561
Misc.	400,310	\$764,801	233,156	-\$364,491
Transfers	4,083,453	\$4,070,434	1,039,359	\$13,019
Other Receipts	0	\$0	0	\$0
Total	\$20,240,939	\$20,949,649	\$4,577,424	-\$708,710
Expenditures by Dept				
NonDept	\$1,219,792	\$1,286,700	\$638,528	-\$66,908
Finance	3,304,373	\$2,872,852	668,213	431,521
City Manager	2,235,844	\$2,041,020	460,255	194,824
Police	6,611,264	\$6,092,772	1,473,193	518,492
Community Develop.	1,889,818	\$1,849,680	462,420	40,138
Engineering	2,150,020	\$1,897,328	424,332	252,692
Parks & Recreation	4,133,506	\$3,862,336	790,584	271,170
Library	1,609,177	\$1,358,408	339,602	250,769
Economic Development	0	\$79,636	19,909	-79,636
Total	\$23,153,794	\$21,340,732	\$5,277,036	\$1,892,698
Excess of Revenues over	-\$2,912,855	-\$391,083	-\$699,612	-\$2,521,772
Beginning Balance	7,655,710	10,825,236	10,825,236	-\$3,169,526
Ending Fund Balance	\$4,742,855	\$10,434,153	\$10,125,624	\$5,691,298

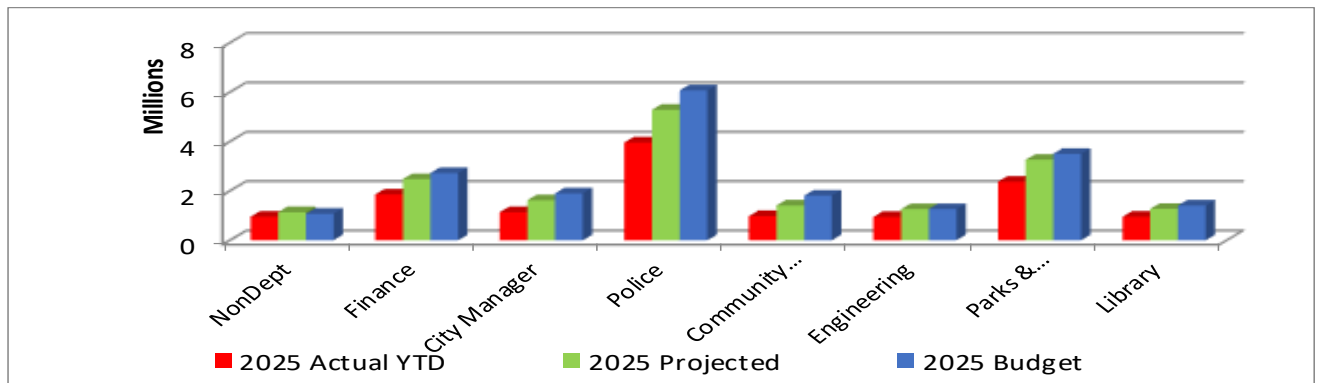


Table 8

DEBT ACTIVITIES	Issued Date	Maturity Date	Original Amount	12/31/2025	2026 Debt Payment
General Obligation					
Maintenance Bond - Pool	2010	2030	2,935,000	849,304	186,403
2017 GOI Bond - Public Safety Bldg.	2017	2037	7,200,000	5,690,450	562,326
Telecom Utility - LTGO Taxable **	2016	2036	290,243	179,851	19,263
			10,425,243	6,719,605	767,992
Revenue Bonds					
Stormwater Bond *****	2020	2039	5,000,000	4,100,673	360,836
Water Sewer ****	2016	2029	6,990,000	2,865,000	756,182
Gas	2016	2036	859,015	514,397	47,959
Electric- Refunding***	2005/2014	2025	3,650,000	0	0
Electric	2014	2033	4,540,000	4,400,000	205,475
Water/Sewer	2021	2040	10,000,000	8,237,746	666,890
			31,039,015	20,117,816	1,370,451

** LTGO Taxable 20 year bonds in 2016

*** Electric Bonds were refunded in 2014 with a new bond which has a lower interest rate

**** Water/Sewer Bonds refunded in 2016 with a new bond at a lower interest rate

Citywide Report

The table on the next page- Revenues and Expenditures-Actual shows that the city brought in approximately \$7.6 million more than it spent thru quarter 1 of 2026 YTD. \$6.1 million of the excess revenue over expense is from the utility and internal service funds. The General Fund (including managerial funds) saw a net loss of \$1.26 million. Table 10 reduces utility revenues by the outstanding utility receivable amounts to convert revenue amounts to cash basis.

Investment Report

See attachment, which shows the breakdown of our investment portfolio. The goal of our investment is safety, liquidity, and yield. To have safety and liquidity, most of our investments reside in the State Pool.

Table 9

All City Funds
Revenues and Expenditures- Actual
For the Quarter Ending March 31, 2026

	Revenue	Expenditures	Excess of Revenue Over Expenditures
General Fund	\$4,577,424	\$5,277,036	(\$699,612)
Special Revenue Funds			
Street	753,079	499,988	253,091
Arterial	772,794	175,470	597,324
Traffic Impact	20,645	3,171	17,474
Ellensburg Public Transit	930,762	378,480	552,282
Criminal Justice	510,815	475,034	35,781
Drug Fund	474	0	474
Sales Tax	2,111,183	2,825,589	(714,406)
CATV - Operations	18,297	12,847	5,450
CATV - Capital	1,029	0	1,029
Parks Acquisition	15,744	0	15,744
Arts Acquisition	50,750	55	50,695
Lodging Tax	120,537	1,670	118,867
Housing & Related Service	277,009	67,402	209,607
Grants Fund	0	32,522	(32,522)
Debt Funds			
Public Safety Bond	562,327	0	562,327
Maintenance Bond	186,403	0	186,403
Capital Funds			
Fieldhouse Construction Fund	81,431	37,825	43,606
Capital Const. Bond Projects	0	0	0
General Fund Capital Projects Fund	0	0	0
Sidewalk	100,608	40,155	60,453
Recreational Facilities Fund	103,175	0	103,175
Enterprise Funds			
Stormwater	1,054,829	504,083	550,746
Telecommunications	104,324	82,834	21,490
Gas	4,268,527	2,669,493	1,599,034
Electric	6,857,618	4,450,630	2,406,988
Water	1,815,428	1,199,733	615,695
Sewer	1,626,928	1,335,240	291,688
Internal Service Funds			
Shop	931,887	900,525	31,362
General Facilities Fund	272,354	238,725	33,629
Health Insurance	17,771	21,824	(4,053)
Risk Management	1,101,595	1,190,190	(88,595)
IT	1,274,625	600,150	674,475
GIS	91,808	83,011	8,797
Library Trust	3,592	183	3,409
Hal Holmes	2,169	1,546	623
Fire Relief	151,915	24,069	127,846
Total	\$30,769,856	\$23,129,480	\$7,640,376
Managerial Funds of the General Fund			
* Utility Revenue amounts have been converted to cash basis			

The City will diversify its investments by security type and institution. The following schedule provides the maximum holdings in any one type of investment with any one type of issuer.

Funds invested \$ 92,860,814.30

Bench Marks

1-year Treasury Constant Maturity - 4.06%

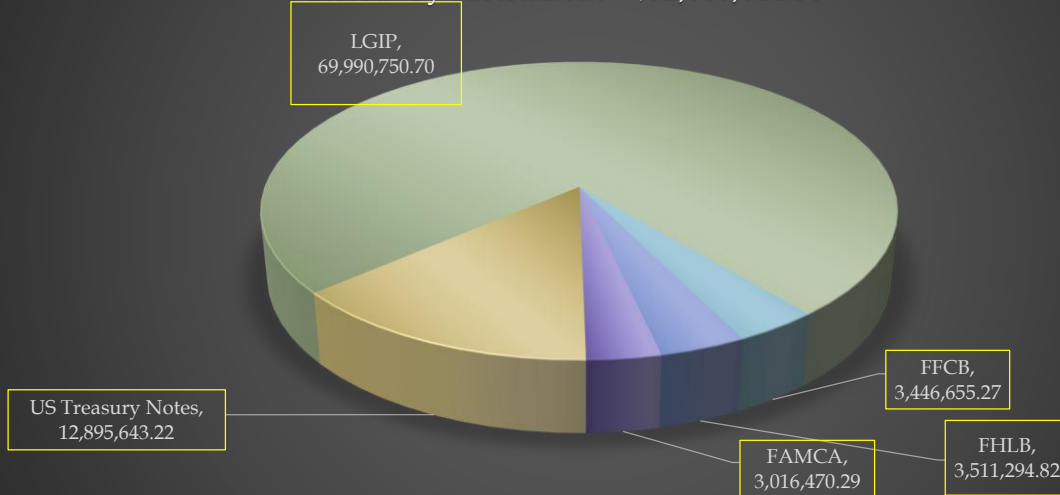
2-year Treasury Note -3.54%%

External Investments - 3.1306%

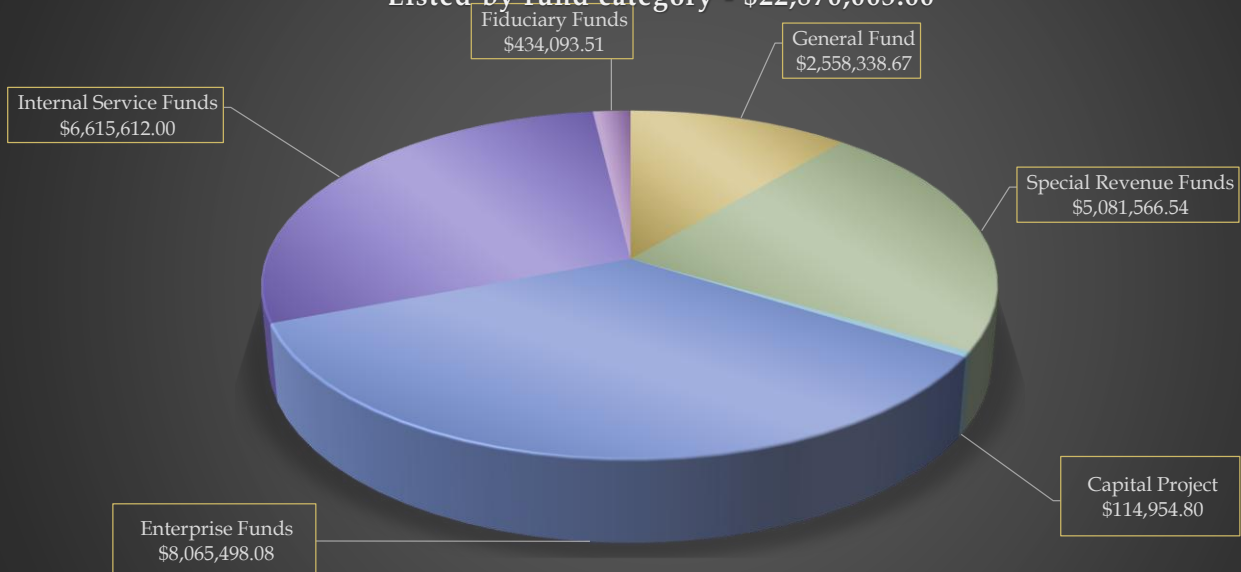
Local Govt. Investment Pool (LGIP)-Gross Earnings Rate - 3.7164%

Interest earned in March - 219,849.35

Total Funds Invested
Listed by Instrument - \$92,860,814.30



Investments with other Institutions
Listed by fund category - \$22,870,063.60



CITY OF ELLENSBURG - Investment Report As of

3/31/2026

Investments with other Institutions

Type of Authorized Security	Maximum Holdings and Issuer Limitations	maximum \$ amount that can be invested	% limitation per issuer	% of portfolio invested	Current Investment Holding Amount	Name	Amount Invested w/Issuer	% of Issuer Holding	Yield to Maturity	Expected Annual Earnings
U.S. Treasury Bills, Notes, Portfolio	100% of Portfolio	#####	no limitation	25%	\$22,870,064		-	0%	0.00%	\$ -
						#68 FHLB Settled 8/9/21 purchase: \$1,006,671.67 Matures 6/12/26	1,000,667	1%	0.65%	7,500
						#73 FFCB Settled 9/22/22 purchase: \$1,476,304.88 Matures 9/15/27	1,476,305	2%	3.74%	50,625
						#75 FHLB Settled 3/1/23 purchase: \$1,030,566 Matures 2/14/26	1,011,115	1%	4.50%	45,000
						#76 FFLB Settled 3/1/23 purchase: \$1,499,512 Matures 10/14/26	1,499,513	2%	4.55%	17,238
						#77 US Treas Settled 8/25/23 purchase: \$1,498,156 Matures 2/15/27	1,498,156	2%	4.45%	36,225
						#78 Farmer Mac Settled 12/8/23 purchase: \$1,011,425.11 Matures 12/8/26	1,006,855	1%	4.38%	43,750
						#79 FFCB Settled 2/14/24 purchase: \$996,318.58 Matures 2/14/26	996,319	1%	4.21%	41,250
						#80 FFCB Settled 4/1/2024 purchase: \$974031.81 Matures 4/1/26	974,032	1%	4.42%	31,250
						#81 FAMCA Settled 06/21/24 purchase: \$2,013,665.67 Matures 5/21/27	2,009,615	2%	4.55%	91,000
						#82 Treasury STRIPS Settled 12/16/2024 purchase: \$1979914 Matures 12/16/26	1,979,914	2%	4.13%	94,990
						#83 Treasury NTS Settled 2/05/2025 purchase: \$1517332.50 Matures 5/31/29	1,517,333	2%	4.20%	44,000
						#84 Treasury NTS Settled 6/11/2025 purchase: \$998736.06 Matures 6/11/26	998,736	1%	3.62%	37,000
						#85 Treasury NTS Settled 9/05/2025 purchase: \$1,070,999.40 Matures 11/30/29	1,068,111	1%	3.88%	41,500
						#86 Treasury NTS Settled 11/07/2025 purchase: \$1,025,323.81 Matures 3/29/26	1,024,489	1%	3.55%	36,130
						#87 Treasury NTS Settled 3/24/2026 purchase: \$812,107.50 Matures 4/15/30	812,108	1%	3.90%	
						#88 Treasury NTS Settled 3/30/2026 purchase: \$1,007,370.14 Matures 5/31/28	1,007,370	1%	3.85%	
						#89 Treasury NTS Settled 3/30/2026 purchase: \$1,986,009.23 Matures 11/30/230	1,986,009	2%	3.94%	
						#90 Treasury NTS Settled 3/30/2026 purchase: \$1,003,419.09 Matures 11/30/27	1,003,419	1%	3.86%	
						Subtotal Funds	22,870,064			\$ 617,458
						External Investments			2.70% AAY	

Investment in State of Washington Investment Pool

State of WA	100% of	\$92,860,814	no limitation	75%	69,990,750.70	State of WA Local	69,990,751	75%	4.1659%	\$ 2,915,745
						State Investment Pool			4.17% AAY	

AAY = Average Annual Yie
FFCB - Federal Farm Credit Bank
FHLB - Federal Home Loan Bank
FHLMC - Federal Home Loan Mortgage Corp
FNMA - Federal National Mortgage Assn
FAMCA - Federal Agriculture Mortgage Corp

Sorted by Maturity

Security	Description		Rate	Par	Maturity	Months Left to Maturity	Investment #
3134GWWP7	FHLMC	CALLABLE after 3/30/23	0.63	4,000,000.00	3/30/2026	0	69
3130AMFS6	FHLB	NONCALLABLE	0.65	1,000,000.00	6/12/2026	2	68
3133ENH45	FFCB	NONCALLABLE	4.42	1,000,000.00	8/24/2026	5	80
3130APAC9	FHLB	CALLABLE after 4/14/23	1.02	1,690,000.00	10/14/2026	6	76
912828V98	US TREASURY NOTES	NONCALLABLE	4.45	1,610,000.00	2/15/2027	11	77
31424WJL7	FAMCA	NONCALLABLE	4.45	2,000,000.00	5/21/2027	14	81
3133ENL99	FFCB	NONCALLABLE	3.74	1,500,000.00	9/15/2027	18	73
91282CPL9	US TREASURY NOTES	NONCALLABLE	3.86	1,000,000.00	11/30/2027	20	90
3130ATS57	FHLB	NONCALLABLE	4.17	1,000,000.00	3/10/2028	23	75
91282CHE4	US TREASURY NOTES	NONCALLABLE	3.85	1,000,000.00	5/31/2028	26	88
912833RZ5	US TREASURY NOTES	NONCALLABLE	4.13	2,300,000.00	8/15/2028	29	82
31424WCR1	FAMCA	NONCALLABLE	4.38	1,000,000.00	12/4/2028	32	78
3133EP3B9	FFCB	NONCALLABLE	4.21	1,000,000.00	2/13/2029	35	79
91282CES6	US TREASURY NOTES	NONCALLABLE	4.2	1,600,000.00	5/31/2029	38	83
91282CLK5	US TREASURY NOTES	NONCALLABLE	3.62	1,000,000.00	8/31/2029	41	84
91282CFY2	US TREASURY NOTES	NONCALLABLE	3.5	1,045,000.00	11/30/2029	44	85
91282CGQ8	US TREASURY NOTES	NONCALLABLE	3.55	1,017,810.00	2/28/2030	47	86
76116FAC1	US TREASURY NOTES	NONCALLABLE	3.9	950,000.00	4/15/2030	49	87
91282CPN5	US TREASURY NOTES	NONCALLABLE	3.94	2,000,000.00	11/30/2030	56	89

TOTAL PAR27,712,810

Investment by Fund/Category	
General Fund	2,558,338.67
Special Revenue Funds	5,081,566.54
Capital Project	114,954.80
Enterprise Funds	8,065,498.08
Internal Service Funds	6,615,612.00
Fiduciary Funds	434,093.51
Total	22,870,063.60
LGIP	69,990,750.70
	-
Total	92,860,814.30

Investment by Instrument	
US Treasury Notes	12,895,643.22
State of WA Bonds	-
LGIP	69,990,750.70
FFCB	3,446,655.27
FHLB	3,511,294.82
FAMCA	3,016,470.29
Total	92,860,814.30

- difference



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Affordable Housing Agreement with Habitat for Humanity for Willow Street Project (Public Comment Opportunity)
Submitted by: Lily Frey, Housing Program Manager
Department: Community Development

Suggested Motion/Action:

Authorize the City Manager to sign the Affordable Housing Agreement and other related agreements, as attached, or in substantially similar form.

Background/Summary:

On November 18, 2025, Habitat for Humanity Seattle - King and Kittitas Counties (SKKC) submitted an application for funding in the amount of \$1,100,000 to construct three new dwelling units on a currently vacant lot at 510 S Willow Street.

On January 7, 2026, the Affordable Housing Commission considered the funding application and recommended that Council fully fund the proposed project.

Since Council authorized the project letter of intent on February 2, 2026, staff have worked with outside counsel and Habitat to develop an affordable housing agreement and necessary attachments to protect the City's interest in the property and meet the developer's needs.

Previous Council Action:

On February 2, Council authorized the Mayor to sign a letter of intent for the project and directed staff to develop an affordable housing agreement for the project.

Analysis:

The Affordable Housing Agreement offers the overall structure for the project, including affordability period (99 years), insurance requirements, homebuyer eligibility, and documentation requirements. Attachments include:

- The note and deed of trust, which secure the City's investment in the property as a loan forgivable if the development conforms to all agreed requirements,
- A homebuyer acknowledgment that resale will be restricted to other qualifying buyers, and
- The sample ground lease and homebuyer purchase and sale agreement that Habitat will use with homebuyers, among other attachments.

These combined documents have been developed and reviewed by the City Attorney and outside counsel and are acceptable to both as well as to Habitat's legal team. Timely

signature and closing will help the project keep on schedule as construction is planned to begin later in 2026 with occupancy in 2027.

Financial Impact:

Based on Council's project approval, the City has budgeted \$1,100,000 for this agreement. No additional resources or budget adjustments are requested.

Budget Adjustment: No

Attachments:

1. Ellensburg - Habitat AHA (Willow St)_5.11_clean

AFFORDABLE HOUSING AGREEMENT

by and between

CITY OF ELLENSBURG

and

HFHSKKC 510 S WILLOW STREET LLC

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ATTACHMENTS

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ATTACHMENT NO. 2	LEGAL DESCRIPTION OF THE SITE
ATTACHMENT NO. 3	SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 4	CITY-DEVELOPER NOTE
ATTACHMENT NO. 5	CITY-DEVELOPER DEED OF TRUST
ATTACHMENT NO. 6	HOME BUYER ACKNOWLEDGMENT/DISCLOSURE STATEMENT
ATTACHMENT NO. 7	FORM OF BUYER GROUND LEASE
ATTACHMENT NO. 8	REQUEST FOR NOTICE OF DEFAULT
ATTACHMENT NO. 9	SCOPE OF DEVELOPMENT
ATTACHMENT NO. 10	CERTIFICATE OF COMPLETION OF CONSTRUCTION
ATTACHMENT NO. 11	DEVELOPER SALE CERTIFICATE
ATTACHMENT NO. 12	RESERVED
ATTACHMENT NO. 13	REGULATORY AGREEMENT
ATTACHMENT NO. 14	HOME BUYER PURCHASE AND SALE AGREEMENT

AFFORDABLE HOUSING AGREEMENT

THIS AFFORDABLE HOUSING AGREEMENT (the "Agreement"), dated, for identification purposes only, as of [] (the "Date of the Affordable Housing Agreement") is entered into by and between the **CITY OF ELLENSBURG**, a municipal corporation ("City"), **HFHSKKC 510 S WILLOW STREET LLC**, a Washington limited liability company (the "Developer").

RECITALS

A. City is a municipal corporation which, as part of its governmental operations, seeks to add to the community's supply of affordable housing units that are actively managed, which constitutes a public use and purpose and an essential governmental function for which public moneys may be spent, and other aid given and a proper public purpose, necessary in the public interest.

B. In November 2017, City voters approved a one tenth of one percent increase in City sales tax for housing and related services consistent with RCW 82.14.530. The purpose of this local funding source is to support housing and related services in the City. Consistent with state law, housing created with these funds is required to serve households earning sixty percent (60%) or less of Area Median Income ("AMI") and fall within specific population groups as described in RCW 82.14.530.

C. Developer owns that certain property consisting of approximately .2 acres, known as 510 South Willow Street (the "Site") within the corporate limits of the City of Ellensburg.

D. Developer will develop the Site with three (3) single family dwellings (each a "Unit" and collectively, the "Units"), each a "Homebuyer Property" (as defined in Section 1.1), each of which shall be a Low-Income Household devoted to "Sixty Percent Households," as defined below, and shall serve the specific population groups described in RCW 82.14.530. All of the Units shall be limited to sale at "Affordable Housing Cost" as further provided herein.

E. Developer has requested assistance from City in the form of a loan from moneys the City has obtained upon application of sales taxes under the authority of RCW 82.14.530.

F. 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 buyers of each Unit and the permissible sales price to be charged to acquire each Unit are set forth in detail in this Agreement and the Regulatory Agreement, in order to ensure compliance with the requirements this Agreement and other applicable federal and state laws and regulations.

G. Initially capitalized terms used in these Recitals are defined in these Recitals and in Section 1.1.

H. 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:

City of Ellensburg/Habitat at 510 Willow St (Affordable Housing Agreement)

"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 fifty percent (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 Covenant" means the covenant running with the land for the benefit of the City to secure that the housing to be developed on the Site remains affordable to persons of low- and very-low income who qualify for such assistance under State law for duration of the Affordability Period, all as set forth in the Regulatory Agreement.

"Affordability Period" means the duration of the affordable housing requirements that are required by this Agreement and set forth in the Regulatory Agreement. The Affordability Period shall continue until the 99th anniversary of the first sale of a Unit located on the Site.

"Affordable Housing Cost" has that meaning set forth therefor in Section 6.1.3 of this Agreement.

"Area Median Income" or "AMI" means the Area Median Income for Kittitas County, Washington, as published annually 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.

"Certificate of Completion of Construction" means Attachment No. 10.

"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-Developer Deed of Trust" means a deed of trust in the form of Attachment 5 hereto.

"City-Developer Loan" has the meaning set forth in Section 2.1.2.

"City-Developer Note" means a promissory note by Developer to City in the form of Attachment 4.

"City Loan Amount" means the City Loan Amount, in an amount equal to One Million One Hundred Thousand and 00/100 U.S. Dollars (\$1,100,000.00) (sixty-two percent (62%) of the total development cost of the Project as described in the Financing Plan approved by the City).

"City Loan Policy" shall have the meaning set forth in Section 2.2 of this Agreement.

"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).

"Civil Permits" means the permit(s) issued by the City and required to construct the on-site utilities and infrastructure serving the Project.

"Conditions Precedent" shall have the meaning set forth therefor in Section 2.1.4 hereof.

"Conditions to Sale to Program Participant" means those matters set forth in Section 6.5.

"Construction" means the entire work of construction, development and improvement of the Site which is required pursuant to this Agreement, including as set forth in the Scope of Development.

"Construction Contract" means the contract entered into by and between Contractor and Developer for the construction of the Project and itemized with all Construction Costs, as approved by City Manager pursuant to this Agreement in the City Manager's reasonable discretion.

"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.

"Date of the Affordable Housing Agreement" means [_____].

"Developer" means HFHSKKC 510 S Willow Street LLC a wholly owned subsidiary of Habitat for Humanity Seattle-King County.

"Developer Sale Certificate" means a certificate in the form of Attachment 11.

"Disclosure Statement" means the homebuyer acknowledgment and disclosure in the form of Attachment 6 hereof.

"Eligible Homebuyer" means a household which (i) is, depending on the restrictions applicable to the Unit, a Sixty Percent Household; (ii) has satisfactorily completed a Homebuyer Training Program provided by Habitat Parent (or, if Habitat Parent is no longer providing such a program, a substitute Homebuyer Training Program approved by the City Manager) and such completion is certified by Developer and Habitat Parent, which must be evidenced by the delivery of a Homebuyer Training Certificate; (iii) is acquiring a Unit for owner occupancy by such household at a price which does not exceed Affordable Housing Cost; and (iv) has executed all those instruments to be executed by each Initial Homebuyer as required by this document.

"Escrow" means, unless the context requires otherwise, the escrow established for the recording of the Regulatory Agreement and the City-Developer Deed of Trust.

"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.

"FIRPTA" means the Foreign Investment in Real Property Transfer Act.

"General Contractor" means the general contractor hired by Developer to engage and supervise the subcontractors in the performance and completion of the construction of the Improvements. The General Contractor shall be reasonably acceptable to and approved by the City Manager, in the City Manager's reasonable discretion. The parties acknowledge that the General Contractor will not be performing actual construction work for any portion of the Development, but instead shall hire Subcontractors (after competitive bidding) who shall be reasonably approved 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, including without limitation RCW 82.14.530 and applicable provisions of the WAC. 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.

"Ground Lease" means a ground lease between Developer, as lessor, and a Program Participant, as lessee, pursuant to which the Program Participant is leased an interest in the land on which the Unit that is conveyed to the Program Participant is built. The Program Participant's leasehold interest is subject to restrictions on occupancy and resale consistent with this Agreement. The Ground Lease shall be substantially in the same form of Attachment 7 hereof.

"Habitat Parent" means Habitat for Humanity Seattle-King County, a Washington non-profit public benefit corporation.

"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 in Paragraph (c) of this Section 308) 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.

(b) The term "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.

(c) The term "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.

(d) The term "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.

"Homebuyer Escrow Holder" means First American Title or another escrow holder designated by City.

"Homebuyer Deed of Trust" means a deed of trust securing repayment of the financial subsidy to Homebuyer provided by Habitat Parent in the event that repayment is required due to a failure by the Homebuyer to perform its obligations under the Ground Lease, Homebuyer Note, or Homebuyer Deed of Trust.

"Homebuyer Note" means a promissory note to evidence the financial subsidy provided by Habitat Parent to Homebuyer in the event that repayment is required due to a failure by the Homebuyer to perform its obligations under the Ground Lease, Homebuyer Note, or Homebuyer Deed of Trust.

"Homebuyer Price" means that amount determined by City upon receipt of request therefor by Developer to represent the purchase price for a Homebuyer Property to be paid by the corresponding purchaser. Upon conferring with Developer, the Homebuyer Price shall not, in any case, exceed Affordable Housing Cost for a Low-Income Household as determined by City in accordance with this Agreement. In

addition, with respect to all three (3) Units, the Homebuyer Price shall not exceed Affordable Housing Cost for a Sixty Percent Household. The Homebuyer Price shall include all forms of remuneration to be given by each homebuyer to Developer (including without limitation purchase money and land rent).

"Homebuyer Property" means the Unit and the Homebuyer's interest in the land pursuant to the Ground Lease.

"Homebuyer Purchase and Sale Agreement" means an agreement entered by the Developer with each Homebuyer substantially in the same form attached hereto as Attachment 14, together with such amendments, if any, as may be approved by the City Manager, and which satisfies the requirements of Section 6.1.

"Homebuyer Purchase Escrow" has the meaning set forth in Section 6.1.4.

"Homebuyer Training Certificate" means a certificate affirming the completion by the corresponding homebuyer of a Homebuyer Training Program. The Homebuyer Training Certificate must be valid at the time the prospective purchaser is determined to be an Eligible Homebuyer.

"Homebuyer Training Program" means classroom-based, homebuyer education program conducted by a HUD-certified homebuyer education counselor consisting of not less than eight (8) hours of classroom instruction.

"HUD" means the United States Department of Housing and Urban Development.

"Improvements" means all of the improvements described in the Scope of Development.

"Indemnitees" means City and its elected officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers.

"Initial Homebuyer" means the initial purchaser of each Homebuyer Property from Developer.

"Legal Description of the Site" means Attachment 2.

"Low-Income Household" means Sixty Percent Households.

"Map" means Attachment 1 hereof.

"Official Records", unless the context otherwise requires, means the official land records of the County Recorder of the County.

"Owner's Title Policy (Developer)" is defined in Section 2.4.

"Owner's Title Policy (Homebuyer)" is defined in Section 6.1.6.

"Parties" means City and Developer.

"Permitted Mortgage" means (i) a first lien mortgage or deed of trust approved by Habitat and encumbering the Unit and a Program Participant's leasehold interest in the corresponding land parcel, granted by a Program Participant to an institutional (including governmental) lender providing purchase money financing for the Homebuyer Property, and (ii) any subordinate mortgage or deed of trust securing

down payment assistance provided to a Program Participant by an institutional (including governmental) lender or agency, approved in writing by the City and Habitat prior to closing..

"Plans" means those building plans approved by City regarding the development of the Improvements and any related off sites.

"Pricing Protocol" means the protocol established in Section 6.1.3 for establishing Program Participant price.

"Program Participant" means a household which is mutually approved by each of Developer and City for purchase of a Homebuyer Property, applying criteria including: (i) the household is a Sixty Percent Household as confirmed by the City Manager upon receipt of evidence from Developer and a prospective homebuyer; (ii) the household has executed and deposited into escrow for delivery to Developer, the Homebuyer Note, the Homebuyer Deed of Trust, and the Ground Lease; (iii) the household has not held an ownership interest in a residence for at least three years preceding the purchase of the corresponding Homebuyer Property; (iv) the purchase price to the homebuyer, as confirmed by City, does not exceed Affordable Housing Cost; (v) Developer has determined homebuyer income eligibility in accordance 24 CFR Part 5 and has documented to City (and upon request therefor, HUD) the income of all persons acquiring property from Developer under this Agreement. Source documentation evidencing annual income shall include, but is not limited to verification of employment, wage statements, bank statements, unemployment compensation and other documents to confirm annual household income in accordance with the income guidelines established by HUD for the qualifying year.

"Program Participant Documents" means, the Ground Lease, the Homebuyer Deed of Trust, the Homebuyer Note, the Disclosure Statement, and the Regulatory Agreement.

"Project" means the three (3) Units to be developed at the Site, to be operated in conformity with this Agreement, including without limitation the Regulatory Agreement and other documents recorded in implementation of this Agreement.

"Project Documents" means, collectively, this Agreement, the Regulatory Agreement, the City-Developer Note, the City-Developer Deed of Trust, the Homebuyer Note, the Homebuyer Deed of Trust, the Ground Lease, and the Disclosure Statement.

"Proposed Transferee's Application" means a form of application to be prepared by Developer and reviewed by City which will include all information necessary for the verification of eligibility of a household to purchase the corresponding Homebuyer Property as well as the agreement of the proposed transferee to execute a promissory note payable to City, a deed of trust securing repayment under the promissory note, and an acknowledgment and agreement to be bound by the Ground Lease and the Regulatory Agreement as such instruments are hereafter prepared by City.

"RCW" means the Revised Code of Washington.

"Regulatory Agreement" means Attachment 13.

"Remediation" is defined in Section 4.16.

"Request for Notice of Default" means Attachment 8.

"Schedule of Performance" means Attachment 3, which generally sets forth the time for performing the various obligations of this Agreement. The time periods set forth in the Schedule of

Performance for City approval of submittals, including without limitation any plans and drawings submitted to City by Developer shall only apply and commence upon Developer's complete submittal of all the required information. In no event shall an incomplete submittal by Developer trigger any of City Manager's obligations of review and/or approval hereunder; provided, however, that the City Manager shall notify Developer of an incomplete submittal as soon as is practicable. The Schedule of Performance is subject to modification from time to time upon prior written authorization of Developer and the City Manager on behalf of City. In addition to Section 8.2 extensions, the City Manager retains authority to extend times for performance for up to three hundred (300) days as all such extensions are aggregated.

"Scope of Development" means Attachment 9.

"Site" means that property designated in the Legal Description and the Map.

"Sixty Percent Households" means those households (i) earning not greater than 60% of Kittitas County AMI, adjusted for household size, and (ii) meeting the other eligibility requirements relating to targeting specific population groups set forth in RCW 82.14.530. Income and eligibility are to be determined consistent with RCW 82.14.530 and any regulations promulgated thereunder, as the same may be amended from time to time.

"Subcontractor" and **"Subcontractors"** means, individually and collectively, one or more subcontractors hired by Developer's General 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 (excepting for work to be performed by the prospective Homebuyers), 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 General 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.

"Title Company" means First American Title or another title insurer designated by City.

"Unit" means each single family detached house to be constructed by Developer upon the Site, all as more particularly described in Section 4.1 hereof and in the Scope of Development.

"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. CITY-DEVELOPER LOAN

2.1 City-Developer Loan. Subject to satisfaction of Conditions Precedent as set forth in Section 2.1.4, City agrees to loan to Developer the City Loan Amount.

2.2 Protocol for Disbursement of the Loan Amount. The cash portion of the City Loan Amount, shall be subject to disbursement to or for the benefit of Developer as follows:

2.2.1 City shall make available to Developer the City Loan Amount, in installments based upon the development phases and progress toward completion of the 60% Units as set forth in the Schedule of Performance, with amounts to be disbursed based upon the degree of completion up to costs incurred as determined in good faith by the City Manager; such determinations are solely for the use of City in implementing its objectives pursuant to this Agreement and are not to be relied upon by any third party.

2.2.2 All moneys applied for and disbursed pursuant to this section shall be applied only for the Improvements and the statement(s) by the representative of Developer shall so affirm. Disbursements may be used only to defray the cost of work performed on the Improvements, and only where such work is performed by (and disbursements are made to) third parties not related or connected to Developer.

2.2.3 Prior to each disbursement of any portion of the Loan Amount, Developer shall submit to City an "Application for Disbursement" (more commonly known as a "Draw Request") conforming to the following:

- (a) Each Draw Request shall include a written, itemized statement, signed by a representative of Developer which sets forth: (A) a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested; and (B) the total amount incurred, expended and/or due for the requested disbursement;
- (b) Copies of billing invoices, statements, receipts and other documents evidencing the total amount expended, incurred or due for any requested disbursement;
- (c) Mechanics lien waivers; and
- (d) A statement that the percentage and/or stage of construction corresponding to the Application for Disbursement has been substantially completed and substantially conforms to the Plans and the Schedule of Performance.

2.2.4 Subject to satisfaction of the requirements of this section, City will make payments within ten (10) days after the submittals required pursuant to this section are fully accomplished, review by the City Manager has been completed, and the City Manager has had a reasonable opportunity to review the stage of completion. After the approval of this Agreement by City, further approval by the City Council shall not be required to authorize the disbursement of moneys pursuant to this section.

2.2.5 Notwithstanding any provision of this Agreement to contrary effect, if an Event of Default has occurred, City shall, at its election, cease to make any disbursements to Developer. City may thereafter, at its discretion, determine whether an Event of Default may be or has been cured, in which event City may at its option recommence disbursements; provided that the foregoing shall be without prejudice as to the rights of City to enforce this Agreement, terminate this Agreement, or pursue legal and/or equitable remedies.

2.2.6 **Conditions Precedent.** City shall not close on the City Loan, unless and until each and every one of the following conditions precedent (the "City Closing Conditions Precedent," which City Closing Conditions Precedent are solely for the benefit of City) has been fully satisfied, as determined in good faith by the City Manager (each of which conditions, if it requires action by Developer, shall also be a covenant of Developer):

- (a) Financing Plan. Developer shall have submitted and shall have obtained approval of the City Manager of the Financing Plan.
- (b) Project Documents. Developer shall have delivered to the Escrow Holder, in recordable form, the following documents: the Regulatory Agreement and the City-Developer Deed of Trust all duly executed by Developer.
- (c) Civil Permits. Developer shall have satisfied all conditions to obtaining all Civil Permits to be obtained except for the payment of permit fees for all of the Site (the payment of which shall be made by Developer after Closing in conformity with City practices customarily applied to development within the corporate limits of City). Developer acknowledges and agrees that the plans prepared for the Improvements shall be subject to City's normal planning review process. If any parcel map or lot line adjustment is required as to any of the Site, Developer shall bear the cost of preparing and procuring such parcel map or lot line adjustment.
- (d) Land Use Approvals. Developer shall have obtained each of the land use approvals required for issuance of the Civil Permits.
- (e) Title Insurance. City shall have received a pro forma policy or policies, together with the commitment of the Title Company that it is prepared to issue the City Loan Policy as to the Site.
- (f) Insurance. City shall have received evidence, satisfactory to City Manager, that all of the insurance policies required by Section 4.5, below, are in full force and effect.
- (g) Corporate Resolution. Developer shall deliver or shall have delivered to City a certified copy of a resolution of Developer's board of directors (or authorized executive committee) authorizing (or ratifying) the execution of the Project Documents (the "Developer's Resolution").
- (h) Development Plans. City shall have approved the Plans for the Project prepared and submitted by Developer as being in substantial conformity with the Scope of Development, this Agreement, and the City Code.

(i) Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct as of the Close of Escrow.

(j) No Default under Agreement. No Event of Default by Developer shall have occurred under this Agreement, 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 under this Agreement, Developer shall be in compliance with the provisions of this Agreement..

(k) No Other Defaults. Developer shall not be in default of this Agreement or any agreement with a purchaser, or prospective purchaser, of the Site or portion thereof, and no event shall have occurred which with the passage of time would constitute a default.

All conditions set forth in this section, or to City's obligations hereunder, are for City's benefit only and City Manager may waive all or any part of such rights by written notice to Developer and Escrow Holder. Closing of the City Loan shall constitute Developer's certification, to the best of Developer's knowledge, to the City that the City Closing Conditions Precedent have been satisfied.

2.3 Escrow. The parties shall open an escrow (the "City Escrow") with the Escrow Holder within fifteen (15) days after the Date of the Affordable Housing Agreement, for the recordation of the City-Developer Deed of Trust and Regulatory Agreement and the execution and delivery of the City-Developer Note. City and Developer agree to execute such supplemental escrow instructions as may be reasonably required to implement this section. Developer shall arrange for and cause the Title Company to issue the City Loan Policy to reflect the City Loan Amount under the City-Developer Note and the City-Developer Deed of Trust; any exceptions listed in the City Loan Policy must approved by City acting at its sole and absolute discretion. Developer shall be responsible to pay any premium, fees, costs and expenses for the City Loan Policy. Developer shall additionally pay, at its cost, any amounts necessary to effect recording, escrow charges, and any costs necessary to cause the condition of title for the City Loan Policy to conform to this section.

2.4 [Reserved]

2.5 Title Insurance, Lender's Policy. Substantially concurrently with recordation of the City-Developer Deed of Trust and Regulatory Agreement, there shall be issued to City an ALTA extended coverage lender's policy of title insurance ("Lender's Title Policy (City)") in the City Loan Amount, issued by the Title Company insuring fee simple title to the Site is vested in Developer in the condition required by this Agreement and the City-Developer Deed of Trust and Regulatory Agreement have the priority required by this Agreement.

2.6 Repayment. The City-Developer Note is non-recourse with limited exceptions. Except as otherwise provided in the City-Developer Note, following the recording of the City-Developer Deed of Trust and execution by Developer and delivery to City of the City-Developer Note, the entire balance due under the City-Developer Note shall be due the City, or otherwise satisfied as provided below, upon the first to occur of: (i) the sale or other conveyance of the Site or portion thereof contrary to this Agreement; (ii) the uncured default of Developer under this Agreement, the City-Developer Note or the City-Developer Deed of Trust; or (iii) the sale or other conveyance of the Site or portion thereof except to the extent each Homebuyer Property is conveyed to Initial Homebuyers in conformity with Sections 6.1 to 6.5 hereof.

2.7 Assumption. The City-Developer Note shall not be assignable or assumable by successors and assigns of Developer without the prior written consent of City, which consent may be withheld in City's sole and complete discretion.

3. Reserved.

4. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING

4.1 Scope of Development. Developer shall develop the Improvements in accordance with the Scope of Development, and the approved Plans, drawings and documents for the Improvements. The Improvements shall generally consist of not fewer than three (3) single-family dwelling units (each a "Unit"), as more particularly set forth in the Scope of Development. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by City, the approved development plans shall control. This Agreement shall not prevent an owner of a Unit from making improvements to a Unit at a time after the Unit has been conveyed to such owner consistent with the requirements of the Ground Lease; City shall have no responsibilities regarding any such future improvements.

4.2 Design Review.

4.2.1 Developer Submissions. Before commencement of construction of the Improvements or other works of improvement upon the Site, Developer shall submit to City any plans and drawings (collectively, the "Design Development Drawings") which may be required by City with respect to any permits and entitlements which are required to be obtained to develop the Improvements and obtain Building Permits. Within forty-five (45) days after City's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by City as requiring revisions and resubmit the revised plans to City.

4.2.2 City Review and Approval. City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Code, and nothing set forth in this Agreement shall be construed to constitute City's approval of any or all of the Design Development Drawings or to limit or affect City's review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

4.2.3 Revisions. Any and all change orders or revisions required by City and its inspectors which are required under the City Code and under other applicable laws and regulations shall be included by Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

4.2.4 Defects in Plans. City shall not be responsible either to Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by this section.

4.2.5 Land Use Approvals. Before commencement of construction of the Improvements or other works of improvement upon the Site, Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits, and approvals which may be required for the Improvements by City or any other governmental agency affected by or having jurisdiction over such construction or work, except for those which are the responsibility of City as set forth herein, including without limitation a license agreement between Developer and City allowing entry onto the Site

which indemnifies City from and against any claims made in connection with the activities of Developer. Developer shall, without limitation, apply for and secure, and pay all costs, charges and fees associated therewith, all permits and fees required by City, the County, and other governmental agencies with jurisdiction over the Improvements.

Developer shall be responsible at its cost for obtaining and causing to be recorded a Parcel Map in connection with the development and financing of the Improvements.

4.3 Time of Performance; Progress Reports. Developer shall submit all Design Development Drawings, commence and complete all construction of the Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement. Construction of the Improvements shall be commenced immediately after the initial disbursement of any funds to or on behalf of Developer pursuant to this Agreement under the City-Developer Loan. Following the Date of the Affordable Housing Agreement, once construction is commenced, it shall continuously and diligently be pursued to completion and without cessation for more than fifteen (15) days subject to Section 8.2. During the course of construction and prior to issuance of the Certificate of Completion of Construction, Developer shall provide timely reports of the progress of construction when requested by the City Manager. Developer shall complete construction of all of the Improvements on the Site by the time established therefor in the Schedule of Performance subject to Section 8.2.

Developer shall submit the Financing Plan by the time established therefor in the Schedule of Performance. In addition, Developer shall regularly (at least monthly) provide a progress report to the City Manager concerning the financing for and ongoing viability of the proposed development of the Improvements and sale of the Homebuyer Properties to Low-Income Households at prices which do not exceed Affordable Housing Cost in conformity with this Agreement. Developer shall also meet monthly with the City Manager or the City Manager's designee to review progress; Developer shall also participate in such additional meetings, if any, as may be deemed appropriate by the City Manager. Such meetings shall be conducted as Zoom meetings, telephonic meetings, or other modes not involving in-person meetings. The meetings and reports shall continue until the last to occur of: (i) the completion of the Improvements; (ii) the sale of three (3) Homebuyer Properties to Low-Income Households at prices which do not exceed Affordable Housing Cost in conformity with this Agreement, with at least three of such Homebuyer Properties to be sold to Sixty Percent Households; and (iii) any mechanics or materialmen's liens imposed as to the Site, or any portion thereof, in connection with the development of the Improvements, shall have been removed, released and reconveyed.

4.4 Construction Contract. All costs of planning, designing, developing, obtaining permits for (including permit fees), and constructing the Improvements shall be borne solely by Developer.

4.5 Insurance Requirements. Until the Certificate of Completion of Construction has been issued upon completion of all of the Improvements and all three (3) Units have been sold to a Program Participant, Developer shall maintain at Developer's sole expense, with insurers reasonably approved by City, the following policies of insurance in form and substance reasonably satisfactory to City:

- (a) workers' compensation insurance as required by the Industrial Insurance laws of the State of Washington in connection with the Improvements;
- (b) upon commencement of the earlier to occur of clearing, demolition, or construction of the Improvements by Developer and at all times prior to completion of the Improvements, builder's risk-all risk insurance covering interests of the City, the Developer, Subcontractors, and Sub-subcontractors participating 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, covering 100% of the replacement cost of all Improvements (including offsite materials) during the course of construction and all other risks normally covered by "all risk" coverage policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood)), and shall include coverage for temporary buildings, debris removal, and damage to materials in transit or stored off-site;

(c) following completion of the Improvements, fire and hazard "all risk" insurance covering 100% of the replacement cost of the Improvements in the event of fire, lightning, windstorm, vandalism, earthquake (if available at commercially reasonable rates), malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to the danger of flood);

(d) public liability insurance in amounts reasonably required by the City Manager from time to time, and in no event less than \$2,000,000 for "single occurrence;" and property damage insurance in amounts reasonably required by the City Manager from time to time, and in no event less than \$2,000,000.

All such insurance shall provide that it may not be canceled or materially modified without 30 days prior written notice to City. The policies required under subparagraphs (b) and (c) shall include a "lender's loss payable endorsement" (Form 438BFU) in form and substance satisfactory to City, showing City as encumbrancer. City shall be an additional insured in the policies required under subparagraphs (d) and (e). No such insurance shall include deductible amounts to which City has not previously consented in writing. Certificates of insurance for the above policies (and/or original policies, if required by City) shall be delivered to City from time to time within 10 days after demand therefor. All policies insuring against damage to the Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. No less than 30 days prior to the expiration of each policy, Developer shall deliver to City evidence of renewal or replacement of such policy reasonably satisfactory to the City Manager. The insurance requirements as set forth in this section may be modified from time to time upon mutual written agreement of the City Manager (for City) and Developer. It is contemplated that the construction lender may direct the use of insurance proceeds related to damage which occurs during construction so long as Developer demonstrates that one of the following is assured: (i) retention by City of all net proceeds of sale from all the Units; or (ii) completion of the Improvements and conveyance of the Units to Low-Income Households at a price that constitutes Affordable Housing Cost.

Coverage provided hereunder by Developer shall be primary insurance and not be contributing with any insurance maintained by City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. None of the above-described policies shall require Developer to meet a deductible or self-insured retention amount of more than Five Thousand Dollars (\$5,000.00) unless approved in writing by the City Manager. All policies shall be written by good and solvent insurers qualified to do business in Washington and shall have a policyholder's rating of A or better in the most recent edition of "Best's Key Rating Guide -- Site and Casualty." The required certificate shall be furnished by Developer at the time set forth herein.

4.5.1 Public Entity Full Availability of Contractor Limits. If the Developer maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of such insurance maintained by the Developer, irrespective of whether such limits

maintained by the Developer 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 the Developer.

4.5.2 Other Insurance Provision. The Developer's 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 Developer's insurance and shall not contribute with it.

4.5.3 Subcontractors. The Developer shall cause each and every Contractor and first tier Subcontractor with subcontracts of Fifty Thousand Dollars (\$50,000.00) or greater ("First Tier Subcontractors") to provide insurance coverage that complies with all applicable requirements of the Developer-provided insurance as set forth herein, except the Developer shall have sole responsibility for determining the limits of coverage required to be obtained by Contractors and Subcontractors. The Developer shall ensure that the City is an additional insured on each and every Contractor and First Tier Subcontractor's insurance policy complying with this section.

4.6 Waiver of Subrogation. Developer hereby waives all rights to recover against City (or any officer, employee, agent or representative of City) for any loss incurred by Developer from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

4.7 Obligation to Repair and Restore Damage Due to Casualty. If during the period of construction or prior to conveyance of the Unit to a purchaser, 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 Developer, Developer 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 Developer 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 twelve (12) months from the date Developer obtains insurance proceeds unless the City Manager, in his sole and absolute discretion, approves a longer period of time. City shall cooperate with Developer, 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 of restoration exceeds such insurance proceeds, Developer may elect not to repair, replace, or restore the Improvements by giving notice to City (in which event Developer will be entitled to all insurance proceeds) or Developer 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.

4.8 Indemnity. Developer shall defend (by counsel satisfactory to City), indemnify and save and hold harmless City and its officers, contractors, agents and employees (collectively, the "Indemnitees") from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses (including, without limitation, attorneys' fees and court costs) arising from the acts or omissions of the Developer, or those acting on its behalf, relating to: (i) a claim, demand or cause of action that any

person has or asserts against Developer; (ii) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person acting by or on behalf of Developer with respect to the Site; or (iii) the ownership, occupancy or use of the Site; provided that, as long as Developer has completed the Improvements and conveyed the Site in strict conformity with this Agreement (including without limitation provisions concerning affordable housing cost and income limitations of buyers), liability with respect to this item (iii) shall be limited to the period prior to the sale of all Units to Initial Homebuyers. Notwithstanding the foregoing portion of this section, Developer shall not be obligated to indemnify City with respect to the consequences of any act of gross negligence or willful misconduct of City. Developer's obligations under this section shall survive the satisfaction of the City-Developer Note, the release and reconveyance of the City-Developer Deed of Trust, issuance of the Certificate of Completion of Construction (except that the issuance of such Certificate shall constitute conclusive evidence that construction of the Improvements has been completed), and termination of this Agreement. City will not unreasonably withhold approval of counsel proposed by an insurer under a policy provided under this Agreement.

In the event of a default or breach under this Agreement by Developer, Developer shall reimburse City immediately upon written demand for all costs reasonably incurred by City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Project Documents and all related matters including the following: (a) City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents. If such default remains uncured after any applicable cure period, such reimbursement obligations shall bear interest from the date occurring 10 days after City gives written demand to Developer at the same rate as is provided in this Agreement for the Homebuyer Senior Promissory Note and shall be deemed to be secured by the City-Developer Deed of Trust.

Subject to Section 8.19, Developer shall indemnify City from any real estate commissions or brokerage fees which may arise from this Agreement or the Site, including without limitation the acquisition of the Site by Developer, or the sale or marketing of Units and Homebuyer Properties. Developer represents that it has engaged no broker, agent, or finder in connection with this transaction, and Developer agrees to hold City harmless from any claim by any broker, agent or finder in connection with this Agreement, the activities by Developer, or the Site. The parties acknowledge that Developer may utilize brokers in connection with the sale of the Units and, with the prior written approval of the City Manager upon consultation with the Developer, as to one or more of the Units.

4.9 Rights of Access. Prior to the issuance of the Certificate of Completion of Construction, for purposes of assuring compliance with this Agreement, representatives of City shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as City representatives comply with all safety rules. City representatives shall, except in emergency situations, notify Developer prior to exercising its rights pursuant to this section. The rights of City under this section are in addition to and do not limit City's police power or exercise thereof.

4.10 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 (including without limitation provisions for payment of prevailing wages in connection with all construction of the Improvements to the extent applicable), 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. Developer, including but not limited to its contractors and subcontractors, shall comply with those provisions of the RCW that require the payment of prevailing wages, including without limitation Title 39, Chapter 39.12 (the "State Prevailing Wage Law") and, if applicable, federal prevailing wage law ("Federal Prevailing Wage Law" and, together with State Prevailing Wage Law, "Prevailing Wage Laws") with regard to the construction of the Improvements, but only if and to the extent such Sections are applicable to the development of the Improvements. Developer shall pay or cause to be paid Prevailing Wages in connection with the development of the Improvements. The amount of the City Loan takes into account the costs of the Improvements using Prevailing Wages; in the event the Project were to be undertaken without payment of Prevailing Wages, the City would reduce the amount of its loan. Developer hereby releases from liability, and agrees to indemnify, defend, assume all responsibility for and hold City, its officers, employees, agents and representatives, harmless from any and all claims, demands, actions, suits, proceedings, fines, penalties, damages, expenses resulting from, arising out of, or based upon Developer's acts or omissions pertaining to the compliance with the Prevailing Wage Laws for the Improvements.

This Agreement, including without limitation the amount of the City Loan, assumes that prevailing wages will be paid in connection with the construction of the Improvements of the greater of the amounts required (under Federal Prevailing Wage Law or State Prevailing Wage Law, whichever is applicable). In the event Developer contends that Developer is not required to pay prevailing wages under one or both of the State Prevailing Wage Law or the Federal Prevailing Wage Law, Developer shall so inform City in writing not less than 60 days before the Closing. Upon receipt of such writing, City shall review whether and in what amount the City Loan shall be reduced. City, acting through its City Manager, will consider information submitted by Developer with respect to this matter, but the determination of the City Manager as to the amount of the City Loan in such event, to be made at the sole discretion of City Manager, shall be final.

Without limitation as to other provisions of this Agreement providing for indemnification, Developer shall indemnify, protect, defend and hold harmless City and its officers, employees, contractors and agents, with counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction, and/or operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and/or federal prevailing wages); (2) the implementation of Prevailing Wage laws; and/or (3) failure by Developer to provide any required disclosure or identification as required by Prevailing Wage laws, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Improvements, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under Washington law. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Improvements by Developer.

4.11 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its Affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

4.12 Property Taxes and Assessments. Developer shall pay, or shall cause Initial Homebuyers and their successors and assigns to pay, prior to delinquency all applicable ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned or leased by Developer during its period of ownership, or assure the satisfaction thereof within a reasonable time, but in no event to exceed 60 days. Developer shall additionally defend, indemnify, and hold harmless City from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with activities undertaken by Developer on the Site.

4.13 Liens and Stop Notices. Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice related to its construction of Improvements. If a claim of a lien or stop notice is given or recorded affecting the Improvements Developer shall within 30 days of such recording or service or within five days of City's demand whichever last occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to City a surety bond in sufficient form and amount, or otherwise; or
- (c) provide City with indemnification from the Title Company against such lien or other assurance which City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

4.14 Certificate of Completion of Construction. Promptly after receipt of written request therefor from Developer after completion of the Improvements in conformity with this Agreement, City shall furnish Developer with a Certificate of Completion of Construction. The Certificate of Completion of Construction shall be a conclusive determination of satisfactory completion of the Improvements and the Certificate of Completion of Construction shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site or such applicable portion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in documents recorded against the Site prior to the recordation of the Certificate of Completion of Construction for that phase. If City refuses or fails to furnish a Certificate of Completion of Construction after written request from Developer, City shall, within 30 days of written request therefor, provide Developer with a written statement of the reasons City refused or failed to furnish the Certificate of Completion of Construction. The statement shall also contain City's opinion of the actions Developer must take to obtain the Certificate of Completion of Construction. Upon receipt of request therefor, City will consider the issuance of a partial Certificate of Completion of Construction as to a particular Homebuyer Property; provided that the issuance of such a partial Certificate shall be at the sole discretion of the City Manager. If a partial Certificate of Completion of Construction is issued by City as to a particular phase, such partial certificate shall conclusively evidence the completion of those Improvements which are located on a particular Homebuyer Property as required under this Agreement to be constructed on such Homebuyer Property.

4.15 Further Assurances. Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to City all documents, and take all actions, reasonably required by City from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents, to protect and further the validity, priority and enforceability of the Project Documents, or otherwise to carry out the purposes of the Project Documents.

4.16 Developer's Obligation to Investigate and Remediate the Site after Loan Disbursement. After the disbursement of all or any portion of the City-Developer Loan to or on behalf of Developer, and notwithstanding the obligation of Developer to indemnify City pursuant to this Agreement, Developer shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision or any Environmental Laws with respect to the Site, which actions, requirements or necessity arise from the presence upon, about or beneath the Site of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws regardless of when such Hazardous Materials or Hazardous Materials Contamination were introduced to the Site and regardless of who is responsible for introducing such Hazardous Materials or Hazardous Materials Contamination to the Site, or portion thereof ("Remediation"). Remediation shall include, but not be limited to, an initial investigation of the environmental condition of the Site, the preparation of any feasibility studies or reports and the performance of any cleanup, remediation, abatement, removal, or restoration work required. Developer shall take all actions necessary to restore promptly the Site to an environmentally sound condition for uses, ownership, and occupancy contemplated by this Agreement, notwithstanding any lesser standard of remediation allowable under applicable Environmental Laws. Developer's obligations under this section shall survive the issuance of the Certificate of Completion of Construction but shall automatically terminate on the transfer of the Site as a result of any of the following: (i) trustee's sale, (ii) judicial foreclosure sale, or (iii) deed in lieu of foreclosure (any of the foregoing, an "Involuntary Transfer").

4.16.1 Property Standards. Developer agrees to ensure that Construction of the Project will comply with all applicable State and local codes, ordinances, and zoning requirements, including all applicable requirements set forth in the Governmental Requirements. The Project and all Units and common areas at the Site must meet all such applicable requirements upon Project completion.

4.16.1.1 Construction Progress Inspections. Developer shall permit and facilitate progress and final inspections of Construction by the City to ensure that work is done in accordance with the applicable codes, the Construction Contract(s), and Plans.

4.16.1.2 Ongoing Property Condition Standards. Prior to the conveyance of Units to the Initial Homebuyers, Developer shall maintain the Site and improvements thereon in conformity with the Regulatory Agreement; following conveyance by Developer to homebuyers, such homebuyers shall continue to maintain their respective properties in conformance with the Regulatory Agreement.

4.16.2 [Reserved]

4.16.3 Handicapped Accessibility. Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR 8C governing accessibility of projects assisted with federal funds, if applicable; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR 35-36 in order to provide handicapped accessibility to the extent readily achievable; and (c) the Uniform Federal Accessibility Standards (UFAS) pursuant to the Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157, as amended.

4.16.4 Nondiscrimination, Equal Opportunity and Fair Housing. Developer shall carry out the Project and perform its obligations under this Agreement in compliance with all of the Governmental Requirements.

4.16.5 **Requests for Disbursements of Funds.** Developer may not request disbursements of funds hereunder until the funds are needed for payment of eligible costs of the Project. The amount of each request shall be limited to the amount needed for the acquisition of the Site and the Construction as set forth in the Final Budget.

4.16.6 **Records and Reports.** Developer shall maintain and from time to time submit to City such records, reports and information as City Manager may reasonably require in order to permit City to meet the recordkeeping and reporting requirements required of them pursuant to Governmental Requirements. Without limiting the following, Developer shall maintain records and submit annual reports as required by this Agreement.

5. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES

As a material inducement to City to enter into this Agreement, Developer represents and warrants to City that:

5.1 Formation, Qualification and Compliance. Developer (a) is a Washington limited liability company, validly existing and in good standing under the laws of the State of Washington; (b) has all requisite authority to conduct its business and own, purchase, improve and sell 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) 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; (d) 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; (e) 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; and (f) 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. Each of the foregoing items (a) to (f), 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 (f), inclusive.

5.2 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, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless Developer has first obtained the prior written consent of the City Manager, which consent shall be given as to transfers to homebuyers proposed to be made **in** conformity with this Agreement (but, as to other transfers, 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 sale of the Homebuyer Properties to Low-Income Households each at a price which does not exceed Affordable Housing Cost to afford the community a substantial long-term, quality affordable housing resource.

6. SALE OF THE HOMEBUYER PROPERTIES; AFFORDABLE HOUSING PROGRAM PARTICIPANT DOCUMENTS

6.1 Sale at Affordable Housing Cost to Low-Income Households; City Program Participant Documents.

6.1.1 **Affordable Housing.** Developer covenants and agrees that each of the Homebuyer Properties shall be sold to an Initial Homebuyer and shall be restricted with the income and affordability requirements as set forth herein. Developer covenants and agrees that the above-referenced occupancy, ownership and affordability requirements governing the Homebuyer Properties shall bind and be enforceable against each of the Homebuyer Properties throughout the Affordability Period.

6.1.2 **Sale of the Homebuyer Properties.** As set forth in this Section 6.1, Developer agrees to sell each of the Homebuyer Properties to Program Participants at a price which, in each case, does not exceed Affordable Housing Cost for the corresponding income level prescribed in this Agreement. During the Affordability Period each subsequent resale of a Homebuyer Property by the then-owner thereof shall be to a Program Participant at a price which does not exceed Affordable Housing Cost. All sales of the Homebuyer Properties shall be in compliance with this Section 6.1 and each purchaser shall be reviewed by the City and must execute the Program Participant Documents. Developer covenants and agrees that no sales of the Homebuyer Properties shall be made to any of its employees or to persons or families related, within the fourth degree of consanguinity, to any shareholder or partner of Developer or anyone related by blood or marriage to any such shareholder or partner.

Upon completion of those Improvements required to be constructed under this Agreement, and provided that the Conditions to Sale to Program Participants have been satisfied, Developer shall convey by grant deed a Homebuyer Property to an Initial Homebuyer; provided that such sale shall have been accomplished in strict conformity with all requirements of this Agreement, including without limitation that all of the Conditions to Sale to Program Participant, as set forth in Section 6.5, have been satisfied, and further provided that: (i) the Program Participant executes and deposits with the Homebuyer Escrow Holder the Homebuyer Purchase and Sale Agreement, (ii) the Regulatory Agreement is executed by Developer, recorded, and delivered to City, (iii) the Program Participant executes and causes to be delivered to City the Disclosure Statement, (iv) the Program Participant executes and causes to be delivered to Developer the Homebuyer Note, and (v) the Program Participant executes, and causes to be recorded and delivered to Developer the Homebuyer Deed of Trust, then City shall, as to the corresponding Homebuyer Property (but not as to the remainder of the Site), release the corresponding Homebuyer Property from the City-Developer Deed of Trust. Developer covenants to develop or to cause the development and use of the Homebuyer Properties by Program Participants in conformity with this Agreement.

Developer acknowledges and agrees that the Program Participant must fully cooperate in providing to the staff members or consultant designated by the City Manager applications and information from prospective homebuyers sufficient for City to review and confirm that the incomes of Program Participants, loan amounts, and prices conform to this Agreement. Each transfer of a Homebuyer Property

(or any portion of the Site) shall be transacted through the Escrow Holder and in conformity with this Agreement.

6.1.3 **Pricing Protocol; Program Participant Price.** Developer agrees that the price that Developer will charge in connection with each Homebuyer Property will be not greater than the Affordable Housing Cost of such unit as applicable to Low-Income Households. The term "Affordable Housing Cost" means housing costs are less than thirty-five percent (35%) of a Low-Income Household's gross income, as more specifically defined in the Regulatory Agreement and in accordance with Section 6.2.1.2 below. In addition to mortgage payments, any ground rent, association dues, and other costs payable for the use of a Unit shall be counted toward housing costs.

6.1.4 **Homebuyer Escrows.** Upon Developer having received City approval of an Initial Homebuyer (or another Program Participant), Developer shall open an escrow as to the corresponding Homebuyer Property (each one a "Homebuyer Purchase Escrow") with the Escrow Holder. Developer agrees to execute such escrow instructions as may be reasonably required to implement this Section 6.1 (including, without limitation, Section 6.1.4.3 hereof) with respect to each such escrow. The process set forth in this Section 6.1 will be repeated as to each purchaser of a Homebuyer Property (or any portion of the Site). It is contemplated that Developer will retain ownership of the land which constitutes the Site; in connection with the disposition of interests to homebuyers, Developer will lease the corresponding land to the homebuyer and will sell as the Homebuyer Property to such homebuyer the Unit which will be situated on such land.

6.1.4.1 Escrow; Costs of Escrow. All sales to Eligible Homebuyers shall conform in all material respects to the form of the Homebuyer Purchase and Sale Agreement approved by the City. Developer shall pay, or shall cause the purchaser to pay, the premium for the title policies as set forth in Section 6.1 hereof, documentary transfer taxes, if any, and all other usual fees, charges, and costs which arise from the corresponding Homebuyer Purchase Escrow. No costs shall be borne by City. Conveyance shall take place only when the Conditions to Sale to Program Participants have been satisfied as to the corresponding Program Participant, as confirmed by the City.

6.1.4.2 Closing. The conveyance of property by Developer and delivery of documents related thereto shall close ("Homebuyer Closing") within 30 days of the parties' satisfaction of all of Conditions to Sale to Program Participant. The "Homebuyer Closing" shall mean the time and day a deed conveying title to the purchaser is filed for record among Official Records. The "Homebuyer Closing Date" shall mean the day on which the corresponding Homebuyer Closing occurs.

6.1.4.3 Title Insurance, Disposition to Initial Homebuyers; Home Warranty. Concurrently with recordation of the conveyance of a Homebuyer Property to the corresponding Initial Homebuyer, there shall be issued to the corresponding Initial Homebuyer an ALTA owner's policy of title insurance ("Owner's Title Policy (Homebuyer)") consistent with the requirements of the Homebuyer Purchase and Sale Agreement. In addition, Developer shall provide a one (1) year warranty (the "Home Warranty Plan") as to each Homebuyer Property, to be effective at closing. The Home Warranty Plan as to each Homebuyer Property shall be provided at Developer's cost.

6.1.5 **Review of Title.** Developer shall cause the Title Company to deliver to the prospective purchaser a standard preliminary title report (the "Report") with respect to the title to the corresponding Homebuyer Property (as mutually designated by Developer and City), together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report, with at least 10 days to review. The purchaser shall have the right to reasonably approve or disapprove the Exceptions. However, that the purchaser must approve the following Exceptions: (a) the lien of any non-delinquent

property taxes and assessments (to be prorated at close of Escrow); (b) the provisions of the Regulatory Agreement, the Permitted Mortgage, the Homebuyer Deed of Trust, and the Ground Lease, and any liens required by a bank or similar lender, if applicable; (c) any incidental easements or other matters affecting title which do not materially impact the purchaser's use of the corresponding Homebuyer Property as a single family residence.

6.1.6 **Title Insurance for Conveyance to Initial Homebuyers.** Title insurance shall be provided in conformity with this Agreement. The cost for all title policies, including those provided for the benefit of City as beneficiary, shall be borne by purchaser or Developer.

6.2 Process for Transferring Units by Sale

6.2.1 **Process to Complete First Transfer by Sale of Unit by Developer.** Upon the first sale of each Homebuyer Property by Developer, the following procedures shall apply:

6.2.1.1 Qualifications of Proposed Transferee. No sale of a Homebuyer Property shall occur unless and until Developer first determines that the proposed transferee: (i) intends to occupy the corresponding Homebuyer Property as the proposed transferee's principal residence; and (ii) is a Low-Income Household. Each proposed transferee shall submit a Proposed Transferee's Application to Developer, certifying to Developer and City its intent with regard to the occupancy of the corresponding Homebuyer Property and as to the truth and accuracy of all information supplied as to the gross income of the proposed transferee.

6.2.1.2 Sales Price. Each Homebuyer Property shall be sold at an Affordable Housing Cost. In determining the Affordable Housing Cost, the family size of the proposed Transferee shall be deemed to be two (2) persons in the case of a 1-bedroom, four (4) persons for a 2-bedroom, six (6) persons for a 3-bedroom, or eight (8) persons for a 4-bedroom Unit. The Affordable Housing Cost shall be determined as follows:

(a) Developer shall deliver to the City a schedule of approved sales prices for all Units based upon the (i) payment terms of the loan secured by the Permitted Mortgage, and (ii) reasonable amounts for property taxes and assessments, and reasonable costs for fire and casualty insurance covering replacement value of property improvements and homeowner association fees (if any).

(b) The City shall review and may propose any adjustments to the proposed schedule. If the City fails to propose adjustments within ten (10) days of receipt of the proposed schedule, the schedule shall be deemed approved by both parties as proposed.

(c) If the City proposes adjustments, the schedule, as adjusted by the City, shall be deemed approved by both parties within ten (10) days after Developer receives the adjustments unless Developer requests that the parties meet and confer regarding the proposed adjustments. If the parties cannot agree to the schedule after meeting and conferring, the parties shall submit it to a mutually agreeable third party for resolution.

6.2.1.3 Certificates from Parties. With respect to each sale of each Homebuyer Property, Developer shall submit to City, not later than fourteen (14) business days prior to close of escrow on the sale of the corresponding Homebuyer Property, a certificate that (i) Developer has

made the affirmative determinations required by Section 6.2.1.1 above and (ii) the sales price conforms to Section 6.2.1.2 above. The certificate shall be substantially in the form of Developer Sale Certificate. Developer shall concurrently submit to City the Proposed Transferee's Application and all attachments thereto, the sales contract, and all other documents or material with regard to information required by Sections 6.2.1.1 and/or 6.2.1.2 above, whether or not relied on by Developer. Further, Developer and proposed transferee each shall certify in writing, in a form acceptable to City, that the sale shall be closed in accordance with this Agreement (including without limitation the Governmental Requirements), and only with, the terms of the sales contract and other documents submitted to and approved by City and that all consideration delivered by the proposed transferee to Developer has been fully disclosed to City. The written certificate shall also include a provision that, in the event a transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certificate submitted to City for its approval of the transfer, City shall have the right to file an action at law or in equity to seek termination and/or rescission of the sales contract and/or declare the sale void, notwithstanding the fact that the transfer may have closed and become final as between Developer and its transferee. In the event Developer fails to comply with Sections 6.2.1.1 and/or 6.2.1.2 above, any costs, liabilities or obligations incurred by Developer and its transferee for the return of any monies paid or received or for any costs and legal expenses, shall be borne jointly and severally by Developer and its transferee and such parties shall hold City harmless and reimburse their expenses, legal fees and costs for any action City take in enforcing the terms of this Section 6.2. Notwithstanding the foregoing, Developer shall be entitled to reasonably rely on the information submitted by Program Participants to prepare the Developer Sale Certificate. Developer shall have no liability to City or otherwise for fraud or misrepresentations by Program Participants of which Developer did not have actual or constructive knowledge.

6.2.1.4 Delivery of Documents. In addition to the documents required to be provided by Section 6.2.1.3 above, upon the close of the proposed transfer, Developer and transferee, as applicable, shall provide City and Developer with a copy of the final sales contract, settlement statement, escrow instructions, a fully executed set of Program Participant Documents and any other documents which City may reasonably request.

6.2.2 Process to Obtain Approval of Transfer of each Homebuyer Property after the First Transfer of such Homebuyer Property by Developer. The process for obtaining City approval of the transfer of each Homebuyer Property during the Affordability Period and following the first transfer of such Homebuyer Property by Developer is set forth in the Regulatory Agreement.

6.2.3 Subsequent Sales in the Event Developer Acquires a Homebuyer Property. In the event the Developer or an Affiliate acquires a Homebuyer Property, in connection with any resale or leasing of such Homebuyer Property, Developer shall require that such resales conform to the requirements applicable to initial sales, including applicable Homebuyer income restrictions and conformance to the material terms of the form of Homebuyer Purchase and Sale Agreement and other related sale documents, and in accordance with Section 6.1, above.

6.3 Uses. Developer covenants and agrees to comply with the Regulatory Agreement and this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to this Agreement, shall conform to all applicable provisions of the City Code, and the recorded documents pertaining to and running with the Site.

6.4 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 Unit at the Site, for the purpose of determining eligibility for occupancy of such Units or otherwise making such 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 Units at the Project shall be made in accordance with the eligibility requirements provided for such program by HUD, and such 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.

6.5 Conditions to Developer's Sale to Program Participants. The sale of each Homebuyer Property by Developer to Program Participant (the "Conditions to Sale to Program Participants") shall be subject to the satisfaction or waiver by the City Manager (which waiver will be effective only if it is an express waiver made in writing by the City Manager), of the following conditions precedent:

- (a) **Improvements Completed.** The improvements for the corresponding Homebuyer Property shall have been completed as determined by the issuance of a certificate of occupancy by City as to the Unit located thereon.

(b) Purchase and Sale Agreement. Developer and the corresponding Program Participant shall have entered into a Homebuyer Purchase and Sale Agreement which strictly conforms to the requirements and provisions of this Agreement.

(c) Lien Priorities, Title Insurance and Documents among Interested Parties. The Program Participant shall have agreed to assume the obligations of borrower under the Homebuyer Note and shall have additionally agreed to conform to all requirements under the Regulatory Agreement, the Ground Lease and the provisions of Section 6.1 hereof. The Homebuyer Deed of Trust shall be a senior deed of trust, subject only to the Regulatory Agreement, the Ground Lease and the Permitted Mortgage.

(d) Insurance. City shall have received sufficient evidence of the issuance of a homeowner's insurance policy with a guaranteed replacement provision for the corresponding Homebuyer Property, and a lender's loss payable endorsement in its favor.

(e) Affordability and Income Requirements. The City Manager shall be satisfied that the Program Participant meets the applicable income requirements for a Low-Income Household, and that the purchase price of the corresponding Homebuyer Property does not exceed a schedule of maximum sales prices approved by the City Manager prior to the sale of Units.

(f) Certificate. Developer shall have delivered to City Manager a Developer Sale Certificate as to the Unit proposed to be sold by Developer.

6.6 Effect of Violation of this Agreement after Completion of Construction. The covenants established in this Agreement and the deeds shall, 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 Area. 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.

After issuance of a Certificate of Completion of Construction for all of the Improvements required by this Agreement to be developed on the corresponding Homebuyer Property, all of the terms, covenants, agreements and conditions set forth in this Agreement relating to the construction and development thereon shall cease and terminate as to such Homebuyer Property. All of the other applicable terms, covenants, and conditions set forth in this Agreement relating to use, operation, ownership, and maintenance of the Site shall survive and shall remain in full force and effect.

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"):

City of Ellensburg/Habitat at 510 Willow St (Affordable Housing Agreement)

7.1.1.1 Developer fails to make payment under the City-Developer Note when due, and such failure is not cured within five days after Developer's receipt of written notice that such payment was not received when due;

7.1.1.2 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 ten (10) days after Developer's receipt of written notice that such obligation was not performed when due;

7.1.1.3 Developer fails to perform any obligation (other than obligations described in sub-paragraphs 7.1.1.1 and 7.1.1.2, above) under any Project Document, and such failure is not cured within thirty (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 thirty-day period, such failure shall not be an Event of Default so long as Developer (in any event, within ten (10) days after receipt of such notice) commences cure, and thereafter diligently (in any event within ninety (90) days after receipt of such notice) prosecutes such cure to completion;

7.1.1.4 Any representation or warranty in any Project Document proves to have been incorrect in any material respect when made;

7.1.1.5 Work on the Improvements ceases for thirty (30) consecutive days for any reason (other than governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Developer's control, including those described in Section 8.2);

7.1.1.6 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 8.2;

7.1.1.7 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;

7.1.1.8 Developer provides any certification to City Manager, including without limitation a Developer Sale Certificate that contains any information that Developer knows, or should have discovered using reasonable diligence, to be false or misleading when made; or

7.1.1.9 Prior to the end of the regulatory 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; or

7.1.1.10 (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. If any such Event of Default

is not cured within the applicable time period, after written demand by City, then this Agreement may, at the option of City, be terminated by Notice thereof to Developer. From the date of the Notice of termination of this Agreement by City to Developer and thereafter, this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties.

7.2 Remedies upon Default. 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:

7.2.1.1 By written notice to Developer, declare the principal of all amounts owing under the Project Documents, together with all accrued interest and other amounts owing in connection therewith, to be immediately due and payable, regardless of any other specified due date;

7.2.1.2 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;

7.2.1.3 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

7.2.1.4 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 Developer. This Agreement may, at the option of Developer, be terminated by Notice given to City upon the occurrence of the following events, as of the time described below (and if no time is described below, the time established therefor in the Schedule of Performance):

- (a) On or before [INSERT DATE], Developer has provided City with written notice that Developer has not obtained Building Permits and all required land use approvals with conditions acceptable to Developer, in its sole and absolute discretion, and desires to terminate this Agreement; or

- (b) one or more of the Developer Conditions Precedent is not satisfied; or
- (c) Developer elects to terminate on the basis that the development of the Improvements in accordance with this Agreement has become impracticable under the terms and conditions of this Agreement; or
- (d) in the event of any default of City prior to the closing of the City loan which has not been cured.

From the date of the Notice of termination of this Agreement by Developer to City, this Agreement shall be deemed terminated and there shall be no further rights or obligations among the parties.

7.4.2 Termination by City. This Agreement may be terminated, at the option of City, thirty (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; or
- (b) On or before [INSERT DATE], Developer has provided City with written notice in accordance with Section 7.4.1(a) of its desire to terminate this Agreement; or
- (c) One or more of the Conditions Precedent is not satisfied; or
- (d) Developer elects to terminate on the basis that the development of the Improvements in accordance with this Agreement has become impracticable under the terms and conditions of this Agreement; or
- (e) 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 ten (10) days after Developer's receipt of written notice that such obligation was not performed when due; or
- (f) Developer fails to perform any obligation (other than obligations described in Sections 7.1.1.1 and 7.1.1.2, above) under any Project Document, and such failure is not cured within thirty (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 thirty (30) day period, such failure shall not be an Event of Default so long as Developer (in any event, within ten (10) days after receipt of such notice) commences cure, and thereafter diligently (in any event within ninety (90) days after receipt of such notice) prosecutes such cure to completion; or
- (g) Any representation or warranty by Developer in any Project Document proves to have been incorrect in any material respect when made; or
- (h) Work on the Improvements ceases for thirty (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 8.2); or
- (i) Developer is enjoined or otherwise prohibited by any governmental entity from constructing and/or occupying the Improvements and such injunction or prohibition

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continues unstayed for 30 days or more for any reason, subject to extensions allowed under Section 8.2; or

- (j) 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
- (k) Developer provides any certification to City Manager, including without limitation a Developer Sale Certificate that Developer knows to be false or misleading when made; or
- (l) Prior to the closing of all sales to Initial Homebuyers, 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
- (m) 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
- (n) There is a change in the ownership of Developer or the Site contrary to the provisions of Section 5.3 hereof; or
- (o) 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 thirty (30) days after the date of written demand therefor by City; or
- (p) Developer does not satisfy the Conditions Precedent by the time established therefor in the Schedule of Performance, subject to Section 8.2 extensions; or
- (q) The completion of one or more of the Units is not accomplished by the respective time(s) established therefor in the Schedule of Performance, subject to Section 8.2 extensions; or
- (r) 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 City-Developer Note, the City-Developer Deed of Trust, or the Regulatory Agreement.

8. MISCELLANEOUS.

8.1 Transfers of Interest in Site or Agreement.

8.1.1 **Prohibition.** The qualifications and identity of Developer and its relationships to the Habitat Parent are of particular concern to City. It is because of those qualifications and identity that City has entered into this Agreement with Developer. Accordingly, for the period commencing upon the Date of the Affordable Housing Agreement and until the last closing of a Unit sale to Initial Homebuyers (a) no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement, (b) neither Developer nor any successor or assign thereof shall make any total or partial sale, transfer, conveyance, assignment, refinancing or lease of the whole or any part of the Site or the Improvements thereon (collectively referred to herein as a "Transfer"), without the prior written approval of City, except to the extent otherwise expressly set forth in Section 8.1.2 hereof. City agrees that it shall not unreasonably withhold approval of any transfer to a Low-Income Household at an Affordable Housing Cost upon submittal of documentation acceptable to City that such transfer satisfies all requirements of this Agreement.

8.1.2 **Permitted Transfers.** Notwithstanding any other provision of this Agreement to the contrary, City approval of a Transfer shall not be required in connection with the conveyance or dedication of any portion of the Site to City or the granting of easements or permits to facilitate construction of the Improvements or transfers to an Affiliate.

8.1.3 **Successors and Assigns.** All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

8.2 **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 thirty (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.

8.3 **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.

8.4 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.

8.5 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: HFHSKKC 510 S Willow Street LLC
 c/o Habitat for Humanity Seattle-King County
 560 Naches Avenue SW, Suite 110
 Renton, Washington 98057 Attention: CEO

If to City: City of Ellensburg
 501 North Anderson Street
 Ellensburg, Washington 92552
 Attention: City Manager

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.

8.6 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.

8.7 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.

8.8 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.

8.9 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 allowed under Section 8.1 above, 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 buyers and each Homebuyer Property in conformity with this Agreement.

8.10 Superiority of City Agreement. Developer agrees and acknowledges that any agreements between Developer and a purchaser of each Homebuyer Property, or 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.

8.11 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 42 and Attachments 1 through 14 (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.

8.12 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.

8.13 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.

8.14 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.

8.15 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.

8.16 Time of the Essence. Time is of the essence of all of the Project Documents.

8.17 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.

8.18 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.

8.19 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.

8.20 Counterparts. Any Project Document (including this Agreement), other than the City-Developer Note, 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:

HFHSKKC 510 S WILLOW STREET LLC,
a Washington limited liability company

By: _____

Name: _____

Title: _____

CITY:

CITY OF ELLENSBURG, a Washington municipal
corporation

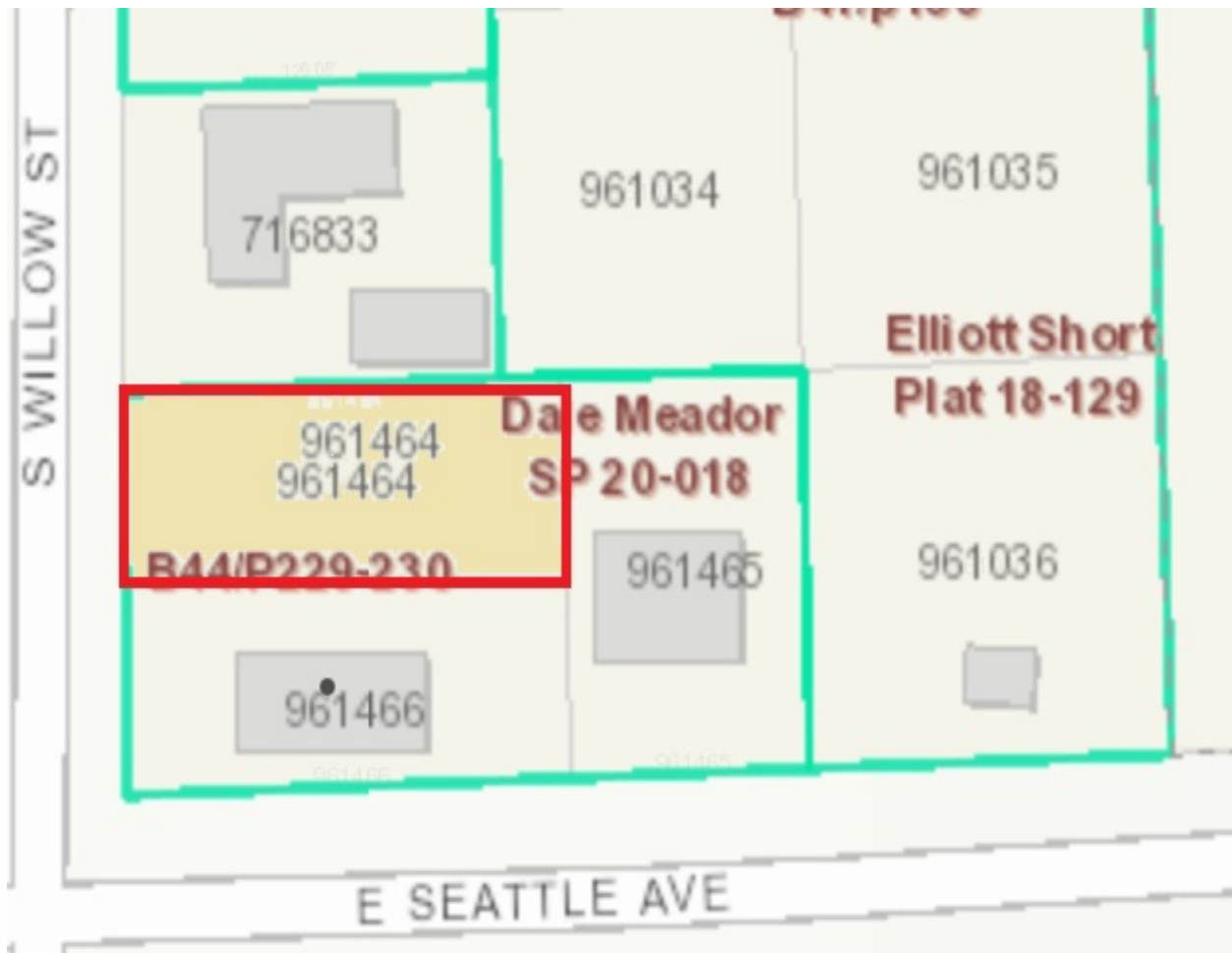
By: _____

Name: _____

Title: _____

ATTACHMENT NO. 1

MAP



ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

Lot 1 of DALE MEADOR SHORT PLAT, Kittitas County Short Plat No. P-20-018, as recorded July 1, 2020 in Book "L" of Short Plats, Pages 196 and 197, under Auditor's File No. 202007010055, records of Kittitas County, Washington; being a portion of the Southwest Quarter of the Southeast Quarter of Section 1, Township 17 North, Range 18 East, W.M., Kittitas County, Washington, lying Northerly of the following described line:

Beginning at the Northwest corner of said Lot 1;

Thence South 0°19'18" East along the West line of Lot 1, 57.55 feet to the true point of beginning of the herein described line;

Thence North 88°59'58" East, 149.99 feet to the west line of the East 1 foot of said Lot 1 and the terminus point of the herein described line;
EXCEPT the East 1 foot of said Lot 1.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

For the purposes of this Schedule of Performance, the “Date of the Affordable Housing Agreement” is [____]. The City Manager may extend by not more than three hundred (300) days (as all such extensions are aggregated) the time under this Schedule of Performance by which any obligation of Developer shall be performed.

- | | |
|--|---|
| 1. <u>Satisfaction of Conditions Precedent.</u> Developer shall satisfy the Conditions Precedent. | Not later than 60 days after the Date of the Affordable Housing Agreement. |
| 2. <u>Closing.</u> The City-Developer Note is executed and delivered to the City, and the Regulatory Agreement, and the City-Developer Deed of Trust are recorded and delivered to the City. | Within 30 days after the satisfaction of the Conditions Precedent and not later than the 90 th day after the Date of the Affordable Housing Agreement. |
| 3. <u>Commencement of Construction.</u> The Developer shall commence construction of the Improvements which consists of 3 Units and related Improvements. | Within 180 days after the Date of the Affordable Housing Agreement. |
| 4. <u>Completion of Construction.</u> Developer shall complete construction of the Improvements. | August 31, 2027 |
| 5. <u>Review of Eligibility of Program Participants.</u> The City Manager reviews eligibility. | Within 30 days after receipt of a complete package sufficient for City to review Affordable Housing Cost and income eligibility, including all documentation required pursuant to the Agreement and under any loan proposed to be originated to the corresponding Program Participant. City determinations of eligibility are valid for 18 months from the date made by City. |
| 6. <u>Conveyances to Initial Homebuyers.</u> The conveyances to the Initial Homebuyers are accomplished per the Agreement. | Within 90 days after completion of construction of the corresponding Improvements; provided that, so long as Developer is actively marketing the Homebuyer Property to eligible |

households, such 90-day period shall be automatically extended until such time as an eligible Program Participant has been identified and approved by City in conformity with this Agreement.

ATTACHMENT NO. 4

CITY-DEVELOPER NOTE

PROMISSORY NOTE SECURED BY DEED OF TRUST

(see attached)

\$1,100,000.00

CITY-DEVELOPER NOTE

Ellensburg, Washington

[____], 2026

FOR VALUE RECEIVED, **HFHKKC 510 S WILLOW STREET LLC**, a Washington limited liability ("Grantor"), 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 One Hundred Thousand Dollars (\$1,100,000.00) ("City Loan Amount"); and (b) all costs and expenses payable hereunder.

RECITALS

A. This Promissory Note Secured By Deed of Trust ("Note") is made pursuant to that certain unrecorded Affordable Housing Agreement by and between Grantor and City, dated as of [____] ("Agreement") and the Regulatory Agreement by and between Grantor and City, dated as of [____] ("Regulatory Agreement")

B. Capitalized terms used in this 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, Grantor agrees as follows:

1. Agreement. The principal sums hereunder have been and are being conditionally granted by City to Grantor 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 Note and the terms of the Agreement or any other document related to the City Loan Amount, the terms of this Note shall prevail.

A default by Grantor under any of the provisions of the Agreement, the Regulatory Agreement, the City Deed of Trust of even date herewith, 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 as defined in the Agreement.

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 Note (other than accrued interest), except as set forth in Section 8 hereof.

3. Payment. There are no regularly scheduled payments required under this Note. The entire balance due under this Note shall be paid to the City, or otherwise satisfied as provided below, upon the first to occur of: (i) the sale or other conveyance of the Site or portion thereof contrary to the Agreement or Regulatory Agreement; (ii) the sale or other conveyance of the Site or portion thereof except in the event individual Homebuyer Properties are conveyed by Developer to Program Participants in conformity with the Agreement and Regulatory Agreement; or (iii) the uncured default of Developer under the Agreement, this Note or the City-Developer Deed of Trust. Grantor shall annually, commencing [____] and continuing each anniversary thereof that occurs during the Affordability Period, prepare and deliver to City a statement certified to be accurate by Grantor which delineates all sales of any Units which have occurred in the immediately preceding calendar year. The

outstanding principal balance of the Note shall be deemed satisfied in full upon the sale by Developer of all Units to Program Participants in compliance with the Agreement.

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, and (iii) third, to the payment of principal.

6. Prepayment. At any time, Grantor may prepay in whole or in part the outstanding principal balance under this 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 Grantor, the Affordable Housing Covenant shall remain intact, and shall be unaffected by the prepayment of this Note by Grantor.

7. Security. This Note is secured by the City-Developer Deed of Trust. The terms of the City-Developer 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. To the extent any unpaid balance hereunder is so secured by the City-Developer Deed of Trust, a default under any of the provisions of the City-Developer Deed of Trust shall be a default hereunder, and a default hereunder shall be a default under the City-Developer Deed of Trust.

8. Acceleration and Other Remedies. Upon the occurrence of either of the following events, City may, at City's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the City-Developer Deed of Trust, to be due and payable immediately:

(a) an Event of Default, or

(b) Developer selling, contracting to sell, giving an option to purchase, conveying, leasing, encumbering, or alienating the Site, or any interest in the Site, or suffering its title, or any interest in the Site to be divested, whether voluntarily or involuntarily, other than sales to Program Participants of Homebuyer Properties in conformity with the Agreement, without the prior written consent of the City.

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-Developer 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 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 Note in such order and in such manner as such City may consider appropriate, without waiving any rights with respect to of the security. Any delay or omission on the part of the City in exercising any right hereunder, under the Agreement or under the City-Developer 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 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 an Event of Default for failure to make prompt or complete payment.

9. Alternate Rate. Upon the occurrence of any Event of Default, or upon the maturity hereof (by acceleration or otherwise), the entire unpaid principal sum, at the option of City, shall bear interest, from the date of occurrence of such Event of Default or maturity and after judgment and until collection, at the "Alternate Rate", such rate being the highest interest rate then permitted by law by a City within the State of Washington (the "Maximum Legal Rate of Interest"). Interest calculated at the Alternate Rate, when and if applicable, shall be due and payable immediately without notice or demand. Developer agrees that in the event of any Event of Default, City will incur additional expense in servicing the loan evidenced by this Note and will suffer damage and loss resulting from such Event of Default. Developer agrees that in such event City shall be entitled to damages for the detriment caused thereby, which damages are extremely difficult and impractical to ascertain. Therefore, Developer agrees that the Alternate Rate (as applied to the unpaid principal balance, accrued interest, fees, costs and expenses incurred) is a reasonable estimate of such damages to City, and Developer agrees to pay such sum on demand.

10. Waivers. Developer and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, protest, notice of protest, notice of dishonor, diligence in collection, and the benefit of any exemption under any homestead exemption laws, if applicable.

11. Consents. Developer and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this 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, (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. 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.

12. Successors and Assigns. Whenever "City" is referred to in this Note, such reference shall be deemed to include the City of Ellensburg and its successors and assigns, including, without limitation, any subsequent assignee or holder of this 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 the City and City's successors and assigns.

13. Usury. It is the intention of Grantor 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 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 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 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 Grantor nor Grantor'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 Note by City or, if this Note shall have been paid in full, refunded to Grantor; 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 Note. For purposes of this 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 Note. The "Maximum Legal Rate of Interest" means the maximum rate of interest that City may from time to time charge Grantor, and under which Grantor would have no claim or defense of usury under the Interest Law.

14. Costs of Enforcement. Grantor 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 Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

15. Miscellaneous. Time is of the essence hereof. If this 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 Note shall be governed by and construed under 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 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 Note. Grantor 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 Note and the Agreement, this Note shall control with respect to the subject matter hereof.

16. Non-Recourse Obligation. Maker and Holder agree and acknowledge that in the event Developer fully performs under the Agreement, the result would be that payment will not be required under this Note, the overriding purpose of this Note being to provide assurance for the performance by the Developer under the Agreement. 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 Grantor 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, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

[Signature Follows]

IN WITNESS WHEREOF, the Grantor hereto has caused this City-Developer Note to be executed on the date first set forth above.

GRANTOR:

HFHSKKC 510 S WILLOW STREET LLC,
a Washington limited liability company

By: _____

Name: _____

Title: _____

ATTACHMENT NO. 5

CITY-DEVELOPER DEED OF TRUST

(see attached)

CITY-DEVELOPER DEED OF TRUST

When Recorded Return To:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington, 98926
Attention: City Manager

CITY OF ELLENSBURG, WASHINGTON DEED OF TRUST

Grantor/Borrower: HFHSKKC 510 S Willow Street LLC

Beneficiary: City of Ellensburg

Funding Source: Affordable Housing Fund as funded with sales taxes

Grantee/Trustee: First American Title Insurance Company

Assessor's Tax ID#: []

Abbreviated Legal Description: []

Full legal description attached as Exhibit A (the property described therein constitutes the "Property")

Address: 510 South Willow Street, Ellensburg, Washington

This DEED OF TRUST is made this ___ day of , 202_ between **HFHSKKC 510 S Willow Street**, a Washington limited liability company (hereinafter "Borrower"), whose address is c/o Habitat for Humanity Seattle-King County, 560 Naches Avenue SW, Suite 110, Renton, Washington 98057 and the **City of Ellensburg, Washington**, a municipal corporation ("Beneficiary" or the "City"), whose address is 501 North Anderson Street, Ellensburg, Washington 98926.

This Deed of Trust is made in consideration for the financial assistance provided by the City of Ellensburg pursuant to (1) that certain unrecorded agreement entitled "Affordable Housing Agreement" by and between Borrower and Beneficiary dated as of _____, 2026 (the "Affordable Housing Agreement"), a copy of which is on file with the City as a public record; and (2) that certain instrument entitled

“Regulatory Agreement” by and between Beneficiary and Borrower recorded on _____, 2026 under Kittitas County Auditor’s recording No. _____ (the “Regulatory Agreement”). The Regulatory Agreement is deemed incorporated herein by reference.

Under the Affordable Housing Agreement, Beneficiary is making financial assistance available to Borrower in the form of a loan in the original principal amount of \$1,100,000.00 (the “City Loan Amount”) under terms and conditions more particularly set forth in the Affordable Housing Agreement. Capitalized terms not defined herein shall have the respective meanings set forth therefor in the Affordable Housing Agreement.

1. GRANTING CLAUSE. Grantor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the indebtedness owing by Grantor to Beneficiary under the Affordable Housing Agreement with interest thereon, under the Regulatory Agreement, and any other sums payable thereunder and hereunder, and to secure the performance of the obligations contained herein (collectively, the “Secured Obligations”), grants, bargains, sells, and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Grantor’s estate, right, title, interest, claim and demand in and to the items listed in Sections 1.1 through 1.6 below (collectively, the “Property”):

1.1 Land and Appurtenances. The land in Kittitas County, Washington described on Exhibit A hereto (the “Property”) and all tenements, hereditaments, rights of way, easements, appendages and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Grantor in and to any avenues, streets, ways, alleys, vaults, strips or gores of land adjoining that property, and all claims or demands of Grantor either in law or in equity in possession or expectancy of, in and to that property.

1.2 Improvements and Fixtures. All buildings, structures and other improvements now or hereafter erected on the Property, and all facilities, fixtures, machinery, apparatus, installations, equipment, furniture and other properties of whatsoever nature (including without limitation all heating, ventilating, air conditioning, plumbing and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, laundry, cleaning, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves and other appliances, attached cabinets, partitions, rugs, carpets and draperies, all building materials and supplies and all construction forms and equipment), now or hereafter located in or used or procured for use in connection with that property (excluding the Excluded Interests identified in Section 3.3, below), it being the intention of the parties that all property of the character hereinabove described which is now owned or hereafter acquired by Grantor and which is affixed or attached to or used in connection with the Property shall be, remain or become a portion of that property and shall be covered by and subject to the lien of this Security Instrument, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on the Property, any and all rights of Grantor in, to or under any architect’s contracts or construction contracts relating to the construction of the existing or any future improvements on the Property, and any performance and/or payment bonds issued in connection therewith.

1.3 Enforcement and Collection. Any and all rights of Grantor without limitation to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, and profits, including mineral, oil and gas rights and profits, insurance proceeds,

condemnation awards and other moneys, payable or receivable from or on account of any of the Property, including interest thereon, or to enforce all other provisions of any other agreement (including those described in Sections 1.2 above) affecting or relating to any of the Property, to bring any suit in equity, action at law or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award or judgment, in the name of Grantor or otherwise, and to do any and all things which Grantor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Grantor under the provisions of any such agreements, awards or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary.

1.4 Leases. All of Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral and whether for a definite term or month to month, now or hereafter demising all or any portion of the Property, including all renewals and extensions thereof (collectively, the "Leases") and all rents and deposits received or receivable thereunder, and all guarantees and other security for the performance of the tenant's obligations thereunder (collectively, the "Rents"). In accepting this Security Instrument neither Beneficiary nor Trustee assumes any liability for the performance of any such Lease.

1.5 Miscellaneous Income and Accounts Receivable. All other income, accounts, and accounts receivable of any nature whatsoever generated from the Property.

1.6 Books and Records. All books and records of Grantor relating to the items described in Sections 1.1 and 1.5 above in any form and all computer software necessary or useful to reading such books and records.

2. SECURITY AGREEMENT. To the extent any of the items described in Section 1 above are personal property, Grantor, as debtor, grants to Beneficiary, as secured party, a security interest therein, and in any products or proceeds thereof, pursuant to the Uniform Commercial Code of the state of Washington (the "UCC") and other applicable law, on the terms and conditions contained herein except that where any provision hereof is in conflict with the UCC or other applicable law, the UCC or such other applicable law shall control. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Property" except as otherwise specified herein. This Security Instrument shall be deemed to be a security agreement and fixture filing with respect to all items of personal property collateral described herein. Information concerning this security interest can be obtained from Beneficiary at the address set forth in Section 8.2. Grantor authorizes Beneficiary to file such financing statements as Beneficiary deems necessary or advisable to perfect the security interests herein granted.

3. OBLIGATIONS SECURED. This Deed of Trust is given for the purpose of securing the following:

3.1 Payment in the amount of the City Loan Amount with interest according to the terms of a City-Developer Note (the "Note") of even date herewith, payable by Grantor to Beneficiary, including all renewals, modifications and extensions thereof;

3.2 Payment of any further sums advanced or loaned by Beneficiary to Grantor, or any of its successors or assigns, with interest as agreed; and

3.3 Performance of each agreement, term and condition set forth in (i) this Deed of Trust, (ii) the Note, (iii) the Affordable Housing Agreement, and (iv) the Regulatory Agreement, expressly including, but not limited to, the Affordability Covenants set forth in the

Regulatory Agreement, as follows:

(A) It is hereby covenanted, that during the Affordability Period (defined below), Borrower will construct or cause to be constructed three (3) dwelling units to be sold to and occupied by households who at the time of initial occupancy are eligible as Sixty Percent Households (as defined in the Affordable Housing Agreement), all as more particularly set forth in the Affordable Housing Agreement and the Regulatory Agreement. Additional requirements regarding operation of the Property during the Affordability Period are set forth in the Regulatory Agreement.

(B) The Affordability Covenants contained in the Affordable Housing Agreement and the Regulatory Agreement relative to the operation of the Property for affordable housing are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Grantor, his successors and assigns heirs, grantees, or lessees of the Property for the duration of the Affordability Period (as defined below). Each and every contract, deed 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, or other instruments.

(C) The Affordability Covenants shall remain in effect from the recording of this Deed of Trust and continuing until the 51st anniversary of the first sale of a Unit located on the Site; such period shall constitute the “Affordability Period.”

4. WARRANTIES AND COVENANTS OF GRANTOR. Grantor warrants, covenants, and agrees:

4.1 Warranties.

4.1.1 Grantor has full power and authority to grant the Property to Trustee and/or Beneficiary as applicable and warrants the Property to be free and clear of all liens, charges, and other encumbrances.

4.1.2 None of the Property is presently or will during the term of this Security Instrument be used principally or at all for agricultural purposes.

4.1.3 The Property is free from damage.

4.1.4 No matter has come to Grantor’s attention that would materially impair the value of the Property as security.

4.1.5 The indebtedness secured hereby constitutes a “commercial loan,” as that term is defined in RCW 61.24.005(4).

4.2 Protection of Security. To protect the security of this Deed of Trust, Grantor shall, or shall cause the Program Participant to do so as the lessee under a Ground Lease:

4.2.1 To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, conditions and

restrictions affecting the Property.

4.2.2 To pay before delinquent all lawful taxes and assessments upon the Property; to keep the Property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust, including without limitation, any mechanics or materialmen's liens, subject to the rights of any senior lien holder under a Permitted Mortgage.

4.2.3 To keep all buildings now or hereafter on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement cost of the Property. Except as otherwise provided herein and in the Affordable Housing Agreement and the Regulatory Agreement, the amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine, subject to the rights of any senior lien holder. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure and subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, all rights of Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4.2.4 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 proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4.2.5 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 by statute.

4.2.6 Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property, Beneficiary may pay the same, and the amount so paid shall be added to and become a part of the debt secured by this Deed of Trust.

4.3 Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Grantor in connection with any condemnation or other taking of all or any part of the Property, or for any conveyance in lieu of condemnation, shall be paid and applied as provided in the Affordable Housing Agreement and the Regulatory Agreement. To the extent that the same are received by Grantor and not used for repair or restoration of the Property, they shall be used as provided in the Affordable Housing Agreement and the Regulatory Agreement.

4.4 Hazard and Liability Insurance. So long as the Grantor maintains insurance on the Property that includes all hazard and liability insurance required by the Affordable Housing Agreement and the Regulatory Agreement and endorsements acceptable to and for the benefit of the Beneficiary, and the Grantor provides evidence of such insurance satisfactory to Beneficiary, the Grantor's obligation under this Security Instrument to maintain hazard insurance on the Property will be deemed satisfied. The proceeds of such insurance shall be held, used, applied and disposed of in accordance with the Affordable Housing Agreement and the Regulatory Agreement.

4.5 Sale, Transfer, or Encumbrance of Property. Grantor will not sell, transfer,

or otherwise convey the Property or any interest therein, further encumber the Property or any interest therein, cause or permit any change in the entity, ownership or control of Grantor (except for changes in Grantor's board from time to time as permitted by Grantor's articles and bylaws), or agree to do any of the foregoing.

4.6 Right of Inspection. Grantor shall permit Beneficiary or its agents, at all reasonable times, to enter upon and inspect the Property.

4.7 Preservation of Licenses, Etc. Grantor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises and concessions relating to any existing or presently contemplated use of the Property, including but not limited to any zoning variances, special exceptions and nonconforming use permits.

4.8 Further Assurances. Grantor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Security Instrument.

4.9 Legal Actions. Grantor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses, including cost of evidence of title and any attorneys' fees incurred by Beneficiary and Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary or Trustee to foreclose this Security Instrument.

5. LIEN PRIORITY. This Deed of Trust shall be in a first-lien priority position against the Property, subject only to the Permitted Mortgages of Program Participants and the applicable Ground Leases.

6. GENERAL CONDITIONS. The parties hereto agree that:

6.1 Subject to the requirements of any more senior deed of trust, 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 rebuild the Property in a manner that provides adequate security to the Beneficiary for repayment amounts due under the Note, or if such proceeds are insufficient to provide adequate security, 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, and (c) no material default then exists under the Note or this Deed of Trust. 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.

6.2 By accepting payment of any sum secured hereby after its due date,

Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

6.3 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 obligations secured and written request for reconveyance made by the Beneficiary or the person entitled thereto. Following reconveyance of this Deed of Trust, the Regulatory Agreement which was recorded against the Property as of the date of this Deed of Trust shall remain of record until the end of the Affordability Period.

6.4 Pursuant to Chapter 61.24 of the Revised Code of Washington and upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, in the Note or in the Affordable Housing Agreement and the Regulatory Agreement, without timely cure within the time periods provided therefor in the Loan Agreement, all sums secured hereby shall immediately become due and payable. In such event and upon written notice of Beneficiary, the Property may be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person may bid at the Trustee's sale. Subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the proceeds of the sale shall be applied as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the person or persons entitled thereto.

6.5 A 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 the execution of this Deed of Trust, and such as Grantor 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 of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of a bona fide purchaser for value.

6.6 The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the state of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

6.7 Beneficiary may at any time appoint or discharge the Trustee.

6.8 This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors and assigns. The terms "Grantor," "Trustee," and "Beneficiary" include their successors and assigns.

7. ACCELERATION. Except as otherwise provided for in the Affordable Housing Agreement and the Regulatory Agreement, if without Beneficiary's prior written consent, all or any part of the Property or any interest in it is sold, conveyed, transferred, or encumbered, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. If Beneficiary exercises this option, Beneficiary shall give Grantor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of

Trust without further notice or demand on Grantor.

8. SUBORDINATION OF THIS DEED OF TRUST. Beneficiary may agree to subordinate this Deed of Trust to any deed(s) of trust securing any new financing obtained by Grantor for the purpose of financing all or a part of the costs of rehabilitating existing improvements on the Property.

[Signature page follows.]

IN WITNESS HEREOF, Grantor has executed this Deed of Trust as of the date first written above.

GRANTOR:

HFHSKKC 510 S WILLOW STREET LLC,
a Washington limited liability company

[Insert Signature Block and Notary]

EXHIBIT A - CITY-DEVELOPER DEED OF TRUST

Legal Description

ATTACHMENT NO. 6

HOMEBUYER ACKNOWLEDGMENT/DISCLOSURE STATEMENT

(see attached)

HOMEBUYER ACKNOWLEDGMENT/DISCLOSURE STATEMENT

I/we [name of homebuyer] (“Participant”) understand, acknowledge and agree that my/our acquisition of that certain real property described in Addendum A attached hereto and improvements thereon (collectively, the “Property”) is conditional on a number of factors, including, but not limited to:

- I/we are buying a single-family detached home within the City of Ellensburg in accordance with the requirements of that certain Affordable Housing Agreement (the “Affordable Housing Agreement”) entered into by and among the City of Ellensburg (the “City”) and HFHSKKC 510 S Willow Street LLC (“Developer”), a Regulatory Agreement recorded against the Property for the benefit of the City of Ellensburg, and a purchase and sale agreement between Developer and me/us (the “Purchase and Sale Agreement”). All capitalized terms in this Disclosure Statement that are not otherwise defined herein have the meanings set forth in the Purchase and Sale Agreement.
- I/we must qualify as a Low Income Household having an income not in excess of 60% of the median income for Kittitas County, as determined by the City.
- The City has provided assistance to make the Property available to a Low Income Household at Affordable Housing Cost and is relying upon information I/we have made available to the City.

I/We further understand and agree that:

- If I default under my obligations, I/we will be responsible for payment of:
 - The “Homebuyer Note” (in favor of Habitat for Humanity Seattle-King County as beneficiary, in the original principal amount of [\$_____]; and
 - All other promissory notes I signed to document any down-payment assistance loans or other financial support I received to buy the Property if repayment is required under those loans.

- I/we shall also be responsible for payment of all closing costs in connection with my/our acquisition of the Property.

I/we understand that the use of the Property will be limited to use as my/our personal residence for the “Affordability Period”, which is a period currently in effect and which continues until ____[date]. For the Affordability Period, the Property may only be transferred to households having an income of not greater than sixty percent of the Kittitas County median income and who meet the other qualifying criteria determined by the City pursuant to State law at an Affordable Housing Cost and the Property must be and remain owner-occupied.

- I/We further understand that the ability to resell or refinance the Property is severely restricted, and that City approval will be required to assure compliance with recorded restrictions during the Affordable Housing Period. **This restricts the persons to whom we may sell the Property, may result in a sales price which is substantially less than the fair market value of the Property and may preclude refinancing or the sale of the Property in some cases.**
- During the term of our ownership of the Property, I/we intend to continuously occupy the Property and I/we shall not rent or lease the Property or any portion of the Property (including short-term rentals).

- I/We understand that:
 - The City is not responsible for any costs associated with my/our purchase of the Property, (such as loan fees or charges, any charges for appraisals, or any escrow costs or other costs relating to the transfer of the Property).
 - The City makes no representation concerning the Property (or any improvements on the Property) or as to the suitability of the Property for purchase by me/us. I/we acknowledge that the Property is probably not suitable for purchase by me/us if I/we can afford to purchase a property which is not subject to the price, occupancy, and affordability limitations that apply to the Property.
 - The City does not have knowledge of the contents of the documents of my/our primary lender or information supplied to that lender.
 - Information provided to the City is a public record and the City cannot ensure that information provided by or on my/our behalf will be kept confidential. The City is obligated to disclose records in accordance with applicable law, including redacting or withholding information from records as required or permitted by RCW 42.56.

- I/We have been advised to consult with legal counsel in connection with the Affordable Housing Agreement, the Regulatory Agreement, and all documents binding the Property.

Any financial assistance I/we receive in connection with the purchase of the Property may be considered to be income for purposes of federal income taxes and the City shall not be held responsible for the payment of any taxes which I may incur by virtue of the receipt of such financial assistance.

PARTICIPANT

Dated: _____, 202__

By: _____
[name of Homebuyer]

By: _____
[name of Homebuyer]

ADDENDUM A

[to come: Description of the Property]

ATTACHMENT NO. 7

GROUND LEASE

RETURN ADDRESS:

Ali Sheibani, Director – Homeowner Services
Habitat for Humanity Seattle – King County
500 Naches Ave. SW, Suite 200
Renton, WA 98057

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein): GROUND LEASE
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: N/A ☐ Additional reference #s on page _____ of document(s)
GRANTOR(S) (Last name first, then first name and initials) [LLC owned by Habitat for Humanity Seattle-King County] ☐ Additional names on page _____ of document
GRANTEE(S) (Last name first, then first name and initials) [Homebuyer Names] ☐ Additional names on page _____ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range) [Abbreviated Legal Description pulled from title commitment] ☒ Additional legal is on Exhibit A of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER [tax parcel number if assigned] ☐ Assessor Tax # not yet assigned

GROUND LEASE

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GROUND LEASE

THIS LEASE ("this Lease" or "the Lease") entered into this ____ day of _____, 20__ (the "Effective Date"), between _____, a Washington limited liability company, a wholly owned subsidiary of Habitat for Humanity Seattle-King County ("Habitat") through its land trust program ("HLT") and _____, a _____ ("Homeowner(s)").

RECITALS

- A. HLT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for low and moderate-income people who would otherwise be unable to afford homeownership.
- B. A goal of the HLT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.
- C. The Leased Land described in this Lease has been acquired, was developed and is being leased by the HLT in furtherance of this goal.
- D. The Homeowner shares the purposes of the HLT and has agreed to enter into this Lease not only to obtain the benefits of homeownership and to access the financial assistance HLT provides to home buyers through its homeownership program, but also to preserve, permanently, the financial support provided by HLT and other funders by restricting the sales price of the Home at resale.
- E. Homeowner and HLT recognize the special nature of the terms of this Lease, and each of them accepts these terms, including those terms that affect the marketing and resale price of the property now being purchased by the Homeowner.
- F. Homeowner and HLT agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners. Homeowner acknowledges and agrees that such owner's agreement to, and execution of, this Lease is a condition to Homeowner's purchase of a Home and is intended to assure its continuing affordability to persons of low income, subject to the terms of this Lease.

NOW THEREFORE, Homeowner and HLT agree on all of the terms and conditions of this Lease as set forth below.

DEFINITIONS

Homeowner and HLT agree on the following definitions of key terms used in this Lease:

Association: the nonprofit corporation formed to administer the community, the members of which are each an owner of a Home within the development.

Base Price: \$ _____, which is the total amount paid by Homeowner to purchase the Home and was calculated as follows: (i) the original principal balance of the first mortgage loan plus (ii) any unforgiven down payment assistance and deferred loans provided to Homeowner,

plus (iii) any cash contributed by the Homeowner to purchase the Home, and minus (iv) any closing costs and pre-paid taxes, assessments or other amounts paid by Homeowner at closing. The term “Base Price” shall not include (x) any deferred loans received by HLT to acquire and/or develop the Home, or (y) the difference between the amount originally paid by the Homeowner to purchase the Home and the Initial Value at that time (which difference reflects the financial support provided by HLT to the Homeowner through its homeownership program and which value remains in the land HLT continues to own).

Base Price Ratio: a fraction, the numerator of which is the Base Price and the denominator of which is the Initial Value of the Home. The parties agree that the Base Price Ratio is _____ percent (_____%) for the Home subject to this Lease.

Event of Default: Any violation of the terms of the Lease unless it has been corrected (“cured”) by Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by HLT.

Habitat: Habitat for Humanity Seattle-King County, a Washington public benefit non-profit corporation.

Home or Unit: the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner including both the original Home described in Exhibit B: DEED, and all permanent improvements added thereafter by Homeowner at Homeowner’s expense.

Household Income: the definition, as such may be amended from time to time, used by the U.S. Department of Housing and Urban Development (HUD) or any successor and includes the taxable income of all members residing in the home 18 years or older.

Formula Price: shall have the meaning given in Section 10.10 of this Lease.

Income-Qualified Person”: means a person or group of persons whose Household Income does not exceed eighty percent (80%) of the median Household Income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

Initial Value: means the appraised fee simple value of the Home at the time of purchase by Homeowner, as determined by the appraiser’s report. The Initial Value of the Home was \$ _____.

Lease Fee: means the monthly fee that the Homeowner pays to the HLT for the continuing use of the Leased Land and any additional amounts that the HLT charges to the Homeowner for reasons permitted by this Lease.

Lease Term: the 99-year term of this Lease starting on the Effective Date and ending on the ninety-ninth (99th) anniversary thereof, unless ended sooner or renewed as provided in this Lease below.

Leased Land: the parcel of land, described in Exhibit A: LEASED LAND, that is leased to the Homeowner.

Permitted Mortgage: a mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the HLT's permission as required under Article 6. The Homeowner may not mortgage the HLT's interest in the Leased Land, and may not grant any mortgage or deed of trust without HLT's permission. The term "Specified Mortgage" as used in Exhibit E and G shall mean a Permitted Mortgage.

Permitted Mortgagee: A lender under a Permitted Mortgage, and as otherwise described in Exhibit D: PERMITTED MORTGAGES.

Purchase Option Price: the sales price as determined in accordance with Section 10.8 below and adjusted as provided in Article 10 as shown on Exhibit F (Purchase Price Determination Worksheet) which is the maximum price the Homeowner is allowed to receive for the sale of the Home and the Homeowner's right to possess, occupy and use the Leased Land, as defined in Article 10 of this Lease.

ARTICLE 1: Homeowner's Letter of Agreement.

Homeowner is encouraged to retain independent legal counsel to advise him or her of his or her legal rights and obligations under this Lease. Homeowner has elected to do the following:

_____ Homeowner has consulted with an independent attorney and attaches an executed Attorney Letter of Acknowledgement Letter hereto as Exhibit C; or

_____ Homeowner has elected not to seek independent legal counsel and attaches a Letter of Agreement hereto as Exhibit C.

Homeowner acknowledges and agrees that such Homeowner has been advised to seek independent legal counsel before signing this Lease. The Lease contains important restrictions on your rights and obligations as a homeowner including without limitation provisions restricting the resale of the Home and HLT's right to buy back the Home at a formula price. By initialing below, you agree that you have been informed of your right to seek independent legal counsel and have done so (or not) by your own choice.

Homeowner Initials

ARTICLE 2: Lease of Land

Section 2.1. HLT LEASES THE LAND TO HOMEOWNER: The HLT hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached Exhibit A: LEASED LAND) in accordance with the terms of this

Lease. HLT has furnished to Homeowner a copy of the most current title report, if any, obtained by HLT for the Leased Land. Homeowner has reviewed and hereby accepts all exceptions to title to the Leased Land. Homeowner has read and hereby accepts all restrictions on the future sale of a Unit, use of a Unit, the resale formula and all other matters set forth in this Lease. Homeowner accepts title to the Unit in its condition “as is” as of the signing of this Lease.

Section 2.2. MINERAL RIGHTS NOT LEASED TO HOMEOWNER: HLT does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land’s surface. Ownership of such minerals remains with the HLT but the HLT shall not remove any such minerals from the Leased Land without the Homeowner’s written permission.

Section 2.3. LEASED LAND SUBJECT TO PROJECT COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS. The Leased Land is subject to the terms of any Covenants, Conditions, Easements and Restrictions now encumbering the Leased Land (the “CCRs”) and all other documents required under law or otherwise deemed advisable by the HLT for the formation and maintenance of the project.

ARTICLE 3: Term of Lease, Change of Land Owner

Section 3.1. TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for the Lease Term of 99 years unless ended sooner or renewed as provided below.

Section 3.2. HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS: Homeowner may renew this Lease for one additional period of 99 years. The HLT may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, HLT shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph (“the Expiration Notice”). The Expiration Notice shall also describe any changes that HLT intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 90 days of receipt of the Expiration Notice, the Homeowner shall give HLT written notice stating the Homeowner’s desire to renew (“the Renewal Notice”); (b) this Lease shall be in effect on the date the Renewal Notice is received and on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the date the Renewal Notice is received and on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and HLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The HLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

Section 3.3 WHAT HAPPENS IF HLT DECIDES TO SELL THE LEASED LAND: If ownership of the Leased Land is ever transferred by HLT (whether voluntarily or involuntarily) to any other person or institution, this Lease shall not cease, but shall remain binding on the new landowner as well as the Homeowner. If HLT agrees to transfer the Leased Land to any person or institution other than a non-profit corporation, charitable trust, government agency or other institution sharing the goals described in the Recitals above, the Homeowner shall have a right of first refusal to purchase the Leased Land. Any sale or other transfer contrary to this Section 3.3 shall be null and void.

ARTICLE 4: Use of Leased Land

Section 4.1. HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES: Homeowner shall use and allow others to use the Home and Leased Land only for residential purposes and any activities related to residential use that are permitted by applicable land use laws in effect from time to time. Home businesses are only allowed with the prior written consent of HLT and only if (i) there is no exterior indication of commercial use or activity; (ii) customers or clients do not come to the Home on a regular basis; (iii) the commercial use or activity will not increase the rate of insurance on the Home or Leased Land; and (iv) all uses comply with laws, regulations, ordinances and conditions of land use or permit approvals applicable to the Home.

Section 4.2. HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW: Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease and as otherwise required under any covenant, restrictions, rules and regulations that may govern the Home or Leased Land from time to time.

Section 4.3. HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS: Homeowner shall be responsible for the use of the Home and Leased Land by all occupants, guests, visitors and invitees with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease. Noncompliance by such persons shall be deemed to be noncompliance by the Homeowner.

Section 4.4. HOMEOWNER MUST OCCUPY THE HOME FOR AT LEAST 10 MONTHS EACH YEAR: HLT and Homeowner agree that the dwelling unit on the Leased Land will be occupied by Homeowner as its principal, full-time residence. Homeowner shall occupy the Home for at least 10 months of each year of this Lease, unless otherwise agreed by HLT in writing. Occupancy by Homeowner's child, spouse, domestic partner or relationship by descent from a common ancestor or other persons approved by HLT in writing ("Approved Residents") shall be considered occupancy by Homeowner if Homeowner also occupies the Home as its primary full-time residence. Neither compliance with the occupancy requirement nor HLT's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land, which is prohibited under Section 4.5 below.

Section 4.5. NEITHER HOME NOR LEASED LAND MAY BE SUBLEASED. Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease for any period of time. Homeowner acknowledges and agrees that occupying the Home and Leased Land as such Homeowner's primary residence is an ongoing requirement throughout the term of this Lease. Any lease, sublease, license to use, or actual occupancy by anyone when the Home is not used by Homeowner for its primary residence shall constitute a default under this Lease. All leases of either the Leased Land or the Home are void including short term rentals (AirBNB, VRBO, etc.). Homeowner agrees that this prohibition on leasing is a core component of HLT's homeownership program and is required to further the mutual purposes and goals set forth in this Lease.

Section 4.6. HLT HAS A RIGHT TO INSPECT THE LEASED LAND: The HLT may inspect any part of the Leased Land except the interiors of fully enclosed buildings, at any reasonable time, after notifying the Homeowner in writing at least forty-eight (48) hours before the planned inspection, except in the event of an emergency when no notice shall be required if HLT has made reasonable efforts to give advance notice to the Homeowner. Except in the event of a default under this Lease or in the case of an emergency, no more than two (2) regular inspections may be carried out in a single 12-month period. In an emergency, the HLT may inspect any part of the Leased Land after making reasonable efforts to inform the Homeowner before the inspection. If the HLT has received an Intent-To-Sell Notice (as described in Section 10.4 below), then the HLT has the right to inspect the interiors of all structures to determine their condition prior to the sale. The HLT must notify the Homeowner at least 24 hours before carrying out such inspection.

Section 4.7. HOMEOWNER HAS A RIGHT TO QUIET ENJOYMENT: Homeowner has the right to quiet enjoyment of the Leased Land. The HLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner in any way not permitted by this Lease.

Section 4.8. HOMEOWNER MEETS ALL HLT ELIGIBILITY REQUIREMENTS. Homeowner represents and warrants to HLT as follows: (i) Homeowner is a first-time homebuyer, defined as a homebuyer who has not had an ownership interest in residential real estate at any time during the previous three years; (ii) Homeowner will occupy the Home as his or her principal residence; (iii) Homeowner has not and will not rent or lease the Home; and (iv) at the time of his or her qualification by HLT or its successors, the combined maximum income for all household members of the Homeowner does not exceed eighty percent (80%) of the median yearly income adjusted for family size for a family in Kittitas County as published by the Department of Housing and Urban Development from time to time, or such other income limit as HLT may determine. In the event such income determination is no longer published, or has not been updated for a period of at least (18) months, HLT may use or develop such other reasonable method as they may choose in order to determine the income for families in the county at the median yearly income for the county adjusted for family size; in such event Homeowner warrants that the combined maximum income for all household members of the Homeowner does not exceed the income so established.

Section 4.9. OCCUPANCY CERTIFICATION REQUIRED. During the Lease term, Homeowner shall annually certify the names of all occupants of the Home and the relationship of those occupants to Homeowner and such other information as is necessary to assess Homeowner's compliance with the occupancy and other requirements of this Lease. HLT may require certifications more frequently if Homeowner has previously violated the terms of this Lease. Failure to deliver any certification within ten (10) days of written request by HLT shall constitute a default under this Lease. If the certification is not delivered within fifteen (15) days after notice of such failure is given by HLT to Homeowner, or any occupancy certification or other certification or representation made by Homeowner in connection with

this Lease or acquisition of the Home is later determined to be false, misleading or fraudulent in any respect, HLT shall be entitled to pursue its remedies under Section 12.4 subject to all rights of Permitted Mortgagees under this Lease, the Permitted Mortgage and/or the Community Land Trust Ground Lease Rider.

Section 4.10. HOMEOWNER MUST USE THE HOME AND LEASED LAND IN COMPLIANCE WITH THE REGULATORY AGREEMENTS: The Home and Leased Land were developed with funding provided by the City of Ellensburg (the “City”) for the sole purpose of providing long term affordable housing within the City. As a condition of its acquisition and occupancy of the Home and Leased Land, Homeowner agrees to comply with all terms, conditions and covenants of (i) Covenant for Affordable Housing between Habitat and the City dated _____, which was recorded against the Lessor’s fee interest in the property on _____ under Kittitas County Recorder’s No. _____ (the “City Covenant”).

ARTICLE 5: Lease Fee

Section 5.1. AMOUNT OF LEASE FEE:

a. Lease Fee. The Homeowner shall pay the HLT in advance, an annual Lease Fee of Three Hundred Sixty and 00/100 Dollars (\$360) in return for the continuing right to possess, occupy and use the Leased Land. The Association may collect that Lease Fee from Homeowner through monthly assessments and pay HLT.

b. Additional Rent – Association Assessments. The Association may also assess against and collect from each Homeowner monthly assessments and special assessments (as required) to ensure the maintenance of the Leased Land and the improvements constructed thereon in good condition, repair and appearance in accordance with the terms of this Lease. The Association shall assess as monthly association dues an amount that will accumulate capital reserves in sufficient amounts so as to minimize the requirement for any special assessment on the Homeowner and other owners.

c. Additional Rent – Deferred Maintenance Costs. Homeowner shall ensure that all maintenance, repairs and improvements as may be required to maintain the Leased Land and the Improvements are conducted on a timely basis. In the event either the Homeowner or the Association fails to maintain the Leased Land and the Improvements, HLT may, without the prior consent of Homeowner or the Association, act to conduct such maintenance, and all sums expended by HLT in such conduct of maintenance shall becoming additional rent under this Lease which shall be immediately due and payable by Homeowner.

Section 5.2. WHEN THE LEASE FEE IS TO BE PAID: The Lease Fee shall be payable to HLT in advance on June 1st of each year for as long as this Lease remains in effect, unless the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Mortgagee.

Section 5.3. HOW THE AMOUNT OF THE LEASE FEE HAS BEEN DETERMINED: The amount of the Lease Fee stated in Section 5.1 above has been determined by HLT to ensure the continued affordability of the Home and Leased Land.

Section 5.4. HLT MAY REDUCE OR SUSPEND THE LEASE FEE TO IMPROVE AFFORDABILITY: HLT may reduce or suspend the total amount of the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by HLT. HLT is not obligated to reduce or suspend the Lease Fee under any circumstances and can deny or condition any request to do so for any reason or no reason at all.

Section 5.5. FEES MAY BE INCREASED FROM TIME TO TIME: The HLT may increase the amount of the Lease Fee from time to time. Each time such amounts are increased, the total percentage of increase since the date this Lease was signed shall not be greater than an increase of two percent (2%) per annum, compounded annually.

Section 5.6. LEASE FEE WILL BE INCREASED IF RESTRICTIONS ARE REMOVED: If, for any reason, the provisions of Article 10 regarding transfers of the Home or Sections 4.4 and 4.5 regarding occupancy and subleasing are suspended or invalidated for any period of time, then during that time the Lease Fee shall be increased to an amount calculated by HLT to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions, but initially an amount not exceeding Four Hundred Dollars (\$400) per month. Such increase shall become effective upon HLT's written notice to Homeowner and shall be due in monthly installments paid directly to HLT starting on the first day of the month following transfer of the Home. Thereafter, for so long as these restrictions are not reinstated in the Lease, the HLT may, from time to time, further increase the amount of such Lease Fee, provided that the amount of the Lease Fee does not exceed the fair rental value of the property, and provided that such increases do not occur more often than once annually.

Section 5.7. IF PAYMENT IS LATE, INTEREST CAN BE CHARGED: If the HLT has not received the Lease Fee on or before the date due under this Lease (the "Due Date"), the HLT may require Homeowner to pay interest on the unpaid amount from the Due Date through and including the date such payment is received by HLT, at a rate not to exceed the lesser of (i) twelve percent (12%) per annum, or (ii) the maximum rate allowed by applicable law. Such interest shall be deemed additional Lease Fee and shall be paid by Homeowner to HLT upon demand; provided, however, that HLT shall waive any such interest that would otherwise be payable to HLT if such payment of the Lease Fee is received by HLT on or before the thirtieth (30th) day after the Due Date.

Section 5.8. HLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD: In the event that any amount of payable Lease Fee or additional rent or other amounts due HLT remains unpaid when the Home is sold, the outstanding amount of payable Lease Fee and other amounts owed HLT, including any interest as provided herein, shall be paid to HLT out of any proceeds from the sale that would otherwise be due to Homeowner. The HLT shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Lease Fee and other amounts due HLT hereunder. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

ARTICLE 6: Taxes and Assessments

Section 6.1. **HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS:** Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to the HLT's interest in the Leased Land) and all assessments, special assessments and other expenses payable by Homeowner under the rules and regulations of the Association. Homeowner shall pay all sewer capacity charges and similar assessments applicable to the Home or the Leased Land for new sewer connections including the monthly sewer capacity charge that is payable over a 15-year period commencing at the time of original connection.

Section 6.2. **HOMEOWNER RESPONSIBLE FOR ALL TAX BILLS ASSOCIATED WITH LEASED LAND:** In the event that the local taxing authority bills HLT for any portion of the taxes on the Home or the Leased Land, HLT shall deliver the bill to the Association and the Association shall promptly pay the bill prior to delinquency as a common expense. Homeowner shall be responsible to pay its share of that tax bill through assessments charged by the Association.

Section 6.3. **HOMEOWNER HAS A RIGHT TO CONTEST TAXES:** Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home and Leased Land. Upon receiving a reasonable request from Homeowner for assistance in this matter, HLT may (but is not obligated to) join in contesting such taxes. All costs of such proceedings shall be paid by Homeowner.

Section 6.4. **IF HOMEOWNER FAILS TO PAY TAXES, HLT MAY INCREASE LEASE FEE:** In the event that Homeowner fails to pay the taxes or other charges described in Section 6.1 above, HLT may, in addition to any other remedies it may have under this Lease, increase Homeowner's Lease Fee to offset the amount of taxes and other charges owed by Homeowner. Upon collecting any such amount, HLT shall pay the amount collected to the taxing authority in a timely manner.

Section 6.5. **PARTY THAT PAYS TAXES MUST SHOW PROOF:** When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

ARTICLE 7: The Home

Section 7.1. **HOMEOWNER OWNS THE HOME:** All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the "Home") shall be property of the Homeowner. Title to the Home shall be and remain vested in the Homeowner. However, Homeowner's rights of ownership are limited by certain provisions of this Lease, including restrictions regarding the sale or leasing of the Home by the Homeowner and the HLT's option to purchase the Home. In addition, Homeowner shall not sever or remove any part of the Home from the Leased Land or demolish the Home.

Section 7.2. **HOMEOWNER PURCHASE OF HOME:** Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land. HLT shall transfer title to the Home to Homeowner by Statutory Warranty Deed substantially in the form attached to this Lease as Exhibit B: DEED.

Section 7.3. **CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS:** No construction for the Home is permitted unless the following requirements are met: (a) all costs shall be paid for by the Homeowner; (b) the HLT must be

informed of all construction before it takes place and only improvements approved by HLT pursuant to this Lease shall be included in the final valuation of the Home at the time of sale; (c) all construction shall be performed in a workmanlike manner, shall be performed only after obtaining all necessary permits from governmental authorities and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state public health authorities; (d) all construction must be consistent with the permitted uses set forth in this Lease; (e) the footprint, square-footage, or height of the Home shall not be increased or decreased and new structures shall not be built or installed on or in the Home;; (f) the exterior materials shall not be changed; (g) Homeowner shall furnish to the HLT, for the HLT's review, a copy of all plans and building permit applications, and Homeowner may not commence construction until it receives written consent from the HLT, which consent shall not be unreasonably withheld; and (h) if the construction requires a building permit or other similar permit from a governmental authority, the Homeowner shall furnish to the HLT, for the HLT's review and approval, a copy of all plans and permit applications at least thirty (30) days prior to commencing construction.

For any construction requiring HLT's prior written consent, Homeowner shall submit a written request to the HLT. Such request shall include, at a minimum:

- a) a written statement of the reasons for undertaking the construction;
- b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- c) a list of the necessary materials, with quantities needed; and
- d) a statement of who will do the work.

If the HLT finds it needs additional information, it shall request such information from Homeowner within two (2) weeks of receipt of Homeowner's request. The HLT then, within two (2) weeks of receiving all necessary information (including any additional information it may have requested) shall give Homeowner either its written consent or a written statement of its reasons for not consenting. Before construction can begin, Homeowner shall provide HLT with copies of all necessary building permits, if not previously provided.

Section 7.4. HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LEASED LAND OR HOME: No lien of any type shall attach to the HLT's title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against the Leased Land or the Home which remains more than 60 days after it has been filed. Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify HLT of such failure. HLT shall have the right to discharge the lien by paying the amount in question or procuring a bond or other surety for such lien at Homeowner's expense. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Leased Land from such lien. Any amounts paid by HLT to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand. The HLT is not an agent of the Homeowner. Homeowner shall notify all contractors that the Leased Land is owned by the HLT and that the Homeowner is not an agent of the HLT. Such notice shall be in writing and delivered to the contractor and the HLT prior to the initiation of any work by said contractor on the Leased Land.

Section 7.5. HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS: Subject to the rules and regulations of the Association and recorded covenants, Homeowner hereby assumes responsibility for all utilities needed for the Home including but not limited to heat, electricity, natural gas, air conditioning, telephone, cable, water, sewer and garbage. HLT shall not be required to furnish any utilities or other services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

Section 7.6. WHEN LEASE ENDS, OWNERSHIP REVERTS TO HLT, WHICH SHALL REIMBURSE HOMEOWNER: Upon the expiration or termination of this Lease, ownership of the Home shall revert to HLT; Homeowner shall have no reversionary interest in the Home. Upon thus assuming title to the Home, HLT shall promptly pay Homeowner and Permitted Mortgagee(s), as follows:

FIRST, HLT shall pay any Permitted Mortgagee(s) the full amount owed to such mortgagee(s) by Homeowner in so far as that amount does not exceed the Purchase Option Price. In no event shall the total amount that HLT is required to pay Permitted Mortgagees be greater than the Purchase Option Price; and

SECOND, HLT shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the HLT under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home which may be assessed against the Home. If the Homeowner fails to clear such liens or charges, the balance due to the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorneys' fees incurred by the HLT.

Section 7.7. DEVELOPMENT RIGHTS: Homeowner shall not undertake development of the Leased Land or Home or attempt to assign or transfer development rights of any kind associated with the same, except in connection to existing Improvements as noted in Section 7.3. Homeowner shall not represent to any person, governmental body or other entity that Homeowner is the fee owner of the Leased Land. Homeowner shall not subject the Leased Land, or any portion thereof, to any petition, application, permit, plat or other document on behalf of HLT without HLT's express prior written consent, which may be withheld for any reason whatsoever. Homeowner shall notify HLT immediately in writing of any proposed or pending governmental action of which Homeowner becomes aware which affects the Leased Land, its zoning or the right to develop the Leased Land for any future use.

ARTICLE 8: Financing

Section 8.1. HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT HLT's PERMISSION: The Homeowner may mortgage the Home and its interest in the Leased Land only with the written permission of HLT. Any mortgage or deed of trust permitted in writing by the HLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee. As used herein, the term "mortgage" shall include a deed of

trust as defined in Chapter 61.24 of the Revised Code of Washington as amended from time to time.

Section 8.2. BY SIGNING LEASE, HLT GIVES PERMISSION FOR ORIGINAL MORTGAGE. By signing this Lease, HLT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

Section 8.3. HOMEOWNER MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES. If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home and/or Homeowner's leasehold interest in the Leased Land (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform HLT, in writing, of the proposed terms and conditions of such mortgage loan at least 60 days prior to the expected closing of the loan. The information to be provided to the HLT must include:

- a. the name of the proposed lender;
- b. Homeowner's reason for requesting the loan;
- c. the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any;
- d. expected closing costs;
- e. the rate of interest;
- f. the repayment schedule;
- g. a copy of the appraisal commissioned in connection with the loan request.

HLT may also require Homeowner to submit additional information. HLT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than eighty (80%) of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the Homeowner or the HLT.

Section 8.4. HLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE." The HLT shall be required to permit any mortgage that meets the requirements of a "Standard Permitted Mortgage" as set forth in "Exhibit D: Permitted Mortgages, Part C," and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than eighty (80%) of the then current Purchase Option Price, calculated in accordance with Article 10 below.

Section 8.5. A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Mortgagee shall be bound by each of the requirements stated in "Exhibit D: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the HLT to modify the terms of the Lease during the term of the Permitted Mortgage.

Section 8.6. A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Mortgagee shall have all of the rights and protections stated in "Exhibit D:

Permitted Mortgages, Part B, Rights of Permitted Mortgagee,” which is made a part of this Lease by reference.

Section 8.7. IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO HLT. Homeowner and HLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to HLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner under RCW 61.24.080 that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to HLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner shall hold such amount in trust for HLT as the sole beneficiary and shall promptly pay such amount to HLT.

Section 8.8 RECORD REQUEST FOR COPY OF NOTICE OF SALE. Upon HLT’s request, Homeowner agrees to cause to be filed for record in the official records of the County in which the Home is located a request for a copy of any notice of default and of any notice of sale under any deed of trust or mortgage with power of sale encumbering the Home and Leased Land pursuant to RCW 61.24.045. Such request shall specify that any such notice shall be mailed to HLT at the address for notices in Section 14.2 of this Lease, as amended. HLT is authorized to record the request if Homeowner fails to do so when requested.

ARTICLE 9: Liability, Insurance, Damage and Destruction, Eminent Domain

Section 9.1. HOMEOWNER ASSUMES ALL LIABILITY. Homeowner assumes all responsibility and liability related to Homeowner’s possession, occupancy and use of the Leased Land.

Section 9.2. HOMEOWNER MUST DEFEND HLT AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify and hold HLT and Habitat harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against HLT and/or Habitat for injury or damage on or about the Leased Land. However, HLT and Habitat, respectively, shall remain liable for injury or damage due to the sole fault, grossly negligent or intentional acts or omissions of HLT or Habitat, respectively, or their agents or employees.

Section 9.3. HOMEOWNER MUST REIMBURSE HLT. In the event the HLT or Habitat shall be required to pay any sum that is the Homeowner’s responsibility or liability, the Homeowner shall reimburse the HLT or Habitat, as applicable, for such payment and for reasonable expenses caused thereby.

Section 9.4. HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND. Homeowner shall, at Homeowner’s expense, keep the Home continuously insured against “all risks” of physical loss, using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, for the full replacement value of the Home, and in any event in an amount that will not incur a coinsurance penalty. The amount of such insured replacement value must be approved by the HLT prior to the commencement of the Lease. Thereafter, if the HLT determines that the replacement value to be insured should be increased, the HLT shall inform the Homeowner of such required increase and

the Homeowner shall obtain such increased coverage within thirty (30) days of such notice. If Homeowner wishes to decrease the amount of replacement value to be insured, Homeowner shall inform the HLT of the proposed change at least 30 days prior to the time such change would take effect. The change shall not take effect without HLT's approval.

Should the Home lie in a flood hazard zone as defined by the National Flood Insurance Plan, the Homeowner shall keep in full force and effect flood insurance in the maximum amount available at its sole expense.

The Homeowner shall also, at its sole expense, maintain in full force and effect public liability insurance using ISO Form HO 00 03 or its equivalent in the amount of \$500,000 per occurrence and in the aggregate. The HLT shall be named as an additional insured using ISO Form HO 04 41 or its equivalent, and certificates of insurance shall be delivered to the HLT prior to the commencement of the Lease and at each anniversary date thereof.

The dollar amounts of such coverage may be increased from time to time at the HLT's request but not more often than once in any one-year period. HLT shall inform the Homeowner of such required increase in coverage and Homeowner shall have sixty (60) days to obtain the additional coverage. The amount of such increase in coverage shall be based on current trends in homeowner's liability insurance coverage in the area in which the Home is located.

The insurance required in this Section shall specifically insure the Homeowner against all liability assumed hereunder, as well as all liability imposed by law, and shall also name the HLT as an additional insured. Homeowner shall provide HLT with copies of all insurance policies and renewals thereof. All policies shall contain endorsements providing that they shall not be canceled, reduced in amount, coverage or otherwise modified by the insurance carrier involved with less than thirty (30) days prior written notice being given to Lessor. Lessor shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance. The provisions concerning the nature and content of insurance policies stated herein are in addition to any requirements concerning the nature and content of such policies of any governmental entity and any Permitted Mortgagee. Requirements to purchase any specific kind of insurance stated herein are in addition to any requirements by any governmental entity and/or a Permitted Mortgagee to purchase other kinds of insurance.

Notwithstanding the foregoing, if Homeowner is a member of an Association, HLT may, at its sole discretion, require the Association to carry the insurance required hereunder through a master policy applicable to the community in such form and with such coverages as required to satisfy the insurance requirements of Federal National Mortgage Association for loans sold on the secondary market.

Section 9.5. WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED. In the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible in compliance with all requirements of the CCRs, if applicable, and this Lease. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner or, if applicable, the Association, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify HLT of this problem, and HLT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to

reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and HLT.

If Homeowner and HLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds within 60 days of the date of Homeowner's notice to HLT, then Homeowner may give HLT written notice of intent to terminate the Lease. The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;

FOURTH, to the HLT for any amounts owed under this Lease;

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to the HLT.

Section 9.6. WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE. If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to HLT.

In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

Section 9.7. IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED. In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Lease, HLT shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

Section 9.8. IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, HLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER HLT HOME. If this Lease is terminated as a result of damage, destruction or taking through no fault of Homeowner, members of its household or invitees, HLT shall take reasonable steps to allow Homeowner to purchase another

home on another parcel of leased land owned by HLT if a home is available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why a home may not be available, and shall have no claim against HLT if such a home is not available.

ARTICLE 10: Transfer of the Home

Section 10.1. INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY: Homeowner and HLT agree that the provisions of this Article 10 including, without limitation, the establishment of the resale price Homeowner may charge when it sells the Home (which limits the Homeowner's share of equity in the Home,) are intended to preserve the affordability of the Home for lower income households and expand access to homeownership opportunities for such households and to restrict the resale price and refinancing options of the Home which is subject to this Lease.

Section 10.2. HOMEOWNER MAY TRANSFER HOME ONLY TO HLT OR QUALIFIED PERSONS: Homeowner may transfer the Home only to the HLT, Habitat or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

Section 10.3. THE HOME MAY BE TRANSFERRED TO HEIRS OF HOMEOWNER THAT ARE FINANCIALLY ABLE TO PAY THE MORTGAGE: If Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of Homeowner's estate shall notify HLT within ninety (90) days of the date of the death. All persons entitled to take title to the Home under applicable law after such death (the "Heirs") must satisfy the requirements of this Section 10.3 prior to the transfer of the Home.

Provided they have sufficient income to pay the existing mortgage, the following Heirs may acquire the Home even if they are not Income-Qualified Persons: (a) the spouse or registered domestic partner of the Homeowner; or (b) the child or children of the Homeowner; or (c) member(s) of the Homeowner's household who have resided in the Home for at least one year immediately prior to Homeowner's death.

HLT will consider a request to transfer to Heirs other than those described in (a), (b) and (c) above if they demonstrate to HLT's satisfaction that they have sufficient income to pay the existing mortgage and demonstrate that they are Income-Qualified Persons.

Prior to transferring the Home to any Heir (whether or not they are required to be Income-Qualified Persons under this Section 10.3), the proposed transferee(s) must (i) have sufficient income to pay the existing mortgage or to obtain a new mortgage for the Home, (ii) provide HLT with a Letter of Agreement in the form of attached Exhibit A, duly executed and acknowledged by the Heir, and (iii) sign all other documents required by HLT to effectuate the transfer and document the Heirs' agreement to comply with all obligations under this Lease. If HLT is not satisfied that the Heirs are Income-Qualified Persons, or they elect not to sign the Letter of Agreement or any other documents reasonably required by HLT to acquire the Home, they shall

not be entitled to ownership or possession of the Home and the Heirs will be required to sell the Home to HLT or otherwise transfer the Home to an Income-Qualified Person in accordance with the provisions of this Article 10.

Section 10.4. HOMEOWNER MUST GIVE NOTICE OF INTENT TO SELL: In the event that Homeowner wishes to sell Homeowner's Home, Homeowner shall notify HLT, in writing, of such wish (the "Intent-to-Sell Notice"). This Notice shall include a statement as to whether Homeowner wishes to recommend a prospective Income-Qualified Person as the buyer.

Section 10.5. HLT HAS AN OPTION TO PURCHASE THE HOME. HLT, or its assignee, including Habitat, reserves the option to purchase the Home ("Purchase Option") at the Purchase Option Price (calculated as provided in this Article 10) upon receipt of any Intent-to-Sell Notice from Homeowner. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment made by the Homeowner. HLT's failure to exercise the option shall not constitute a waiver of the option for any future sale of the Home or right to purchase under this Lease or any future ground lease.

If HLT elects to purchase the Home, HLT shall exercise the Purchase Option by notifying Homeowner, in writing, of such election ("Notice of Exercise of Option") within forty-five (45) days of the receipt of the Intent-to-Sell Notice, or the Option shall expire. Having given such notice, HLT may either proceed to purchase the Home directly or may assign the Purchase Option to an Income-Qualified Person.

The purchase (by HLT or HLT's assignee) must be completed within one hundred twenty (120) days of HLT's Notice of Exercise of Option. The time permitted for the completion of the purchase may be extended by mutual agreement of HLT and Homeowner.

Homeowner may recommend to HLT a prospective buyer who is an Income-Qualified Person and is prepared to submit a Letter of Agreement indicating informed acceptance of the terms of this Lease or a new ground lease. HLT shall make reasonable efforts to arrange for the assignment of the Purchase Option to such person, but HLT shall be free to exercise the Purchase Option itself or assign it to another party if HLT determines that its charitable mission is better served by retention of the Home for another purpose or transfer of the Home to another party.

If HLT exercises its right to purchase the Home and closing occurs prior to (5) five years from the date of purchase by Homeowner, all closing costs, including the costs of escrow, title insurance and excise tax, will be paid by the Homeowner, not HLT. After that five-year period, all closing costs, including the costs of escrow, title insurance and excise tax, shall be paid by the Homeowner and the purchaser consistent with customary practice in the county in which the Leased Land is located. Homeowner or the purchaser shall be solely responsible for payment of any assumption or prepayment fees imposed by any lender by reason of the sale of the Home.

Notwithstanding any provision in this Lease to the contrary, HLT shall not exercise the purchase option granted to it in this Lease when a loan insured by the Federal Housing Administration, a division of HUD ("HUD/FHA"), or by a government agency exercising similar authority, is secured by a deed of trust covering the Property, and (a) the Homeowner is undergoing consideration by HUD/FHA or a government agency offering forbearance relief, or (b) the Homeowner is undergoing consideration for relief under HUD's Temporary Mortgage Assistance Payment (TMAP) program or a subsequent program offering similar relief. The period for exercise

of HLT's Purchase Option if such relief is denied shall begin to run on the date HLT is informed of the denial.

Section 10.6. IF PURCHASE OPTION EXPIRES, HOMEOWNER MAY SELL TO INCOME-QUALIFIED PERSON ON CERTAIN TERMS: If the Purchase Option has expired or if HLT has failed to complete the purchase within the 120-day period allowed by Section 10.5 above, and no other governmental entity or municipal corporation holds a purchase option in the Home (or all such optionees have elected not to purchase the Home), Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price.

Section 10.7. HLT SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE: Homeowner does hereby appoint HLT, as its attorney in fact, to seek a buyer, negotiate a reasonable resale price that furthers the purposes of this Lease, sell the Home, and pay to the Homeowner the proceeds of such sale (but in no event more than the Purchase Option Price), minus HLT's costs of sale and any other sums owed HLT by Homeowner if (a) HLT or its assignee has not purchased the Home, (b) Homeowner has held the Home out for sale for at least six (6) months from the date of the Intent to Sell Notice, (c) Homeowner has not executed a binding agreement for the sale of the Home, and (d) Homeowner is not then residing in the Home. The power of attorney granted herein is coupled with an interest and may not be revoked by the Homeowner.

Section 10.8. HOMEOWNER SHALL NOT RECEIVE MORE THAN THE PURCHASE OPTION PRICE: In no event may the Home, and Homeowner's interest in the Leased Land, be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price is the maximum amount the Homeowner is allowed to receive upon the sale of the Home and assignment of the Lease. The Purchase Option Price is the lesser of (a) the Value of Homeowner's Ownership Interest at Resale or (b) the Formula Price. At closing of the sale to HLT or a third party, Homeowner shall be obligated to pay any outstanding balances due a third party lender including the first lien mortgage loan and loans made for down payment assistance plus all sums advanced by HLT or any lender to protect its security, pay taxes, assessments, liens and encumbrances and any other amounts owed to HLT and any amounts due the Association. Notwithstanding anything contained herein to the contrary, Homeowner shall have no obligation to repay any difference between the original amount paid by the Homeowner to purchase the Home and the Initial Value at that time (which difference reflects HLT's financial assistance to the Homeowner and is retained by HLT as equity in the Property).

Section 10.9. HOW THE VALUE OF HOMEOWNER'S OWNERSHIP INTEREST IS DETERMINED: If HLT believes that the value of the Home and Homeowner's interest in the Leased Land (the "Homeowner's Ownership Interest at Resale") may be less than the Formula Price, HLT may, within thirty (30) days of receiving Homeowner's Notice of Intent to Sell, commission a market valuation of the Leased Land and the Home to be performed by a duly licensed appraiser acceptable to HLT and Homeowner. HLT shall pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to the Leased Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the Appraisal are to be provided to both HLT and Homeowner. For sales pursuant to Section 10.5 or Section 12.4, the Value of Homeowner's Ownership Interest at Resale shall be the appraised

value of the Home and Leased Land at resale multiplied by the Base Price Ratio, as such terms are defined in the definitions section of this Lease.

Section 10.10. CALCULATION OF THE FORMULA PRICE. The “Formula Price” shall be equal to the amount of Homeowner’s Base Price compounded annually by one and one-half percent (1.5%) from the date of Homeowner acquired title to the Home plus a credit for improvements made by the Homeowner (if allowed under this Section 10.10). The Formula Price shall be calculated in accordance with the worksheet attached as EXHIBIT F: PURCHASE PRICE DETERMINATION WORKSHEET. At closing of the resale, the Homeowner shall pay all outstanding amounts due under existing mortgages including, without limitation, the original first lien mortgage and any mortgage in favor of the Washington State Housing Finance Commission or any other entity that provided down payment assistance or deferred loans when the Homeowner acquired the Home.

To help assure continued affordability to subsequent purchasers, the Formula Price will not be increased or other reimbursement given for improvements to the Home made by the Homeowner. Such improvements shall be for the Homeowner’s benefit and enjoyment, but the Homeowner will not be compensated for such improvements when the Home is sold. HLT may in its sole discretion consider, on a case-by-case basis, exceptions to that policy based on the following factors:

- a) The improvements are permanent and substantial and cannot be removed without significant damage to the Home or significant or total loss of value of said improvements.
- b) The improvements are not of a decorative or maintenance nature, such as painting, wall coverings, window coverings, or replacement of carpeting.
- c) The improvements are not of a luxury nature, such as a spa, whirlpool tub, or granite countertops.
- d) If the improvements are to replace appliances, fixtures or equipment that were originally acquired by the Homeowner as part of the Home, an adjustment may be considered only when the expenditure is necessitated by the non-operative or deteriorated condition of the original appliances, fixtures or equipment. If at the time of replacement, the original appliances, fixtures or equipment had in excess of twenty percent (20%) of its original estimated useful life remaining, the Homeowner shall provide evidence satisfactory to HLT that the actual condition of the appliances, fixtures or equipment made such replacement necessary. No adjustment to replace appliances, fixtures or equipment shall be made significantly in excess of the reasonable cost to replace the original appliances, fixtures or equipment with new appliances, fixtures or equipment of comparable quality.
- e) Any allowed adjustment for all improvements may not exceed the lower of (i) the depreciated present value of the actual out-of-pocket cost paid by the Homeowner (as shown by receipts) for materials and labor in connection with the improvements, calculated in accordance with principles of straight line depreciation applied to the original cost of the

improvements; or (ii) ten percent (10%) of the Formula Value of the property, as calculated using the worksheet attached as Exhibit F.

- f) The combined actual depreciated present value of the actual out-of-pocket cost paid by the Homeowner for the eligible improvements as described above is at least one percent (1%) of the Formula Price of the Home.
- g) The improvements were done with all required permits and in compliance with all other applicable covenants, conditions and restrictions.
- h) The Homeowner who made improvements acquired approval from the Association and HLT prior to commencing any work. Such pre-approval is required if improvements are to be considered for reimbursement upon sale of the Home.

Section 10.11. QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE: Except for lease assumptions permitted for Authorized Transferees, the HLT shall issue a new lease to any person who purchases the Home in accordance with the terms of this Article 10. The terms of such lease shall be the same as those of new leases issued to homebuyers at that time for land not previously leased by the HLT.

Section 10.12. PURCHASER MAY BE CHARGED A TRANSFER FEE. In the event that Homeowner sells the home to a party other than the HLT (whether directly to such party or as a result of HLT's assignment of its Purchase Option to such party), HLT may, in its discretion, require the purchaser to pay a transfer fee to compensate the HLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be no more than one percent (1%) of the Purchase Option Price.

Section 10.13. PROCEDURE FOR DEFERRED MAINTENANCE. The Formula Price paid to Homeowner may be reduced to compensate for the cost to repair any deferred maintenance for the Home pursuant to the following process:

- a) Upon receipt of the Notice of Intent to Sell, HLT and/or a third party inspector shall inspect the Home to determine whether all plumbing, electrical, and heating systems are in working order; whether any violations of applicable building, plumbing, electric, fire, housing or other codes exist; whether walls, ceilings and floors are clean and free of holes or other defects (except for holes typical for picture hangers); whether doors, windows, screens and similar appurtenances are cracked, broken or torn; whether appliances which were furnished as part of the Home are in good condition and repair; whether carpets, drapes, blinds and similar features which were originally furnished to the Homeowner as part of the Home, or any replacement thereof, are clean and free of holes, tears or defects; and whether the Unit is generally free from damage other than normal wear and tear.
- b) In the event deficiencies are noted, HLT shall identify the items to be repaired (including any appliances that are not in good working order) and the cost HLT will charge to fix each deficiency if the Homeowner elects not to do so. Homeowner shall thereafter have thirty (30) days to fix the deficiencies in a reasonable manner acceptable to HLT, but in no event later than the closing date of the sale. HLT shall have the right to reinspect the Home to investigate the repairs. If the Homeowner fails to cure the deficiencies within the required 30-day period, the Purchase Option

Price shall be reduced by the estimated cost to fix the deficiencies noted during reinspection of the Home.

Section 10.14 WAIVER OF RIGHT TO PARTITION UNDER CHAPTER 7.52 RCW. Each Homeowner for itself and its Authorized Heirs waives any and all right to partition the Home and/or Homeowner's interest in the Leased Land under Chapter 7.52 of the Revised Code of Washington, as amended or replaced from time to time. The filing of any partition action involving the Home or Leased Land shall constitute a default by Homeowner and HLT may, but shall not be obligated to, pursue any and all remedies available to it under this Lease including without limitation the purchase of the Home and Homeowner's interest in the Leased Land under Section 10.5 above.

Section 10.15 LIMITATION OF LIABILITY FOR ASSIGNMENT OF PURCHASE OPTION. In no event shall HLT, Habitat or any other governmental entity with a purchase option in the Home become in any way liable to the Homeowner, or become obligated in any manner, by reason of the assignment of its option to purchase, or after such an assignment, become in any way obligated or liable to the Homeowner for any failure of HLT's or other optionee's designee or assignee to consummate a purchase of the Home and lease of the Leased Premises or to comply with the terms of any purchase and sale agreement.

ARTICLE 11: COMMUNITY LAND TRUST GROUND LEASE RIDER

Section 11.1. This Lease is subject to the terms and conditions of the Community Land Trust Ground Lease Rider attached hereto as Exhibit E or as otherwise required by a Permitted Mortgagee. The Rider shall control over any conflicting terms and provisions of this Lease.

ARTICLE 12: DEFAULT

Section 12.1. WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO THE HLT THAT ARE REQUIRED BY THE LEASE: It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by HLT to Homeowner and Permitted Mortgagee.

Section 12.2. WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE: It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by HLT to Homeowner and Permitted Mortgagee or within such longer time as HLT reasonably determines is necessary to cure the violation.

Section 12.3. WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS: It shall be an event of default if the Home or the leasehold estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home or Homeowner's interest in the Leased Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the U.S. Bankruptcy Code now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for arrangements under any provision of the U.S. Bankruptcy Code now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

Section 12.4. A DEFAULT (UNCURED VIOLATION) GIVES HLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION:

a) **TERMINATION:** In the case of any of the events of default described above, HLT may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and HLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, HLT shall have such additional rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by HLT pursuant to an Event of Default, then, as provided in Section 7.6 above, upon thus assuming title to the Home, HLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 and 10.10 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the HLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by HLT in pursuit of its remedies under this Lease. If HLT elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit D: Permitted Mortgages) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

b) **EXERCISE OF OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to the HLT (or its assignee including Habitat) the option to purchase the Home and Homeowner's interest in the Leased Land for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, HLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the HLT gives notice to the Homeowner of the HLT's intent to exercise its option under this Section 12.4(b), the HLT or its assignee shall purchase the Home and Homeowner's Interest in the Leased Land for the Purchase Option Price. The option to purchase is given in consideration of the economic benefits received by Homeowner resulting from ownership of the Home made possible by the assistance of the HLT and any funding sources used to build the Home and develop the Leased Land.

c) **DECLARATORY OR INJUNCTIVE RELIEF.** Upon the declaration of a default or if the Homeowner or Homeowner's proposed Buyer makes any misrepresentation in connection with acquiring the Home, HLT may apply to a court of competent jurisdiction for specific performance of this Lease, for an injunction prohibiting violations of this Lease including a prohibited sale or transfer, for a declaration that a transfer in violation of this Agreement is void, or for any such other relief at law or in equity as may be appropriate.

Section 12.5. WHAT HAPPENS IF HLT DEFAULTS: HLT shall not be in default in the performance of any of its obligations under the Lease unless and until HLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to HLT properly specifying HLT's failure to perform any such obligation.

ARTICLE 13: Mediation and Arbitration

Section 13.1. MEDIATION AND ARBITRATION ARE PERMITTED. Nothing in this Lease shall be construed as preventing the parties from utilizing any process of mediation or arbitration in which the

parties agree to engage for the purpose of resolving a dispute.

Section 13.2. PREVAILING PARTY BEARS COSTS. Homeowner and HLT shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage provided, however, the prevailing party in any such proceeding shall be entitled to recover those costs and reasonable attorneys' fees including on appeal.

ARTICLE 14: GENERAL PROVISIONS

Section 14.1. HOMEOWNER'S MEMBERSHIP IN ASSOCIATION: Homeowner becomes a regular voting member of the Association when it purchases the Home. Membership in the Association carries with it certain responsibilities (such as payment of monthly and other assessments) and benefits (receipt of annual reports and serving as and voting for members of the Board of Directors of the Association). More information on such rights and responsibilities can be found in the Declaration and the Association's Articles of Incorporation and Bylaws.

Section 14.2 NOTICES: Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed postage prepaid, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to HLT:

Habitat for Humanity Seattle – King County
Attn: Ali Sheibani, Director – Homeowner Services
500 Naches Ave. SW, Suite 200
Renton, WA 98057

If to Homeowner:

[HOMEOWNER NAME AND ADDRESS]

All notices, demands and requests shall be effective three (3) business days after being deposited in the United States Mail in the manner required under this Section 14.2 or, in the case of personal delivery, upon actual receipt.

Section 14.3. NO BROKERAGE: Homeowner warrants that it has not dealt with any real estate broker in connection with the purchase of the Home. If any claim is made against HLT regarding Homeowner's dealings with a broker, Homeowner shall defend HLT against such claim with counsel of HLT's selection and shall reimburse HLT for any loss, cost or damage which may result from such claim.

Section 14.4. SEVERABILITY AND DURATION OF LEASE: If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or HLT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that HLT's option to purchase and all other rights of both parties under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration of such

option or right, the time period for the exercising of such option or right shall be construed to expire one hundred fifty (150) years after the effective date of this Agreement or as otherwise required under RCW 11.98.130.

Section 14.5. **WAIVER:** The waiver by HLT at any time of any requirement or restriction in this Lease, or the failure of HLT to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Lease. HLT may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by HLT before being effective. The subsequent acceptance of Lease Fee payments by HLT shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Lease, other than the failure of the Homeowner to pay the particular Lease Fee so accepted, regardless of HLT's knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

Section 14.6. **HLT'S RIGHT TO PROSECUTE OR DEFEND:** HLT shall have the right, but shall have no obligation, to prosecute or defend, in its own or the Homeowner's name, any actions or proceedings appropriate to the protection of its own or Homeowner's interest in the Leased Land. Whenever requested by HLT, Homeowner shall give HLT all reasonable aid in any such action or proceeding.

Section 14.7. **CONSTRUCTION:** Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural and all genders, as the case shall demand.

Section 14.8. **HEADINGS AND TABLE OF CONTENTS:** The headings, subheadings and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

Section 14.9. **PARTIES BOUND:** This Lease sets forth the entire agreement between HLT, Habitat and Homeowner with respect to the leasing of the Land; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by HLT and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

Section 14.10. **GOVERNING LAW:** This Lease shall be interpreted in accordance with and governed by the laws of the State of Washington. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against HLT or Homeowner.

Section 14.11. **ATTORNEYS FEES.** In any action to interpret or enforce this Covenant, or appeal thereof, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

Section 14.12. **TIME OF ESSENCE.** Time is of the essence in each and every provision of this Lease.

Section 14.13. **LEASE IS BINDING ON THE HOME AND LEASED LAND.** This Lease shall run with the land and bind the Home and any other improvements located thereon and replacements thereof and the Leased Land, for the benefit of HLT, Habitat and Homeowner and their respective successors, heirs, designees, or assignees.

[End of text; signatures pages follow]

IN WITNESS WHEREOF, the parties have executed this lease on the day and year first above written.

HLT:

limited liability company

_____**LLC**, a Washington

By: Habitat For Humanity Seattle-King County,
a Washington non-profit corporation,
its Manager

By: _____
Brett D'Antonio, its Chief Executive Officer

By: _____
Patrick Sullivan, its Chief Operating Officer

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This record was acknowledged before me on _____, 20__ by Brett
D'Antonio and Patrick Sullivan as the Chief Executive Officer and Chief Operating Officer, respectively,
of Habitat for Humanity Seattle-King County.

(Stamp)

(Signature of Notary Public)

(Title of Office)

My Commission Expires: _____
(Date)

HOMEOWNER:

[HOMEBUYER 1]

City of Ellensburg - Habitat at 510 Willow St (Affordable Housing Agreement)
Attachment No. 7

[HOMEBUYER 2]

[illegible]

This record was acknowledged before me on _____, 20__ by _____.

(Stamp)

(Signature of Notary Public)

(Title of Office)

My Commission Expires: _____
(Date)

Exhibit A

[LEGAL DESCRIPTION]

Exhibit B
Form of Deed

When recorded return to:

STATUTORY WARRANTY DEED

THE GRANTOR, _____ LLC, a Washington limited liability company,
for good and valuable consideration in hand paid, conveys and warrants to

("Grantee") the following described real estate, situated in Kittitas County, Washington,
subject to all restrictions, easements, covenants, conditions, restrictions and other matters of
record:

[LEGAL DESCRIPTION]

Tax Parcel Number(s): _____

It is the intention of the parties that all real property other than the buildings and other improvements conveyed by this Deed remains owned by and vested in Grantor and that this warranty deed conveys only the buildings and other improvements currently constructed on the real property described above. Grantee's rights in the real property are limited to a leasehold interest created pursuant to the Ground Lease recorded contemporaneously with the recording of this Deed.

Dated:

_____ LLC, a Washington limited liability company

By: Habitat For Humanity Seattle-King County, a Washington non-profit corporation, its Manager

By: _____
Brett D'Antonio, its CEO

By: _____
Patrick Sullivan, its COO

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This record was acknowledged before me on _____. 20__ by Brett D'Antonio and Patrick Sullivan as the CEO and COO, respectively, of Habitat for Humanity Seattle-King County in its capacity as Manager of _____ LLC.

(Stamp)

(Signature of Notary Public)

(Title of Office)

My Commission Expires: _____
(Date)

Exhibit C
FORM LETTERS OF AGREEMENT/ATTORNEY ACKNOWLEDGMENT

Letter of Agreement

To _____ LLC, a wholly owned subsidiary of Habitat for Humanity Seattle-King County (“the HLT”)

Date:

This letter is given to the HLT to become an exhibit to a Lease between the HLT and me. I will be leasing a parcel of land from the HLT and will be buying the home that sits on that parcel of land. I will therefore become what is described in the Lease as a “the Homeowner.”

My legal counsel, _____, has explained to me the terms and conditions of the Lease and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as a HLT homeowner, now and in the future.

In particular I understand and agree with the following points:

One of the goals of the HLT is to keep HLT homes affordable for lower income households from one HLT homeowner to the next. I support this goal as a HLT homeowner.

The terms and conditions of my Lease will keep my home affordable for future “income-qualified persons” (as defined in the Lease). If and when I want to sell my home, the Lease requires that I sell it either directly to the HLT or to another income-qualified person. The terms and conditions of the Lease also limit the price for which I can sell the home, in order to keep it affordable for such income-qualified persons.

It is also a goal of the HLT to promote resident ownership of HLT homes. For this reason, my Lease requires that, if I and my family move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.

I understand that I can leave my home to my child or children or other members of my household if allowed under the Lease and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease.

As a HLT homeowner, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to me and others.

Sincerely,

[Homeowner Name/Signature]

Letter of Attorney's Acknowledgment

I, _____, have been independently employed by Ali Wahil and Halima Issa (hereinafter "the **Client(s)**") who intends to purchase a house and other improvements (the "**Home**") on land to be leased from _____ LLC, a wholly owned subsidiary of Habitat for Humanity Seattle-King County ("**HLT**"). The house and land are located at _____.

In connection with the contemplated purchase of the Home and the leasing of the land, I reviewed with the Client the following documents:

- a) this Letter of Attorney's Acknowledgment and a Letter of Agreement from the Client;
- b) a proposed Deed conveying the Home to the Client;
- c) a proposed Ground Lease leasing the "Leased Land" to the Client;
- d) other written materials provided by the HLT.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. In my review of these documents my purpose has been to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering the aforesaid transaction in reliance on her own judgment and upon her investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name Date

Title : _____

Firm/Address : _____

Exhibit D

PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit are hereby incorporated into and made a part of Article 8 of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

A. OBLIGATIONS OF PERMITTED MORTGAGEE. Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the HLT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the HLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), the HLT shall have the right to cure the default on the Homeowner’s behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.
2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify HLT of its intention to do so, and HLT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.
3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give HLT written notice of such acquisition and HLT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, HLT must give written notice to the Permitted Mortgagee of HLT’s intent to purchase the Home within thirty (30) days following HLT’s receipt of the Permitted Mortgagee’s notice. HLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If HLT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.
4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on HLT’s interest in the Leased Land, or as assigning any form of liability to the HLT with regard to the Leased Land, the Home, or the Permitted Mortgage.
5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering HLT or any subsequent Mortgagee of HLT’s interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.

6. The Permitted Mortgagee shall not look to HLT or HLT's interest in the Leased Land, but will look solely to Homeowner, Homeowner's interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that HLT's consent to such the Permitted Mortgage shall be without any liability on the part of HLT for any deficiency judgment.)
7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.
8. HLT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

B. RIGHTS OF PERMITTED MORTGAGEE. The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

1. Any Permitted Mortgagee shall, without further consent by HLT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.
2. A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.
3. In the event that title to the estates of both HLT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.
4. If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, HLT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to HLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted

Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to HLT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Homeowner thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by HLT, Homeowner and the Permitted Mortgagee.

5. The HLT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.
6. In the event that HLT sends a notice of default under the Lease to Homeowner, HLT shall also send a notice of Homeowner's default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to HLT by a written notice to HLT sent in the manner set forth in said Section 14.2 of the Lease.
7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.
8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.

Exhibit E

Community Land Trust Ground Lease Rider

THIS COMMUNITY LAND TRUST GROUND LEASE RIDER (the "**Rider**") is made this ____ day of _____, 20__ and amends and supplements a certain ground lease (referred to herein as the "**HLT Ground Lease**") dated _____ that is by and between _____ LLC, a wholly owned subsidiary of Habitat for Humanity Seattle-King County, as lessor (herein referred to as "the "**Lessor**" but may otherwise be referred to in the HLT Ground Lease as the "**HLT**") and _____, as lessee (herein referred to as "the "**Lessee**" but may otherwise be referred to in the HLT Ground Lease as "**Homeowner**"). This Rider shall be deemed incorporated into the HLT Ground Lease, and the HLT Ground Lease as amended by this Rider, shall hereafter be referred to as the "**Lease**," unless otherwise indicated.

The HLT Ground Lease is a long-term lease of the Lessor's fee interest in the land located at _____, referred to herein as the "Leased Land," as improved by a residential structure or unit, referred to herein as the "Improvements." The Leased Land and the Improvements are collectively referred to herein as the "Leased Premises."

This Rider amends the HLT Ground Lease for the purpose of enabling the Lessee to obtain Fannie Mae financing in the form of a mortgage or deed of trust given on _____ by Lessee to _____ (the "**Specified Mortgage**"), and the interest of the Specified Mortgagee in the Leased Premises as secured by such mortgage or deed of trust may be referred to herein as the "Leasehold Estate." The Specified Mortgage is recognized by Lessor as a "Permitted Mortgage" (or as such concept is otherwise defined) under the HLT Ground Lease, and the holder of the Specified Mortgage (the "**Specified Mortgagee**") is recognized as a "Permitted Mortgagee" (or as such concept is otherwise defined) under the HLT Ground Lease.

ADDITIONAL COVENANTS. Notwithstanding anything to the contrary contained in the HLT Ground Lease, and in addition to the covenants and agreements made in the HLT Ground Lease, the Lessor and the Lessee further covenant and agree, so long (but only so long) as the Specified Mortgagee, its successors and assigns shall have an interest in the Leased Premises, as a holder of the Specified Mortgage or as an owner of the Lessee's interest pursuant to any sale after or in lieu of foreclosure, the following provisions shall apply to the HLT Ground Lease as modifications thereof:

A. No Assignment or Transfer. The making of the Specified Mortgage shall not be deemed to constitute an assignment or transfer of the Lease or Leasehold Estate so as to require the Specified Mortgagee to assume the performance of any of the Lessee's obligations under the Lease.

B. Status of the Fee Estate. The Lessor represents and warrants that there is no existing mortgage on the fee estate, and so long as the Specified Mortgage shall remain on the Leased Premises, the Lessor and the Lessee shall not subordinate the Lease to any mortgage or lien that may hereafter be placed on the fee estate. Notwithstanding the foregoing, a state- or local-government entity ("Government Entity") may hold a prior recorded interest (represented by recorded covenants, a mortgage or deed of trust, other lien) on the fee estate **if** the Government Entity has agreed that in the event it (including its successors and assigns) succeeds to the interest of the Lessor under the Lease by any remedy available to the Government Entity by law or pursuant to its lien, the Government Entity shall recognize all the terms of the Lease and this Rider as though the Government Entity were acting as the Lessor. Such recognition must include, but is not limited to, the provisions of this Rider whereby all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) limitation on assignment of, or sublease under, the Lease, (c) the price at which the Leasehold Estate may be transferred, and (d) the income of successive transferees, assignees or successors, shall, in the event of foreclosure or assignment

in lieu of foreclosure of the Specified Mortgage, be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. Further, in such event of the Government Entity succeeding to the interests of the Lessor, the Lessee hereby agrees to recognize the Government Entity as exercising all rights and privileges of the Government Entity as lessor under the Lease and this Rider.

Such agreement by the Government Entity may be evidenced by the agreement between the Government Entity and the Lessor under which the Government Entity's prior recorded interest is derived, or by use of a recognition agreement derived from a sample the Specified Mortgagee may obtain from Fannie Mae. Irrespective of any interest by a Government Entity, the Specified Mortgage shall constitute a first leasehold lien on the Leased Premises, and shall have priority over the Lessor's reversionary interest. If the Lessor conveys title to the Leased Land while the Specified Mortgage remains on the Leased Premises, the Lease shall remain in effect with the same priority thereto.

C. Termination, Forfeiture and Modification of Lease. There shall be no termination, forfeiture, or modification of the Lease, except as provided in this Rider, without the prior written consent of the Specified Mortgagee. The Lessor and Lessee shall amend the Lease from time to time as reasonably requested by the Specified Mortgagee, as long as the requested changes do not change the periodic fee, charge or payment due the Lessor for the rights accorded the Lessee under the Lease (the "Ground Lease Fee"), and do not materially or adversely affect the rights of Lessor or Lessee or their respective interests in the Leased Premises. An adjustment of the Ground Lease Fee may be made by the Lessor as provided in the Lease, without prior approval of the Specified Mortgagee, so long as written notice has been delivered to the Specified Mortgagee at least 60 days prior to the effective date of such adjustment with respect to adjustments other than those (i) that were scheduled at the time the Specified Mortgage was given, and (ii) reflecting routine, periodic updates to variable expenses such as property taxes and liability insurance premiums; provided, however, that the Specified Mortgagee shall have the right to arbitrate (as provided herein) any dispute as to an adjustment of the Ground Lease Fee.

D. New Lease. In the event the Lessee's interest in the Lease has been terminated, forfeited, or surrendered as provided in the Lease, and the Specified Mortgage remains outstanding, a new Lease shall automatically be created between the Lessor and the Specified Mortgagee, which Lease shall be for the remainder of the term of the Lease, with the same priority thereto, and shall be subject to the same terms of the Lease as would be applicable pursuant to Section E.1. below where the Specified Mortgagee had accelerated its note, foreclosed on the Specified Mortgage, taken an assignment in lieu of foreclosure, or exercised its other remedies for default.

E. Mortgage Default or Foreclosure. Subject to the following, upon the occurrence of an event of default under the Specified Mortgage (as determined by the Specified Mortgagee—an "Event of Default"), and without the consent of the Lessor, the Specified Mortgagee shall be permitted to accelerate its note, foreclose on the Specified Mortgage, take an assignment in lieu of foreclosure, or exercise its other remedies for default.

Further:

1. Upon the occurrence of an Event of Default under the Specified Mortgage, the Lessee shall immediately notify the Lessor of such Event of Default and shall submit to Lessor copies of all notices the Lessee received from the Specified Mortgagee relating thereto. The Specified

Mortgagee and the Lessor shall endeavor to communicate and cooperate in efforts to deal with the circumstances of the Event of Default and the actions the parties may take relating thereto; provided, however, the Specified Mortgagee shall have no obligation to give formal legal notice of the Event of Default to the Lessor.

2. The Lessee and the Specified Mortgagee agree that the Lessor shall have the right, but not the obligation, to cure an Event of Default in the Lessee's name and on the Lessee's behalf. If such cure is not effective and continuing, nothing herein shall be construed to prevent or delay the Specified Mortgagee from its pursuit of foreclosure and any other available remedies. The Lessee shall be responsible to the Lessor for all payments made, and expenses incurred, by the Lessor in curing such default.
3. Should the Lessor not choose to cure an Event of Default as specified above, the Lessor shall nevertheless have the option to purchase from the Specified Mortgagee its interest in the - Leasehold Estate on the Leased Premises for the full amount owing to the Specified Mortgagee under the Specified Mortgage as of the date of closing of the purchase, upon written notice given by the Specified Mortgagee (the "Mortgagee Option Notice") not later than 60 days following acquisition of title to the Leasehold Estate by the Specified Mortgagee by foreclosure or by an assignment in lieu of foreclosure; provided, however, the Specified Mortgagee may give such written notice following the occurrence of an Event of Default under the Specified Mortgage and prior to the completion of foreclosure proceedings. If the Lessor elects to exercise such option to purchase, the Lessor shall give written notice to the Specified Mortgagee of the Lessor's intent to purchase the Leasehold Estate (the "Lessor Option Notice") within 45 days following the Specified Mortgagee's giving of the Mortgagee Option Notice; provided, however, at the option of the Lessor, in the event the Mortgagee Option Notice is given prior to the completion of foreclosure proceedings by the Specified Mortgagee, the Lessor shall, within such 45-day period, be able to give a written notice to the Specified Mortgagee that it will delay giving the Lessor Option Notice until a date that is not later than 30 days following written notice from the Specified Mortgagee of its acquisition of title to its interest in the Leasehold Estate on the Leased Premises.

The Lessor shall complete the purchase of the Specified Mortgagee's interest in the Leasehold Estate within 60 days of giving the Lessor Option Notice. If the Lessor does not complete the purchase within the allotted 60 days, the Specified Mortgagee shall be free to sell its interest to another person or entity. Further, if the Lessor does not complete the purchase within the allotted 60 days, the Lessor agrees to pay to the Specified Mortgagee its costs of holding its interest in the Leasehold Estate from the date of the Lessor Option Notice until the expiration of such 60-day period. If the Lessor does not purchase the Specified Mortgagee's interest in the Leasehold Estate as described herein, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

4. In the event of foreclosure or assignment in lieu of foreclosure, which results in the conveyance of the Leasehold Estate on the Leased Premises from the Lessee, any adjustment of the Ground Lease Fee to reflect then current fair market rental value as provided in the Lease, shall be subject to the approval of the Specified Mortgagee. The Specified Mortgagee and the Lessor shall attempt to resolve any dispute concerning such adjustment of the Ground Lease Fee, through the normal interaction of the parties, or through formal mediation as the case may

warrant. If the dispute remains unresolved, the Specified Mortgagee and the Lessor shall submit the dispute as to the fair market rental value to binding arbitration.

5. In the event the Specified Mortgagee acquires title to the Leasehold Estate on the Leased Premises through foreclosure or assignment in lieu of foreclosure of the Specified Mortgage, all provisions of the Lease regarding (a) occupancy of the Leased Premises as a primary residence by the Lessee, (b) any limitation on the assignment of, or sublease under, the Lease, (c) any obligation to target certain populations in marketing the Leasehold Estate to potential transferees, (d) the price at which the Leasehold Estate on the Leased Premises may be transferred, and (e) the income of successive transferees, and their successors and assigns, shall be of no further force or effect with respect to such Specified Mortgagee or its successive transferees, assignees or successors. The foregoing sentence shall not be construed to invalidate other Lease provisions regarding permitted use of the Leased Premises. Any transfer or assignment of the Leasehold Estate encumbered by the Specified Mortgage as provided for in this paragraph shall be deemed a permitted sale, transfer or assignment of the Lease and the Leasehold Estate. Further, in such event, the Leasehold Estate may be transferred, mortgaged and sublet an unlimited number of times, and the Lessor shall not require a credit review or impose other qualifying criteria on any such transferee, mortgagee or sublessee.

F. Lease Default. There shall be no forfeiture or termination of the Lease except for (i) the nonpayment of amounts due under the Lease, and (ii) violation of one or more provisions of the Lease addressing the following: (a) prohibition or restrictions on the sale or transfer of the Lessee's interest (however, non-sale transfers resulting from marriage, divorce, death of a spouse, or a transfer otherwise permitted by applicable federal law, may not constitute a basis for default under the Lease, though the Lessor may require such transferee to agree to assume the transferor's obligations under the Lease), and (b) requirement that the Lessee occupy the Leased Premises as primary residence. Provided, however, such forfeiture or termination shall be subject to the Specified Mortgagee's right to cure a monetary default, or otherwise foreclose or take an assignment of the Leasehold Estate in lieu of foreclosure with respect to the Lessee's monetary or non-monetary default. Notwithstanding the foregoing, nothing herein shall be construed to require the Specified Mortgagee to cure any non-monetary default. Further, the Specified Mortgagee shall become subrogated to any and all rights of the Lessee with respect to such curing of a default. If the Lessee's default shall be cured as provided in the Lease, and the Specified Mortgagee shall discontinue its foreclosure or assignment in lieu of foreclosure proceedings, the Lease shall continue in full force and effect as if the Lessee had not defaulted. A default by the Lessee under the Lease shall constitute a default under the Specified Mortgage.

G. Lease Default Notice. Notwithstanding the notice requirements provided in the Lease, no default notice by the Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to the Specified Mortgagee.

H. Insurance. All insurance policies covering the Improvements shall by endorsement name the Specified Mortgagee as an additional insured and loss payee, and provide the Specified Mortgagee with 30 days' cancellation notice.

I. Casualty and Condemnation. If the Leased Premises are destroyed or taken to such an extent that the Lease is to be terminated, the insurance proceeds or condemnation award, as the case may be, shall be applied first in an amount sufficient to satisfy the Specified Mortgage. Upon the termination of the Lease as a result of a partial destruction or a condemnation of less than the

entire Leased Premises, the total insurance proceeds or condemnation award, as the case may be, shall be paid to an appointed trustee, who shall first apply such insurance proceeds or condemnation award in accordance with the Specified Mortgage for restoration of the Improvements (if such trustee determines that the Improvements may reasonably be restored to a residential use consistent with the Lease), with the balance of such insurance proceeds or condemnation award to be allocated between the Lessor and Lessee as otherwise provided in the Lease. The Specified Mortgagee shall be entitled to participate in (i) the adjustment of all casualty losses and (ii) all condemnation proceedings and settlement discussions. Any insurance proceeds or condemnation award shall be applied in accordance with the Specified Mortgage. The Specified Mortgagee shall also be entitled to participate in the adjustment of the Ground Lease Fee as a result of a partial destruction or taking.

J. Force Majeure. The Lessee shall not be in default where performance is delayed or prevented by "Acts of God," war, civil commotion, strikes, labor disputes or the like.

K. Easements and Alterations. Additions to and alterations in the Improvements may be made as provided in the Lease, as long as the value of the Leased Premises is not diminished. The Lessor, as owner of the fee interest in the Leased Land, shall join in all easements, permits and applications necessary for such development of the Leased Premises as is permitted under the Lease, provided that the Lessor shall have no liability or obligation under such easement, permit or application.

L. Arbitration. The Specified Mortgagee shall have the right to participate in any arbitration or legal proceedings between the Lessor and the Lessee. Any arbitration proceedings shall be conducted in accordance with arbitration statutes applicable in the state where the Leased Premises are located.

M. Merger. If the estates of the Lessor and Lessee are at any time owned by the same person, so long as the Specified Mortgagee has any interest in the security or in the Specified Mortgage, such person shall take all necessary steps to ensure that the Specified Mortgage constitutes a first lien on the combined estate.

N. Sublease. There shall be no modification, cancellation, or surrender of any subleases, or prepayment of rent thereunder without the consent of the Specified Mortgagee. If the Specified Mortgagee forecloses on the Leased Premises, or takes an assignment in lieu of foreclosure, all subtenants shall attorn to such Specified Mortgagee or its assignee.

O. Estoppel Certificate. The Lessor shall, from time to time, with 10 days written notice from the Specified Mortgagee, certify by written instrument, duly executed and acknowledged, to such Specified Mortgagee that the Lease has not been amended, the Lease is in full force and effect, that neither party is in default thereunder, and shall certify as to the existence of any offsets, counterclaims or defenses on the part of the Lessee.

P. Conflict. In the event of a conflict between the terms and provisions of this Rider and the terms and provisions of the Lease, the terms and provisions of this Rider shall control.

BY SIGNING BELOW, the Lessor and the Lessee accept and agree to the terms and conditions of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider at Renton, Washington, on the day and year first written above.

LESSOR:

_____**LLC**, a
Washington limited liability company

By: Habitat For Humanity Seattle-King
County, a Washington non-profit corporation,
its Manager

By: _____
Brett D'Antonio, its CEO

By: _____
Patrick Sullivan, its COO

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This record was acknowledged before me on _____ by Brett D'Antonio
and Patrick Sullivan as the Chief Executive Officer and Chief Operating Officer, respectively, of Habitat
for Humanity Seattle-King County.

(Stamp)

(Signature of Notary Public)

(Title of Office)

My Commission Expires: _____
(Date)

This record was acknowledged before me on _____ by _____.

My Commission Expires: _____
(Date)

Exhibit F
Purchase Price Determination Worksheet

Date of Purchase: _____
Date of Notice of Intent to Transfer: _____

A. Base Price: \$

(original balance of first lien mortgage plus deferred loans plus any unforgiven down payment assistance loans plus any cash from Purchaser used to acquire the Home)

B. Appreciation Factor:

1. First Adjustment Year

- a. 1.5% annual increase
- b. Appreciation Factor [A x B1.a]:
- c. Adjusted Base Price [A + B1.b]:

Second Adjustment Year

- a. 1.5% annual increase
- b. Appreciation Factor [A x B2.a]:
- c. Adjusted Base Price [B1.c + B2.b]:

3. Third Adjustment Year

- a. 1.5% annual increase
- b. Appreciation Factor [A x B3.a]:
- c. Adjusted Base Price [B2.c + B3.b]:

[Continue calculations on separate sheet, if necessary, for each year]

C. Formula Value [B3.c or later Adjusted Base Price]:

STOP HERE UNLESS YOU HAVE ADJUSTMENTS FOR IMPROVEMENTS OR REPLACED FIXTURES

D. Permanent and Substantial Improvements.

List all approved permanent and substantial improvements:

- 1. _____
- 2. _____
- 3. _____

For the listed improvements, complete the following (use additional sheets of paper for More than one improvement):

E. Depreciated Cost of Approved Improvements.

- 1. _____
- 2. _____ + \$ _____
- 3. _____ + \$ _____
- 4. Aggregate depreciated present value of out-of-pocket cost of approved permanent and substantial improvements: = \$ _____

F. Ten Percent of Formula Value [C]: \$ _____

G. Approved Price Adjustment: \$ _____
Adjusted Formula Value [C + F] \$ _____

ATTACHMENT NO. 8

FORM OF REQUEST FOR NOTICE OF DEFAULT

Recording Requested By and When Recorded
Mail To:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

(Space above for Recorder's use.)

REQUEST FOR NOTICE OF DEFAULT OR SALE

(City of Ellensburg – Habitat Willow Street Project)

Request is hereby made that a copy of any notice of default or sale described in 61.24.040(2) under that certain Deed of Trust dated [____], recorded on [____], under auditor's file No. [____] records of Kittitas County, Washington, from [Homeowner's name], as Grantor, to [____] ., as Trustee, to secure an obligation in favor of [Approved Lender], as Beneficiary, and affecting the following described real property:

See Legal Description attached hereto as Exhibit A.

be sent by both first-class and either registered or certified mail, return receipt requested, to the City of Ellensburg at:

510 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

[Signature page and acknowledgement follows]

Dated this [] day of [], []

CITY OF ELLENSBURG,
a municipal corporation

By: _____
Name: _____
Title: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON }
 }
COUNTY OF KITTITAS } ss.

On this _____ day of _____, 20____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF ELLENSBURG, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 20____.

Notary Public in and for the State of Washington.
Print Name _____
Residing at _____
My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

ATTACHMENT NO. 9

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Site is specifically delineated on the Map and the Legal Description of the Site.

II. DEVELOPMENT

The Developer shall construct or cause to be constructed not fewer than three (3) detached single-family dwelling units on the Site, each with not less than two (2) bedrooms and one and a half (1.5) bathrooms, together with all on-site and off-site features described in this Scope of Development, including without limitation landscaping. All such improvements collectively constitute the “Improvements”. The Improvements are to be accomplished in three phases of six Units each for a total development of three (3) Units and any off sites or conditions of City approvals for the Site.

The quality of construction shall be of a high level. The Improvements shall conform to the approved plans on file with the City as of the Date of the Affordable Housing Agreement as supplemented by the Design Development Drawings (the “Approved Plans”), including all conditions and mitigation measures. This Agreement shall not prevent an owner of Unit from making improvements to a Unit at a time after the Unit has been conveyed to such owner; the City shall have no responsibilities regarding any such future improvements.

The Developer shall commence and complete the Improvements by the respective times established therefor in the Schedule of Performance.

III. DEVELOPMENT STANDARDS

The Improvements shall conform to all applicable state laws and regulations, to local zoning, applicable provisions of the Municipal Code of the City of Ellensburg (the “Municipal Code”) and with all requirements of building public works permits issued by the City of Ellensburg.

ATTACHMENT NO. 10

FORM OF CERTIFICATE OF COMPLETION OF CONSTRUCTION

Recording Requested By and When Recorded
Mail To:

HFHSKKC 510 S WILLOW STREET LLC
c/o Habitat for Humanity Seattle-King County
560 Naches Avenue SW, Suite 110
Renton, Washington 98057
Attn: Executive Director

(Space above for Recorder's use.)

CERTIFICATE OF COMPLETION OF CONSTRUCTION

This CERTIFICATE OF COMPLETION OF CONSTRUCTION (the "Certificate") is made by the CITY OF ELLENSBURG, a public body, corporate and politic (the "City"), in favor of HFHSKKC 510 S WILLOW STREET LLC, a Washington limited liability company (the "Developer"), as of the date set forth below.

RECITALS

A. City, the City of Ellensburg (the "City") and the Developer have entered into that certain Affordable Housing Agreement (the "Agreement") concerning the redevelopment of certain real property situated in the City of Ellensburg, Washington, as more fully described in Exhibit "A" attached hereto and made a part hereof (the "Property").

B. As referenced in Section 4.14 of the Agreement, City is required to furnish the Developer or its successors with a Certificate of Completion of Construction upon completion of construction of the "Improvements" (as defined in Section 1.1 of the Agreement), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Kittitas County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the Agreement.

C. City has conclusively determined that the construction of the Improvements has been satisfactorily completed.

NOW, THEREFORE, City hereby certifies as follows:

1. City does hereby certify that the construction of the Improvements required to be made to that portion of the Property described hereunder as the "Site", which Site constitutes a portion of the Property, have been fully and satisfactorily completed in conformance with the Agreement.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the Agreement that survive the issuance of this Certificate or Developer's compliance to construct Improvements other than those situated on the Site.

4. Nothing contained in this instrument shall modify in any other way any other provisions of the Agreement or documents recorded in connection therewith concerning the use of the Site.

IN WITNESS WHEREOF, City has executed this Certificate of Completion this _____ day of _____, 202__.

CITY OF ELLENSBURG, a municipal corporation

By: _____

Name: _____

Title: _____

STATE OF WASHINGTON }
 }
COUNTY OF KITTITAS } ss.

On this _____ day of _____, 20__, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF ELLENSBURG, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 20__.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

EXHIBIT A
LEGAL DESCRIPTION

ATTACHMENT NO. 11

DEVELOPER SALE CERTIFICATE

(Developer Letterhead)

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington
98926 Attn: City Manager

This constitutes a Developer Sale Certificate under that certain Affordable Housing Agreement (“Affordable Housing Agreement”), dated as of [____], by and among the City of Ellensburg (“City”), the City of Ellensburg (“City”) and HFHSKKC 510 S Willow Street LLC, a Washington limited liability company (“Developer”). All capitalized terms not defined herein shall have the respective meanings established therefor in the Affordable Housing Agreement. Developer acknowledges that City will rely upon this Developer Sale Certificate.

Developer is proposing to sell that property located at _____ (address), Ellensburg, Washington, to _____ (“Homebuyer”) for a sale price of _____ Dollars (\$_____) consisting of: _____ [list components of purchase price, including down payment and homebuyer promissory note]. With respect to this proposed sale (“Proposed Sale”), Developer represents, warrants, and certifies to City as follows:

1. The Homebuyer is an Eligible Homebuyer and has an income of not greater than 60% of Kittitas County median income based on information provided by Eligible Homebuyer that Developer has no reason to believe is false or misleading;
2. The Homebuyer has satisfactorily completed a Homebuyer Training Program and has obtained a Homebuyer Training Certificate submitted herewith as Exhibit “A”. The Homebuyer Training Certificate remains in effect as of the date of this Developer Sale Certificate;
3. The Homebuyer has executed or is prepared to execute all instruments required to be executed by Homebuyer under the Affordable Housing Agreement, and a purchase and sale agreement with Developer;
4. The purchase price complies with the Affordable Housing Agreement;
5. The Unit and the lot upon which it is situated (the “Lot”, and, together with the Unit, the “Property”) has been completed in compliance with the Plans and the Affordable Housing Agreement;
6. The Homebuyer has satisfied the Developer sweat equity requirements.
7. Developer has met with Homebuyer and Developer has discussed with Homebuyer the provisions of the Regulatory Agreement and the Ground Lease.
8. Developer has not received and shall not receive any remuneration from the Homebuyer excepting as has been disclosed in writing by Developer to City.
9. To the best of Developer’s knowledge, Developer has not committed any Default under the Affordable Housing Agreement, nor is Developer aware of

any facts or circumstances the continuation of which would constitute an event of Default under the Affordable Housing Agreement.

10. Developer is not aware of any mechanics' liens, liens of materialmen, claims, lawsuits or losses concerning the Property.

HFHSKKC 510 S WILLOW STREET LLC,
a Washington limited liability company

By: Habitat for Humanity Seattle-King
County, Its Manager

By: _____
Name: _____
Its: _____

EXHIBIT A

HOMEBUYER TRAINING CERTIFICATE

(to be attached)

ATTACHMENT NO. 12

RESERVED

ATTACHMENT NO. 13

REGULATORY AGREEMENT

Recording Requested By and When Recorded
Mail To:

City of Ellensburg
501 North Anderson Street
Ellensburg, Washington 98926
Attention: City Manager

(Space above for Recorder's use.)

This **REGULATORY AGREEMENT** (the "Regulatory Agreement"), dated as of _____, 2026 is made by and among **HFHSKKC 510 S WILLOW STREET LLC**, a Washington limited liability company (the "Developer") and the **CITY OF ELLENSBURG**, a municipal corporation (the "City"), as of the date set forth below, and concerns the "Site", which is that certain property described in Exhibit "A" hereto.

RECITALS

A. City is a municipal corporation which, as part of its governmental operations, seeks to add to the community's supply of affordable owner-occupied housing units that are actively managed, which constitutes a public use and purpose and an essential governmental function for which public moneys may be spent, and other aid given and a proper public purpose, necessary in the public interest.

B. In November 2017, City voters approved a one tenth of one percent increase in City sales tax for housing and related services consistent with RCW 82.14.530. The purpose of this local funding source is to support housing and related services in the City. Consistent with state law, housing created with these funds is required to serve households earning 60% or less of Area Median Income (AMI) and fall within specific population groups as described in RCW 82.14.530.

C. City owns the Site, which Site is being conveyed to Developer concurrently with the recording of this instrument.

D. City and Developer entered into an unrecorded agreement entitled "Affordable Housing Agreement" as approved by the City Council of the City on [_____] (the "Affordable Housing Agreement"). A copy of the Affordable Housing Agreement is on file with City as a public record. Under the Affordable Housing Agreement, Developer agreed to construct or cause to be constructed three (3) dwelling units on the Property (each a "Unit"), and to effect the conveyance of such residence at "Affordable Housing Cost" to "Program Participants," all as defined in the Agreement. All

capitalized terms not defined herein shall have the respective meanings set forth therefor in the Affordable Housing Agreement.

E. Developer and City intend that the Site shall be restricted to use in conformity with this Regulatory Agreement to preserve its value for the benefit of City, Developer, the Program Participants (as defined in the Agreement), and the successors of any of the foregoing.

F. As used in this Regulatory Agreement, depending on context, “Participant” may refer to (i) the Developer (and its successors and assigns), or (ii) a Program Participant who subsequently becomes an owner of a Lot. When referring to the obligations of an individual Participant under this Regulatory Agreement, the word “Site” shall mean the Unit owned and Lot leased by that individual Participant. Upon conveyance of the last Unit by the Developer to a Program Participant in strict conformance with the Affordable Housing Agreement, Developer shall not thereafter be deemed to be a “Participant” hereunder unless and until the Developer later reacquires title to a Unit.

NOW, THEREFORE, Developer hereby agrees and covenants to adhere to each and every one of the following covenants, conditions and restrictions with regard to all or any portion of the Property owned by Developer (and its successors and assigns) and, as a condition of closing escrow on the Unit, to require the Participant purchasing such Unit to acknowledge and agree to the covenants, conditions, and restrictions set forth herein, which requirement shall be satisfied by execution of a Ground Lease requiring compliance with this Regulatory Agreement. Upon each conveyance of a portion of the Site, the owner thereof shall be obligated to perform all duties of a Participant hereunder, with respect to the Site that is owned by such Participant, and Developer shall be released from such obligations.

ARTICLE I NONDISCRIMINATION

Section 1.1 Participant covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall Participant 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 in the Site. Notwithstanding any suggestion to the contrary in this Section 1.1, leasing and subleasing of the Unit is strictly prohibited.

ARTICLE II DUTIES OF PARTICIPANT

Section 2.1 **Exterior Maintenance.** All exterior, painted surfaces of any structures located on the Site (as to the Developer) or Lot (as to a Participant other than the Developer) shall be maintained at all times in a clean and presentable manner. Any such defacing marks shall be cleaned or removed within a reasonable period of time.

Section 2.2 **Building Maintenance; Landscaping.** All landscaping shall be maintained in a manner consistent with standards of the City of Ellensburg Municipal Code (the “City Code”) and any rules, regulations and standards adopted pursuant to the City Code. Buildings shall not be left in an unmaintained condition. If such buildings, landscaping, or yard areas are not so maintained, and such condition is not corrected as soon as possible after notice thereof from the City, then the City may perform

the necessary maintenance and Participant shall pay such costs as are reasonably incurred for such maintenance.

Section 2.3 Conditions During Construction. Notwithstanding anything contained herein to the contrary, during construction, Developer shall not be deemed in default under this Article II for site conditions normally associated with a construction project of similar size.

ARTICLE III OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 3.1. Maintenance by Participant. Participant shall, at his sole cost and expense, maintain and repair the Site and the improvements thereon keeping the same in good condition and making all repairs as may be required by this Regulatory Agreement and the City Code.

Section 3.2. Damage and Destruction Affecting Site - Duty to Rebuild. If all or any portion of the Site (including the improvements thereon) is damaged or destroyed by fire or other casualty, it shall be the duty of Participant to rebuild, repair, or reconstruct the Site in a timely manner to restore it to Code compliant condition.

Section 3.3. Variance in Exterior Appearance and Design. If the Site is damaged or destroyed by casualty, Participant may apply to the City for approval to reconstruct, rebuild, or repair the Site in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 3.4. Time Limitation. In the event of damage or destruction due to casualty, Participant shall be obligated to proceed with all due diligence and commence reconstruction within two months after the damage occurs and complete reconstruction within 18 months after damage occurs, or to demolish and vacate within two months, unless prevented by causes beyond the reasonable control of Participant.

ARTICLE IV AFFORDABLE HOUSING

Section 4.1 Affordability Covenants. Participant agrees for itself, and its successors and assigns, and every successor to Participant's interest in the Site, or any part thereof throughout the Affordability Period as set forth in this section. The Affordability Period shall be that period commencing as of the recording of this Regulatory Agreement and continuing until the ninety-ninth (99th) anniversary of the first sale of a Unit located on the Site. The last day of the Affordability Period is the Expiration Date.

(a) Except during periods during which the only Participant is the Developer, each dwelling unit on the Site (the "Affordable Units") shall be owned and occupied only by Program Participants which, as of the time of purchase of the Affordable Unit are Eligible Homebuyers (as defined in the Affordable Housing Agreement) namely: (i) have a household income which does not exceed sixty percent (60%) of the Kittitas County Area Median Income (AMI) ("Sixty Percent Households" as defined in the Affordable Housing Agreement), and (ii) shall have met the other requirements of an "Eligible Homebuyer" as set forth in the Affordable Housing Agreement. During any period during which the Developer (or an affiliate) has acquired a Site and is preparing it for re-sale, the above restrictions may take into account an assumption (if reasonable) that the Site or Sites will be re-sold within a reasonable time to an Eligible Homebuyer with the income characteristics applicable to the prior owner of such Site (i.e., a Sixty Percent Household).

(b) The Affordable Units may be sold at Affordable Housing Cost (as defined below) to Eligible Homebuyers.

“Affordable Housing Cost” shall mean that purchase price which would result in monthly housing payments (including property taxes, HOA fees, and insurance) under any currently prevailing, fixed conventional home mortgage lending rates applied by any reputable institutional home mortgage lender, or the lending rates of any government-subsidized or special mortgage program for which such person or family qualifies and has obtained a first lien deed of trust loan. The monthly Affordable Housing Cost shall not exceed one-twelfth of 35% of 60% of AMI for Kittitas County;

(c) The covenant contained in this Section 4.1 shall run with the land and shall automatically terminate and be of no further force or effect as of the Expiration Date.

Section 4.2 Transfer of Site.

(a) No transfer of any Affordable Unit shall occur until the City determines (i) that the proposed purchaser intends to occupy such Affordable Unit as the proposed purchaser’s principal residence, (ii) that the proposed purchaser is an Eligible Homebuyer, and (iii) that the proposed transfer occurs at Affordable Housing Cost as determined pursuant to the Agreement.

(b) All subsequent sales of that Affordable Unit shall be limited to households having an income of not greater than sixty percent (60%) of Kittitas County AMI and otherwise qualified as a Sixty Percent Household as defined in the Affordable Housing Agreement.

(c) Prior to conveyance of the Affordable Unit, the proposed purchaser must submit to the City such information and must complete such forms as the City shall request to certify:

- (i) the proposed purchaser’s intent with respect to its residency of the Affordable Unit,
- (ii) the gross household income of the proposed purchaser, and
- (iii) an affidavit disclosing and certifying the amount of the proposed purchase price, which may not exceed the Affordable Housing Cost for that unit determined in accordance with the Affordable Housing Agreement; and
- (iv) an executed disclosure statement (substantially in the form attached hereto as Attachment F) which certifies that the purchaser is aware that (A) the Affordable Unit may only be sold at Affordable Housing Cost to an Eligible Homebuyer, (B) the maximum permitted sales price may be less than fair market value, and (C) that the corresponding Affordable Unit must be owner-occupied at all times and cannot be rented or leased.

The Developer/Participant agrees to cooperate with the City in providing such forms to proposed purchasers and in assisting proposed purchasers to prepare such forms.

(d) BY EXECUTING THIS REGULATORY AGREEMENT, PARTICIPANT ACKNOWLEDGES AND UNDERSTANDS THAT THE DETERMINATION OF AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE

ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER WILL PROBABLY BE SUBSTANTIALLY LESS THAN THE FAIR MARKET VALUE OF SUCH PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. PARTICIPANT FURTHER UNDERSTANDS THAT THE RESTRICTIONS MAY SEVERELY LIMIT THE INTEREST OF PROSPECTIVE BUYERS IN THE PROPERTY. PARTICIPANT FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE THE PRIMARY OBJECTIVE OF EACH OF THE CITY AND THE DEVELOPER AND THIS DECLARATION IS TO PROVIDE HOUSING TO SIXTY PERCENT HOUSEHOLDS AT AFFORDABLE HOUSING COST.

(e) The covenant contained in this Section 4.2 shall run with the land and shall automatically terminate and be of no further force or effect upon the Expiration Date.

ARTICLE V ENFORCEMENT

Section 5.1 Remedies. Breach of the covenants contained in this Regulatory Agreement may be enjoined, abated, or remedied by appropriate legal proceeding.

Section 5.2 Rights of the City. As a party to this Regulatory Agreement, the City is entitled to the following rights:

(a) The City has the right, but not the obligation, to enforce all provisions of this Regulatory Agreement.

(b) Any amendment to the Regulatory Agreement shall require the written consent of the City.

(c) This Regulatory Agreement does not in any way infringe on the rights or duties of the City to enforce any of the provisions of the City Code including, but not limited to, the abatement of dangerous buildings.

In addition to these rights of the City, Developer shall have the right to enforce the Regulatory Agreement; provided that in the event of conflict, City shall control the exercise of remedies over the Developer.

Section 5.3 Notice of Inspection. Participant acknowledges and agrees that the City and its employees and agents shall have the right to enter upon the Site during normal business hours to ensure compliance with this Regulatory Agreement and all applicable federal, state and local laws and regulations. Participant acknowledges and agrees that if for any reason Participant fails to consent to such inspection, the City may (but shall not be obligated to) obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Site.

Section 5.4 Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Regulatory Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 5.5 Failure to Enforce. The failure to enforce any of the covenants contained in this Regulatory Agreement shall not constitute a waiver of the right to enforce the same thereafter.

ARTICLE VI GENERAL PROVISIONS

Section 6.1 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 6.2 Construction. The provisions of this Regulatory Agreement shall be liberally construed for the purpose of maintaining the Site. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 6.3 Amendments. This Regulatory Agreement may be amended only by the written agreement of Participant and the City.

Section 6.4 Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by first-class or certified mail, return receipt requested, or express delivery. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States Mail, postage prepaid, addressed to Developer at the address given in the Affordable Housing Agreement. Such address may be changed from time to time by notice in writing to the City, which shall be made by certified mail or express delivery service to the City of Ellensburg at 501 North Anderson Street, Ellensburg, Washington 98926, Attention: City Manager, and shall be effective upon receipt.

Section 6.5 Term of Regulatory Agreement. Except as provided in Article I relating to nondiscrimination, the covenants, conditions and restrictions of this Regulatory Agreement shall run with the Site and shall expire as of the ninety-ninth (99th) anniversary of the first sale of a Unit located on the Site.

Section 6.6 Counterparts. This Regulatory Agreement may be executed in counterparts.

[Signature pages and acknowledgments follow]

IN WITNESS WHEREOF, the City and Participant have caused this instrument to be duly authorized, this ____ day of _____, 202__.

CITY OF ELLENSBURG, a municipal corporation

By: _____

Name: _____

Its: _____

STATE OF WASHINGTON }
 }
COUNTY OF KITTITAS } ss.

On this _____ day of _____, 20____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of the CITY OF ELLENSBURG, who executed the foregoing document on behalf of said City, and acknowledged the said document to be the free and voluntary act and deed of said City, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 20____.

Notary Public in and for the State of Washington.

Print Name _____

Residing at _____

My commission expires _____

DEVELOPER:

[_____] a Washington limited liability company

By: Habitat for Humanity Seattle-King County, Its Manager

By: _____

Name: _____

Its: _____

STATE OF WASHINGTON }
 }
COUNTY OF KITTITAS } ss.

On this _____ day of _____, 20____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, known to me to be the _____ of Habitat for Humanity Seattle-King County, the manager of [_____].

IN WITNESS WHEREOF I have given under my hand and official seal this ____ day of _____, 20____.

Notary Public in and for the State of Washington.
Print Name _____
Residing at _____
My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

Lot 1 of DALE MEADOR SHORT PLAT, Kittitas County Short Plat No. P-20-018, as recorded July 1, 2020 in Book "L" of Short Plats, Pages 196 and 197, under Auditor's File No. 202007010055, records of Kittitas County, Washington; being a portion of the Southwest Quarter of the Southeast Quarter of Section 1, Township 17 North, Range 18 East, W.M., Kittitas County, Washington, lying Northerly of the following described line:

Beginning at the Northwest corner of said Lot 1;

Thence South 0°19'18" East along the West line of Lot 1, 57.55 feet to the true point of beginning of the herein described line;

Thence North 88°59'58" East, 149.99 feet to the west line of the East 1 foot of said Lot 1 and the terminus point of the herein described line;

EXCEPT the East 1 foot of said Lot 1.

ATTACHMENT NO. 14
HOMEBUYER PURCHASE AND SALE AGREEMENT

(see attached)

PURCHASE AND SALE AGREEMENT
[PROJECT/DEVELOPMENT NAME],
a Habitat for Humanity Seattle- King County Land Trust Community

This Purchase and Sale Agreement (this “**Agreement**”) is made this ____ day of _____, 2026, by and between [HABITAT SKC PROJECT LLC] (“**Seller**”) and [PURCHASER 1], and [PURCHASER 2], [VESTING], as Purchaser (individually or, if more than one Purchaser, collectively, the “**Purchaser**”).

RECITALS

A. Seller is the fee owner of certain real property legally described on attached Exhibit A (the “**Land**”). The home, fixtures, and other improvements located on the Land (collectively, the “**Home**”) are located at [PROJECT ADDRESS] The Land and Home are part of a land trust program operated by Habitat for Humanity Seattle-King County (“**Habitat**”).

B. Seller’s land trust program provides affordable home ownership opportunities to income qualified buyers. Purchaser applied to participate in Habitat’s land trust program and certified that Purchaser’s income and assets satisfy Habitat’s criteria for participation in the program. Provided Purchaser participates in the required Willingness to Partner program and otherwise satisfies all criteria for acquisition of the Home, Seller desires to sell the Home to Purchaser and enter into a 99-year ground lease (the “**Ground Lease**”) for use of the Land.

C. The parties now wish to document their agreement regarding the sale of the Home and execution of the Ground Lease.

NOW, THEREFORE, in consideration of the mutual promises and covenants of Seller and Purchaser, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

AGREEMENT

1. **Sale of Home.** Seller agrees to sell to Purchaser and Purchaser agrees to purchase from Seller the Home in accordance with the terms and conditions of this Agreement. Purchaser acknowledges and agrees that its purchase of the Home is subject to all terms and conditions of the Ground Lease.

2. **Ground Lease Restricting Use and Resales.**

2.1 Rights in Land are Limited. At closing, and as a condition of purchasing the Home, Purchaser shall enter a Ground Lease of the Land with Seller in substantially the form attached hereto as Exhibit B. Purchaser acknowledges and agrees that its interest in the Land is limited to its leasehold rights under the Ground Lease. Purchaser shall not acquire any fee interest in the Land and may not transfer, sell, assign, encumber, or otherwise convey its leasehold interest unless specifically authorized under the Ground Lease. Purchaser acknowledges and agrees that the Ground Lease includes restrictions on the use, occupancy, transfer, financing, and sale of the Home and a resale restriction giving the Seller (and Habitat as its assignee) the right to purchase the Home.

2.2 Right to Seek Independent Attorney Review. Prior to Closing, Purchaser shall have the right to retain independent legal counsel to review the Ground Lease, at

Purchaser's sole cost. If for any reason the Ground Lease is not acceptable to Purchaser, Purchaser shall notify Seller in writing no later than ten (10) days before Closing and this Agreement shall be deemed terminated as Purchaser's sole and exclusive remedy. In the event of such termination, the Program Fee shall be retained by Seller as a fully earned non-refundable program fee and neither Seller nor Habitat will have no obligation to reimburse or otherwise pay Purchaser (or any friends or family of Purchaser who worked on Purchaser's behalf) for the "sweat-equity" hours worked. The work will be considered a donation to Habitat.

3. Purchase Price.

3.1 Calculation of Purchase Price. The purchase price for the Home will be determined prior to Closing based on actual cash expenditures made by Seller, plus the cost of donated materials priced at their market value, plus a reasonable amount for Habitat's administrative expenses (the "**Purchase Price**"). Seller will determine the Purchase Price after construction of the Home is completed provided however the Purchase Price shall not exceed (i) XXX,XXX (XXXX dollars) or (ii) the appraised value of the Home.

3.2 Payment of Purchase Price. Purchaser shall pay Seller the Purchase Price as follows: (i) an amount equal to the cash contributed by Purchaser at Closing including the Program Fee, plus (ii) an amount equal to the down payment assistance and/or deferred loans obtained by or on behalf of the Purchaser for the acquisition of the home, plus (iv) an amount equal to the original principal balance of the loan obtained by Purchaser from an institutional lender ("**Lender**") for purchase of the Home as evidenced by a promissory note (the "**Lender Note**") executed by Purchaser in favor of the Lender at Closing. The Note shall be secured by a first lien Deed of Trust encumbering the Home and Purchaser's leasehold interest in the Land (the "**Lender Deed of Trust**"). Any Purchase Price remaining after payment of the amounts described under (i) through (iii) of this Section 3.2 shall constitute Habitat's financial assistance/subsidy to the Purchaser under the land trust program and shall be documented by a promissory note (the "**Habitat Note**") executed by Purchaser in favor of Habitat at Closing and secured by a junior lien Deed of Trust encumbering the Unit and Purchaser's leasehold interest in the Land Unit (the "**Habitat Deed of Trust**").

3.3 Habitat Homeowner Program Fee. Purchaser shall pay Seller a non-refundable program fee in the amount of Two Thousand and 00/100 Dollars (US Currency) (\$2,000.00) ("**Program Fee**"). The Program Fee shall be nonrefundable when paid to Seller as a fully earned program fee but will be applied toward the Purchase Price at Closing.

4. Title. Seller will order, at Purchaser's sole cost and expense, an ALTA standard coverage homeowner's policy of title insurance, insuring that Purchaser's interest in the Home and its leasehold interest in the Land are free of liens and encumbrances except for the following: (i) use, occupancy, and zoning restrictions which are of public record or which are generally applicable to properties in the immediate neighborhood or the subdivision in which the Home is located; (ii) easements, covenants, restrictions, and reservations of record including without limitation any applicable declarations; (iii) other easements or encroachments which would be disclosed by a survey of the Land or otherwise visible from an inspection of the Land; (iv) reserved oil and mineral rights; (v) the Ground Lease; (vi) the Deed of Trust; (vii) any required Subordination and Non-disturbance and Attornment Agreement between Purchaser, Lender and any governmental entity or other lender providing funding for the development of the project (as and to the extent required by the Lender) and deeds of trust evidencing such funding; (viii) any and all

regulatory or other use agreements restricting the use of the Home and Land to housing for low income individuals meeting the income qualification requirements of all governmental and non-governmental entities providing funding for the development; (ix) exceptions for property taxes, local improvement district assessments and any assessments levied by the condominium or homeowner's association organized to manage the Land and development. Purchaser reserves the right to purchase its owner's policy of title insurance from a title insurance company of Purchaser's choosing. Use of Seller's selected title insurer is not a condition of the sale.

5. Conditions to Seller's Obligation to Close. Prior to Closing, Purchaser must satisfy each of the conditions set forth below to Seller's sole satisfaction. Seller has no obligation to sell the Home to Purchaser unless all of these conditions are fulfilled to Seller's satisfaction on or before the Closing Date.

5.1 Satisfactory Completion of Willingness to Partner Purchaser (or its proxy with the approval of Habitat) must comply with the Habitat Willingness to Partner requirements.

(i) Hour Requirements. Purchaser must complete hour requirements as set forth in the "Homeownership Program Willingness to Partner Agreement" signed by Purchaser by the earlier of Closing or 12 months after the date of Purchaser's letter of acceptance into Habitat's land trust program. Volunteer hours may be earned by working on the Home or other Habitat projects, attending Habitat's homeowner education classes, and/or volunteer work in the Habitat office or in the retail stores.

(ii) Eligible Proxy. If a Purchaser is elderly or disabled, accommodations will be made by Habitat to provide acceptable alternatives which may include assignment of different tasks or acceptance of a designated volunteer (an "**Eligible Proxy**") to substitute Willingness to Partner hours for them. As a condition of closing, Purchaser and Eligible Proxies must execute a Homeownership Program Willingness to Partner Agreement.

(iii) No Reimbursement for Willingness to Partner If for any reason this Agreement is terminated or the sale of the Home does not close, Habitat will have no obligation to reimburse or otherwise pay Purchaser (or any friends or family of Purchaser who worked on Purchaser's behalf) for the hours they devoted to Willingness to Partner. All work will be considered a donation to Habitat.

5.2 Homeowner Education. Purchaser must attend a Habitat new partner family orientation and a series of prospective homeownership workshops that will cover many topics relating to homeownership, including financial and home maintenance training. Hours spent in these training sessions will be credited toward the Willingness to Partner requirement. Purchaser must complete all homeownership workshops by the earlier of Closing or 12 months after the date of Purchaser's letter of acceptance into Habitat's land trust program.

5.3 Purchaser Remains Qualified to Participate as of the Closing Date. At Closing, Purchaser must continue to meet all qualification requirements to purchase the Home according to Habitat's standards, including income and employment security and no circumstance or fact may exist that would disqualify or de-qualify Purchaser from participation in Habitat's land trust program. By signing this Agreement, Purchaser represents and warrants that as of the date hereof and as of Closing, all applications,

financial information, family composition/status, and other information provided to Habitat by or on behalf of Purchaser is accurate and complete in all respects and does not fail to include any facts or information material to Purchaser's eligibility to acquire the Home or participate in Habitat's homeownership program. Purchaser acknowledges and agrees that this representation and warranty shall survive closing and if it is later determined that Purchaser misrepresented his/her/their income, family status, or any other information relevant to qualification for Habitat's land trust homeownership program, that such misrepresentation is grounds for a rescission of the sale to Purchaser at Purchaser's sole cost and expense. In such event, the Home will be transferred back to Habitat and neither Seller nor Habitat will have any obligation to reimburse or otherwise pay Purchaser (or any friends or family of Purchaser or other Eligible Proxy who worked on Purchaser's behalf) for Willingness to Partner. All activities conducted under Willingness to Partner will be considered a donation to Habitat.

5.4 Insurance. At Closing, Habitat must be satisfied that adequate insurance for the Home has been obtained with such coverages and limits acceptable to Lender and Habitat in their sole discretion. Such insurance shall include a mortgagee endorsement naming Lender as the mortgagee and naming Habitat as an additional insured.

5.5 Closing Documents. Purchaser shall have executed and deposited into Escrow the Lender Note, Lender Deed of Trust, Ground Lease, Habitat Note, Habitat deed of Trust, and any and all other documents, certifications, escrow instructions, and other documents required by Seller, Habitat, Lender, any governmental or non-governmental funding source for the project, or by the title company to close the sale.

If any of these conditions is not satisfied on or before closing, Seller reserves the right to terminate this Agreement. Upon Seller's termination, neither Seller nor Purchaser will have any further obligation to the other under this Agreement and Habitat may terminate Purchaser's participation in its home ownership program and retain the Program Fee as a fully earned non-refundable program fee. As provided above, neither Habitat nor Seller shall have any obligation to compensate Purchaser or its family or friends (including any Eligible Proxy) for any Willingness to Partner hours in the event this Agreement is terminated.

6. Conditions to Purchaser's Obligation to Close. Purchaser shall have no obligation to close its purchase of the Home unless the following conditions for Purchaser's benefit have been satisfied:

6.1 Approval of Purchase Price. The Purchase Price and the principal balance of the Note in favor of Lender are acceptable to Purchaser.

6.2 Approval of Documents. All of the following documents are in form and substance acceptable to Purchaser: (i) the Ground Lease; (ii) the Articles of Incorporation, Bylaws and other organizational documents for the [Project/Project Location]Owners Association (the "**Association**"); (iii) the Lender Note; (iv) the Lender Deed of Trust, and (v) all other promissory notes, deeds of trust and ancillary documents including the Habitat Note and the Habitat Deed of Trust Purchaser is required sign to obtain down payment assistance and subsidies for its purchase. Purchaser is entitled to seek independent legal counsel to advise Purchaser on all documents signed as part of this sale. By agreeing to close on the sale, Purchaser acknowledges and agrees that it has either obtained that counsel, or chosen not to, in its sole and absolute discretion and that all documents are approved by Purchaser.

6.3 Condition of Title. Purchaser is satisfied with the condition of title of the Land.

6.4 Ground Lease. Seller has signed the Ground Lease.

6.5 Acceptance of Home and Leased Parcel. Purchaser has completed a walk-through of the Home and Land with Seller and accepted both in their AS IS condition or subject to a specific written punch-list of items to be completed.

If any of the conditions set forth above are not satisfied on or before Closing, Purchaser may immediately terminate this Agreement. Upon Purchaser's termination, neither Seller nor Purchaser will have any further obligation to the other under this Agreement, Habitat shall retain the Program Fee as a fully earned non-refundable program fee and, as provided above, neither Habitat nor Seller will compensate Purchaser or its family or friends (including any Eligible Proxy) for any Willingness to Partner hours. If Purchaser does not object to the satisfaction of any of these conditions prior to Closing, these conditions will be deemed satisfied upon recording of the deed transferring title to the Home to Purchaser.

7. Homeowners Association Assessments. As the owner of the Home, Purchaser will automatically become a member of the Association and will be subject to monthly assessments for payment of Association expenses including without limitation taxes, insurance, management, and maintenance expenses, and monthly ground lease. Currently, Association assessments are estimated to be approximately \$342.00 per month. The amount of assessments is set by the Association and may change from time to time. Therefore, neither Habitat nor Seller guarantees the actual amount of assessments that Purchaser will be obligated to pay each month. At Closing, Purchaser shall pay to Seller (for transfer to the Association) an advance payment of the first month's assessment due the Association plus an initial contribution to the working capital fund of the Association plus an initial contribution to the Association's capital reserve fund. Seller shall notify Purchaser of the amount of such payments prior to Closing.

8. As-Is Sale; Limitation of Warranties. Purchaser is familiar with the condition of the Home. Purchaser purchases the Home on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis. Except for a Warranty Policy for Newly Constructed Homes, a copy of which has been or will be provided to Purchaser at closing, neither Seller nor Habitat make any express or implied warranties about the Home or the Land, including, without limitation, the materials or workmanship of the Home, views, or sound transmission. Purchaser acknowledges that the Home will be constructed or rehabilitated with volunteer labor and donated materials. The Home, therefore, may contain defects and Purchaser expressly agrees to purchase the Home subject to those defects but in compliance with the Warranty Policy for Newly Constructed Homes. While Seller will make reasonable efforts to complete the Home in accordance with Seller's plans, because the Home will be constructed or rehabilitated with volunteer labor and donated materials, Seller cannot and does not guarantee that the Home will be built according to those plans.

9. Escrow and Closing.

9.1 Closing Date. Seller cannot guarantee the completion date of the Home but expects the closing date (the "Closing Date" or "Closing") to occur on or before June 30, 2026 but no later than one year from the date of this Agreement. If it is not possible to close on the scheduled Closing Date, and Seller and Purchaser cannot mutually agree in writing to extend the Closing Date, Seller's and Purchaser's sole remedy will be to terminate this Agreement. Upon termination, Habitat shall retain the Program Fee previously paid by Purchaser as a fully earned non-refundable program fee and neither Seller nor Habitat shall have any obligation to reimburse or otherwise pay Purchaser (or any friends or family of

Purchaser or Eligible Proxy who worked on Purchaser's behalf) for the Willingness to Partner hours worked.

9.2 Escrow Agent. The escrow agent for the closing will be First American Title Insurance Company located at 11400 SE 8th Street, Ste 250, Bellevue, WA 98004, or such other escrow agent as Seller designates before Closing (the "**Escrow Agent**").

9.3 Seller's Closing Documents. At Closing, Seller will deliver to the Escrow Agent the following signed documents:

- (i) Statutory Warranty Deed (the "**Deed**") conveying the Home to Purchaser, signed by Seller and acknowledged together with a real estate excise tax affidavit signed by or on behalf of Seller;
- (ii) A closing statement in form and content satisfactory Seller approved by Seller; and
- (iii) Ground Lease signed by Seller and acknowledged.

9.4 Purchaser's Closing Deliverables. At Closing, Purchaser shall deliver or cause to be delivered to the Escrow Agent the following:

- (i) That portion of the Purchase Price consisting of (i) the cash contributed by Purchaser to the Purchase Price, plus (ii) the down payment assistance and/or deferred loans obtained by or on behalf of the Purchaser for the acquisition of the Home, plus (iii) the principal balance of the loan obtained by Purchaser from the Lender to acquire the Unit;
- (ii) Note signed by Purchaser;
- (iii) Deed of Trust signed by Purchaser and acknowledged;
- (iv) Real Estate Excise Tax Affidavit signed by Purchaser;
- (v) Ground Lease signed by Purchaser and acknowledged;
- (vi) a closing statement to be signed by Purchaser; and
- (vii) such other promissory notes, deeds of trust, use agreements and affordability covenants required by any lender providing funding for the project or financial assistance for Purchaser's acquisition of the Home.

9.5 Taxes and Assessments. The closing statement will identify and calculate on a prorated basis, as of the date of Closing, all general or special taxes, public, private or community water or sewer charges, and all public, private, or governmental charges or assessments against the Home and land, whether or not such charges or assessments are levied ("**Taxes**"). Purchaser shall pay all Taxes whether incurred before or after closing and whether or not disclosed on the closing statement if shown on the title report. The Association shall be responsible for any Taxes levied against the Land Unit per the terms of the Ground Lease.

9.6 Closing Costs. At Closing, Purchaser shall pay all Taxes and all other settlement charges related to the Closing including all real estate excise tax or other tax applicable to the sale of the Home, recording fees, escrow fees, the cost of Purchaser's owner's policy of title insurance, the cost of an ALTA standard coverage loan policy of title insurance insuring the priority of Lender's Deed of Trust and the cost of any additional policies of title insurance required by lenders providing down payment assistance or other financial assistance, and, if requested by Seller, a leasehold policy of title insurance insuring Seller's ground lessor interest in the Property and all other expenses and charges associated with Closing (collectively, the "**Closing Costs**").

9.7 Assumption of Sewer Capacity Charge. By buying the Home, Purchaser assumes the obligation to pay any LID assessments, special assessments, sewer capacity charges and similar charges that have been imposed as of the Closing Date, and any such items that are imposed after Closing. Residences that connected to the sewer system in Metro's service area after February 1, 1990 are subject to a monthly Sewer Capacity Charge that is payable over a 15-year period commencing at the time of connection. The Sewer Capacity Charge may not appear on Purchaser's title commitment. Purchaser should expect to pay the Sewer Capacity Charge for the entire 15-year term.

10. Possession. Seller will deliver possession of the Home to Purchaser upon recording of the Deed.

11. Waiver of Form 17/Seller Disclosures. Purchaser hereby waives delivery of the seller disclosure statement described in RCW 64.06.020 except for the environmental matters disclosed on attached Exhibit C, if any.

12. Miscellaneous.

12.1 Applicable Law. This Agreement shall be governed by the laws of the state of Washington.

12.2 Successors. Subject to the restrictions in Section 12.5 below, the covenants and conditions contained in this Agreement shall apply to the heirs, successors and assigns of the parties to this Agreement.

12.3 Modification. This Agreement may only be modified or changed by a writing signed by both parties to this Agreement.

12.4 No Waiver. The failure of Seller to insist in any one or more instances upon the strict performance of this Agreement, or to exercise any right contained in this Agreement shall not be construed as a waiver of the provision or right. Such right or provision shall continue in full force and effect.

12.5 No Assignment by Purchaser. This agreement is personal to Purchaser. Purchaser may not in any manner assign or transfer this Agreement without the prior written consent of Seller and Habitat, which may be withheld in their sole and absolute discretion.

12.6 Representation. Neither party is represented by a broker and each party warrants to the other that no commissions or other fees are due and owing in connection with the transaction described in this Agreement. Each party (the "Indemnitor") shall indemnify,

defend and hold the other party harmless from and against any claims brought by a broker claiming through the Indemnitor.

12.7 Notices. Any notices required in this Agreement shall be provided in writing and shall be deemed given when sent by email or other electronic transmission, personally delivered or sent via overnight courier to the following address:

Seller: [HABITAT SKC PROJECT LLC]
c/o Habitat for Humanity Seattle-King County
500 Naches Avenue SW, Suite 200
Renton, WA 98057
Attn: Ali Sheibani, Director of Homeowner Services
Email: ali.sheibani@habitatskc.org

Purchaser: [PURCHASER(S)]
[PURCHASER CURRENT ADDRESS]
[PURCHASER EMAIL]

[End of Text; Signature Pages Follow]

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed and signed as of the day and year first written above.

SELLER:

[HABITAT SKC PROJECT LLC],
a Washington limited liability company

By: Habitat For Humanity Seattle - King County,
a Washington public benefit nonprofit corporation
Its Manager,

By: _____
Print: Brett D'Antonio
Its: Chief Executive Officer

Date: _____

By: _____
Print: Patrick Sullivan
Its: Chief Operating Officer

Date: _____

PURCHASER:

[PURCHASER 1]

Date: _____

PURCHASER:

[PURCHASER 2]

Date: _____

**EXHIBIT A
TO
PURCHASE AND SALE AGREEMENT
Description of Land**

Legal Description

**EXHIBIT B
TO
PURCHASE AND SALE AGREEMENT
(Ground Lease)**

**EXHIBIT C
TO
PURCHASE AND SALE AGREEMENT**

(Disclosure as to Environmental Matters)

As required under RCW 64.06.010(7), Seller hereby discloses the following environmental matters for the Home:

7. ENVIRONMENTAL

- | | | | |
|--------------------------|--------------------------|-------------------------------------|--|
| ☐ | ☐ | ☒ | *A. Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *B. Does any part of the property contain fill dirt, waste, or other fill material? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *C. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *D. Are there any shorelines, wetlands, floodplains, or critical areas on the property? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *E. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *F. Has the property been used for commercial or industrial purposes? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *G. Is there any soil or groundwater contamination? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *H. Are there transmission poles or other electrical utility equipment installed, maintained, or buried on the property that do not provide utility service to the structures on the property? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *I. Has the property been used as a legal or illegal dumping site? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *J. Has the property been used as an illegal drug manufacturing site? |
| Yes | No | Don't know | |
| ☐ | ☐ | ☒ | *K. Are there any radio towers in the area that cause interference with cellular telephone reception? |
| Yes | No | Don't know | |



Meeting Date: May 18, 2026
City of Ellensburg
City Council Agenda Report

Agenda Subject: Catherine Cottages Revised Design from Habitat for Humanity (Public Comment Opportunity)
Submitted by: Lily Frey, Housing Program Manager
Department: Community Development

Suggested Motion/Action:

Authorize the Mayor to sign the letter of intent and direct staff to prepare an affordable housing agreement for the property transfer.

Background/Summary:

Council surplused the Catherine property in 2022. At the conclusion of a request for proposals process in 2023, Habitat for Humanity Seattle - King and Kittitas Counties presented their preliminary designs for the site. Council recommended site plan changes and heard public feedback that mentioned concerns about water and wetland vegetation on the site. Based on these concerns, in July 2023, an environmental consultant prepared a wetland reconnaissance memo that identified the wetland vegetation downhill of the filled irrigation ditch and recommended restoring or piping the ditch to determine the jurisdictional status of the potential wetland on the site.

In 2024, the City contracted for the piping of the irrigation ditch across the property and in 2025, the same environmental consultant who prepared the 2023 memo conducted a wetland reconnaissance study that identified no wetlands present after the completed work removed the irrigation water source. The consultant's reports are attached for reference.

The City has secured funds for a Vantage Highway improvement project that will include a sidewalk on the north side of the road and a multi-use path on the south side of the road, which will improve pedestrian access to the Catherine property. Design work for this project is currently underway and the project is currently scheduled for construction in 2027.

Habitat has developed the attached revised site plan and proposal for Catherine Cottages on the property. The plan includes nine (9) cottage units affordable at up to 80% of area median income (AMI). The proposed timeline for construction would be 2028-2029 contingent on securing full project funding commitments.

On March 18, 2026, the Affordable Housing Commission reviewed the revised Habitat proposal and discussed site plan adaptations and costs for potential homeowners. The commission voted unanimously to recommend the revised Habitat plan to Council for approval.

Previous Council Action:

On August 15, 2022, Council adopted resolution 2022-17 which identified the property then known as Catherine Park as surplus to City needs to be used for affordable cottage housing in accordance with RCW 39.33.015 and ECC 2.06.080.

On March 20, 2023, City Council reviewed a site design from Habitat for Humanity Seattle-King and Kittitas Counties (Habitat) and heard public comment on the proposed project. The Council recommended Habitat revise the site design to accommodate additional parking and fire access turnaround and consider other feedback.

Analysis:

The revised site plan shared by Habitat responds to parking concerns raised by Council by providing two parking spaces per cottage unit and fire turnaround by integrating a hammerhead turnaround within the site plan. City staff have done an initial review with Habitat to determine that the site plan meets cottage housing design standards in ECC 15.540.050, fire department access requirements and to consider how the site plan will align with ongoing Vantage Highway improvement planning. The Vantage Highway project would offer improved pedestrian safety for future residents and access to transit stops along University Way. The Vantage Highway improvements are scheduled for completion before planned cottage construction.

The revised site plan includes a proposed connection to the pedestrian easement recorded on the property at 1304 Radio Road, north of the site, to allow for neighborhood connectivity.

Financial Impact:

None at this time; Habitat expects to apply for funding for this project in the future. If approved, affordability factors would be adjusted to comply with funding requirements.

Budget Adjustment: No

Attachments:

1. Catherine Prop Award Letter
2. HFHSKKC Catherine Cottages May Council Mtg 2026
3. 2025.10.07 Parcel 69034 Catherine Property Wetland Report FINAL



**501 North Anderson Street
Ellensburg, Washington 98926**
Phone: (509) 962-7221 | Fax: (509) 962-7143

May 4, 2026

Rebecca Wold
Habitat for Humanity Seattle – King and Kittitas County
560 Naches Ave SW, Suite 200
Renton, WA 98057

RE: Award Letter and Conditions for City of Ellensburg Catherine Property Contribution

Dear Ms. Wold:

Congratulations! Your application for the City-owned property located off Vantage Highway (parcel #694034) has been conditionally approved by Ellensburg City Council.

This award is conditional and is not a guarantee of property contribution. This letter provides an overview of City conditions and some details you can expect in the contractual agreement. Upon issuance of this letter, the City will engage in contract negotiations which, upon completion and approval by both parties, will culminate in the transfer of ownership of the Catherine property.

This letter does not cover all local requirements or all the terms that will be included in contract documents including legal rights and obligations.

Please read this letter carefully and return a signed copy of the Acknowledgement of Conditions at the bottom to the City of Ellensburg Community Development Department.

The City's allocation of the property is based on representations made in your submitted project materials. Changes to those representations must be reported as specified in the Conditions and approved by the City of Ellensburg in writing. Unreported changes may result in a delay and/or loss of the City-owned property contribution. These requirements are designed to ensure productive communication between the applicant and the City regarding project status prior to property transfer.

CONDITIONS

The City of Ellensburg will initiate contract negotiations after receipt of the signed Acknowledgement of Conditions. The City requires that basic contract terms stipulate:

- The contract term for project completion will be consistent with the presented development timeline.
- In addition to the overall project completion term, the contract will also include a schedule of performance that will include, but not be limited to: submitting a finance plan (pro forma), obtaining civil permits, scheduling a closing date, commencement of construction, completion of construction, review of eligibility requirements for homebuyers, and conveyance of homes to initial homebuyers.

- The proposal and contract must meet the requirements of the City of Ellensburg Affordable Housing program and RCW 39.33.015.
- Applicant will submit a written status report when changes to the project cause the proposal to differ from the RFP application or previous status reports. Reports must explain any problems or needed modifications and propose a plan for addressing them. Modifications may require a mutually agreed-upon amendment of the contract documents.
- Contract terms must be agreed to by December 31, 2026 or the City of Ellensburg reserves the right to withdraw this award.

Please notify the Community Development Department as you reach each funding and other milestone or encounter challenges. The City anticipates reserving this property for the time period specified in your application, i.e., through 2029, conditioned upon the contractual schedule of performance being met.

Thank you for your commitment to make the City of Ellensburg more affordable for everyone in our community!

Sincerely,

Rich Elliott, City of Ellensburg Mayor

Acknowledgement of Conditions

I acknowledge that I have read and understand the above conditions.

ORIGINAL SIGNATURE OF AUTHORIZED OFFICIAL

Signature:	_____	Title:	_____
Name:	_____	Date:	_____
Organization:	_____		



Habitat
for Humanity®

Seattle–King & Kittitas Counties

**every
one**

deserves a decent
place to live.

CATHERINE PROPERTY PROPOSAL
May 2026

Our Model



Neighborhood Revitalization

Stabilizing affordable neighborhoods and helping working families and elderly households by providing repairs.



Financial Empowerment

By selecting and educating families who are ready for homeownership, 99.3% complete our program.



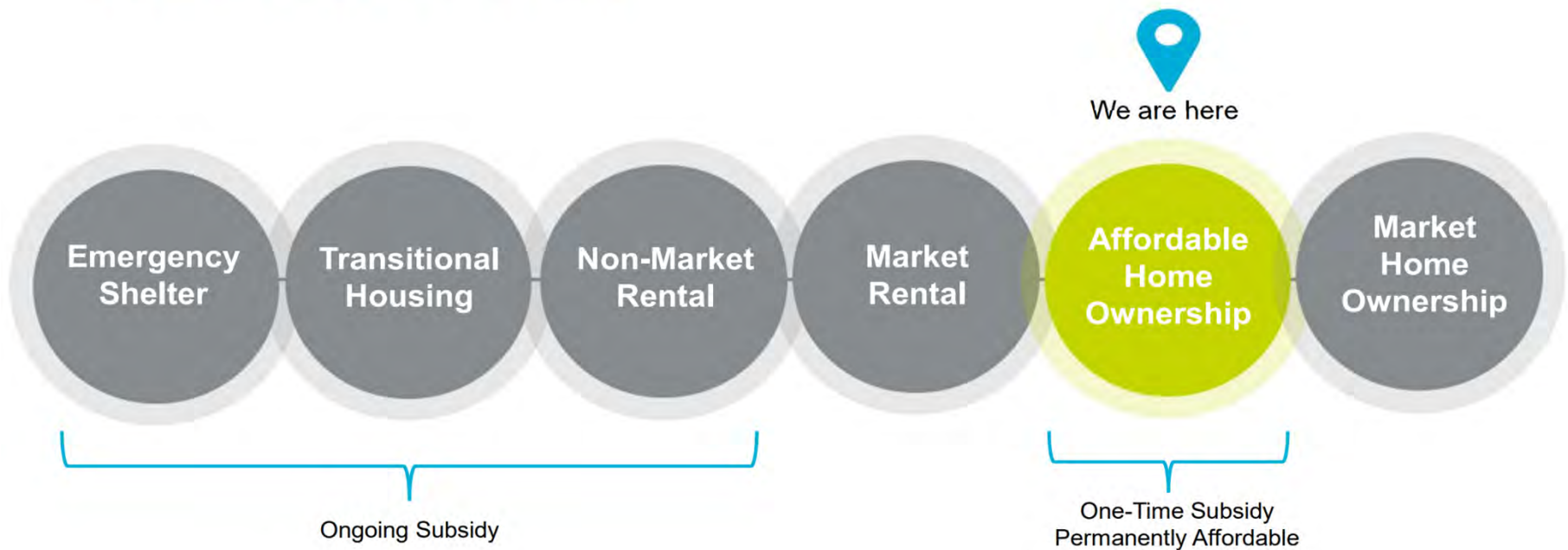
Housing Permanence

Through homeownership, we target long-term change. Not just for single families, but for future communities.



Permanent Affordability

The Habitat Model



Permanent Affordability

- Habitat homes are affordable to households under 80% AMI and limited appreciation of 1.5% per year.
- This ensures that homeowners for generations will benefit from the opportunity to have an affordable home.
- When a homeowner chooses to sell, Habitat buys it back, makes necessary repairs, and selects a new homebuyer.



Our Experience

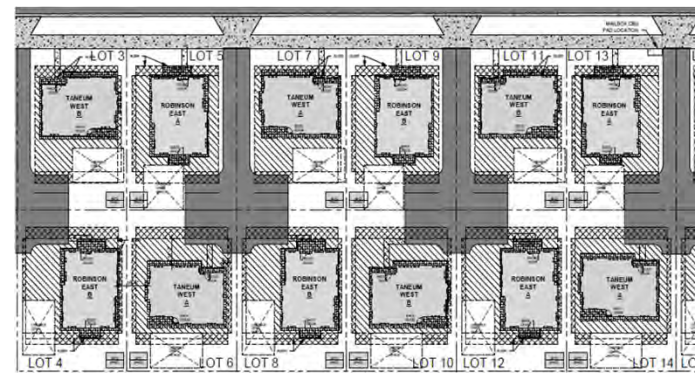
- Founded in 1986
- Non-profit home developer
- 458 homes built to date (and counting)
- Serving more than 1,700 people in more than 520 households.
- We have invested in our staff and capacity, with a goal to increase our impact.
- Expanding our impact – 38 homes built in 2025, 67 homes will be completed in 2026, 76 homes in 2027
- We build townhomes, condo buildings, and single family homes
- 319 homes in our current pipeline





Stuart Meadows

- 18 New Homes
- 3 Bedroom
- Construction completion 2026
- Currently selecting buyers for last 6 homes!



Upcoming Kittitas Development

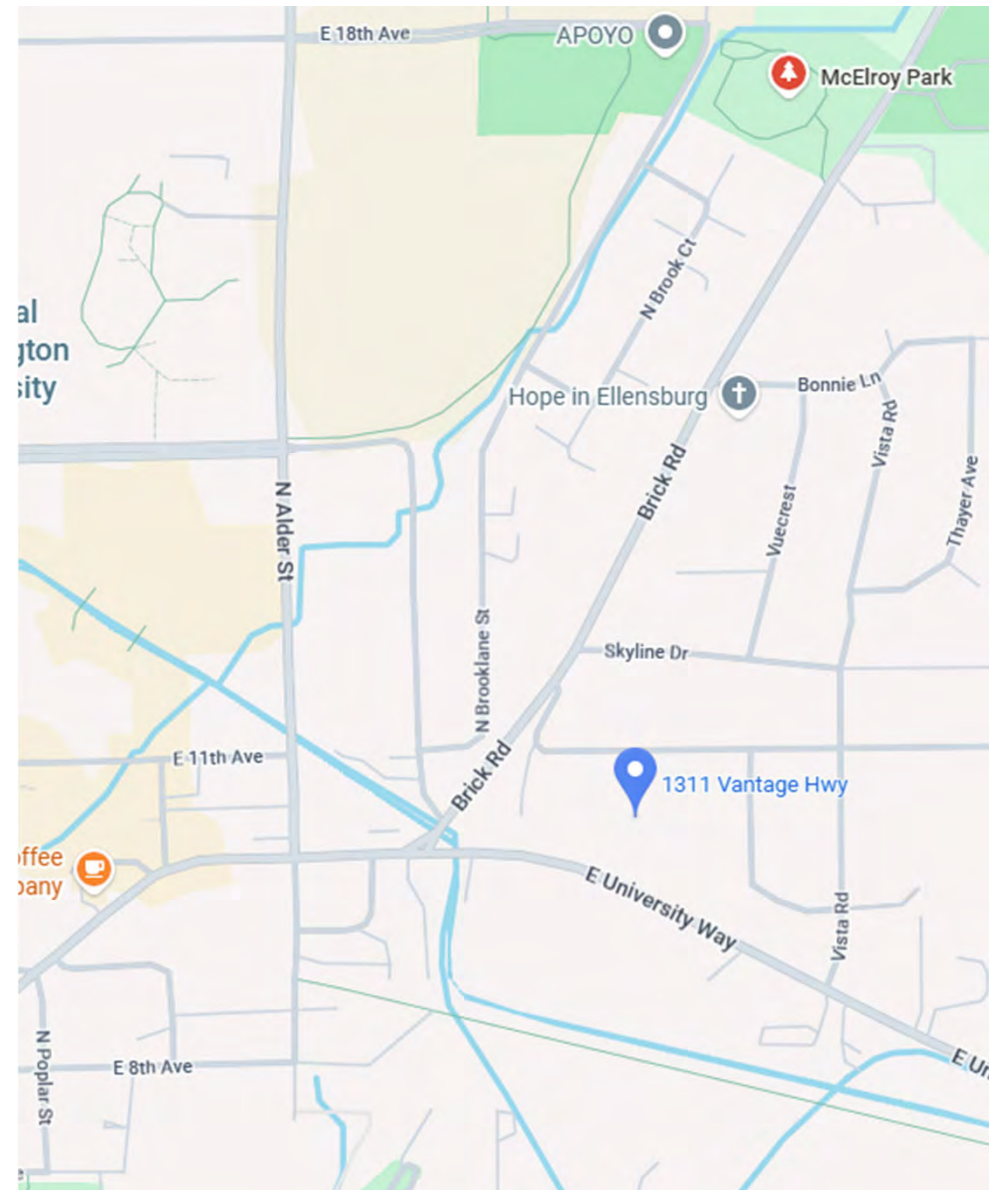
- Willow Street – Ellensburg – 3 homes – Est. 2027
- Floral Ave – Cle Elum – 13 Homes



Site Proposal – Catherine Cottages

Responding to Community/Council
feedback on design:

- Two parking spaces per home
- Better connection through neighborhood to Vantage
- Buffer between existing homes and neighborhood
- Cottage housing code



Site Proposal – Catherine Cottages

- 9 New Permanently Affordable Homes
- 2 & 3 Bedroom Homes
- 18 Resident Parking Spaces
- Community walking path connecting to planned pedestrian improvements



Habitat for Humanity Catherine Property Initial Site Concept

Site Data:

Cottage Units: 5x
Cottage/Garage Units: 4x
Total Units: 9

Cottage Unit Size: 2BR +/-910 NSF
Cottage/Garage Size: 3BR +/-1,720 NSF
Site Total: 22BR +/-15,500 GSF

Cottage Parking Lot: 10 spaces
Garage Parking: 8 spaces
Total Parking: 18 spaces
Parking Ratio: 2 spaces / unit

Density Calculations:

Lot size: 0.74 acres
Base Density: 8 du/acre
Base Unit Max: 6 units
Bonus: +50% (for 100% @ 80% AMI)
Unit Max: 9 units

du per Cottage: 0.5 du
of Cottages: x 9 du
Total Dwelling Units: 4.5 du

MAPD



Location

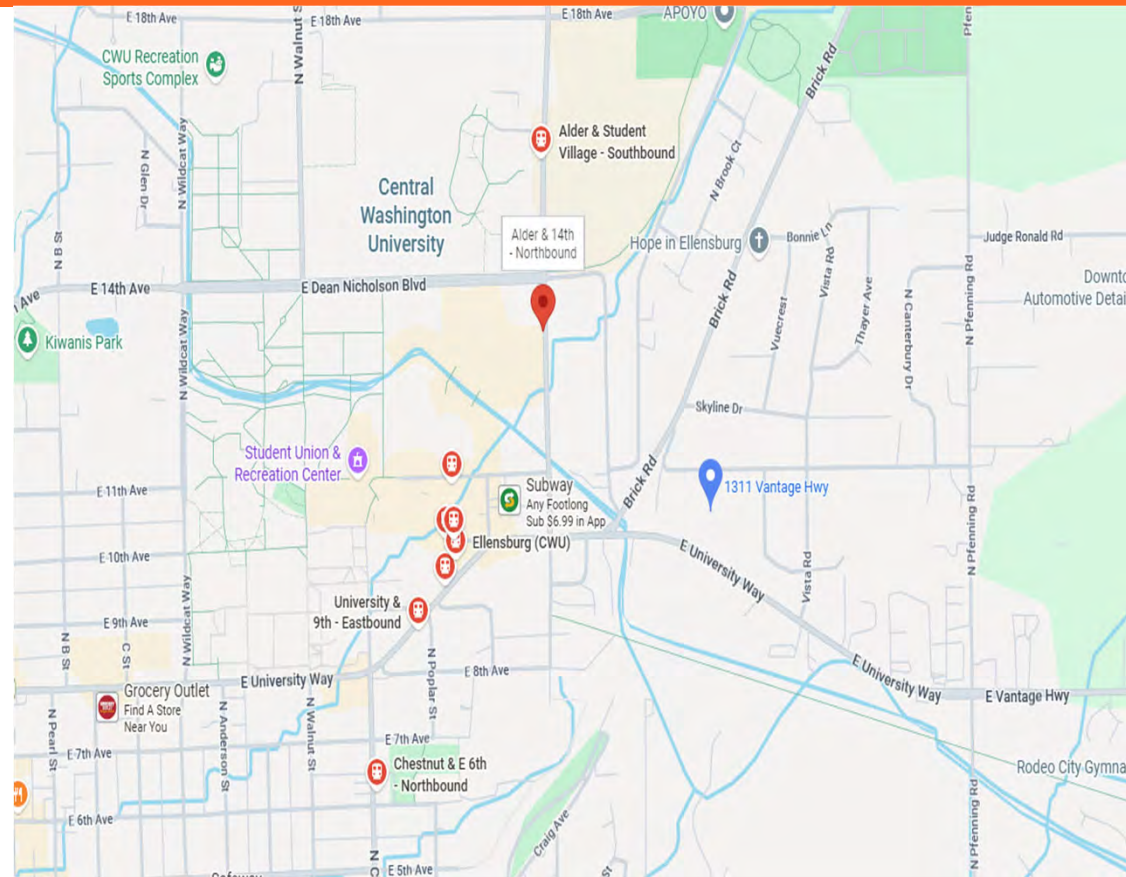
Schools – 2 elementary schools, middle school and high school within 2 miles.

Stores - 4 Grocery Stores within 2 miles

Transit - 3 Transit Stops within 1 mile – CWU stop on Vantage Hwy nearest.

Parks - 2 Parks within 1 mile (Irene Rinehart Riverfront Park and Mountain View Park)

Future Growth - Ties into planned infrastructure improvements on Vantage Highway



Project Purpose and Scope

- Permanently Affordable to households with income under 80% AMI
 - Restricted to 60% AMI where funded by Ellensburg Affordable Housing subsidy
 - Annual Income under \$58,000/year (60% AMI)
 - Mortgage payments under \$1,200/month
- Marketed to vulnerable populations
 - Low Income
 - Veterans
 - Seniors
 - Households with special needs family members
 - At risk of becoming homeless



Budget and Funding Sources

Development Budget	Estimated Amount
Closing Costs (Acquisition)	\$25,000
Soft Costs	\$500,000
Construction Costs	\$3,200,000
Other Development Costs	\$600,000
Financing Costs & Insurance	\$600,000
Estimated Total Project Cost	\$4,925,000

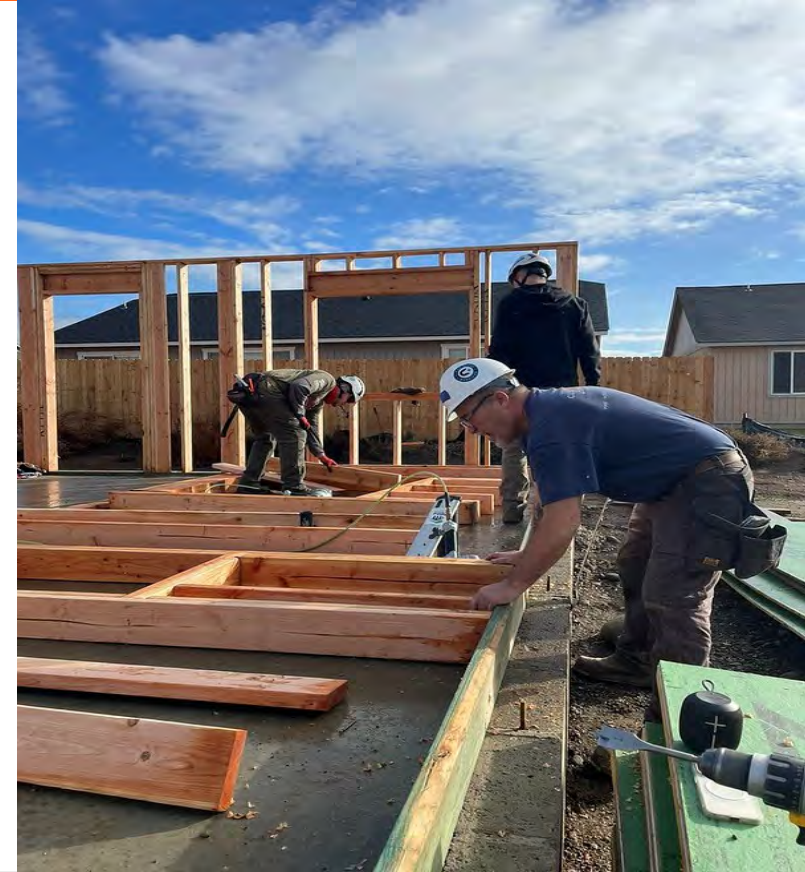
Funding Sources:

- Washington Housing Trust Fund
- CHIP
- Ellensburg Affordable Housing Subsidy
- Homeowner Mortgages



Estimated Development Schedule

Site Control	Q4 2026
Design/Permitting	Q1 2027 – Q1 2028
Begin Construction	Q2 2028 (if fully funded)
Certificate of Occupancy	Q3 2029





About HSKKC: www.habitatskc.org

Homeownership opportunities:
www.buyhabitat.org

We envision a
world where
everyone has a
safe, decent,
and affordable
place to live.





GG Environmental, LLC

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151 Poulin Rd. Selah, WA 98942
509-426-5645 mobile/text
gg@gg-env.com | www.gg-env.com

October 7, 2025

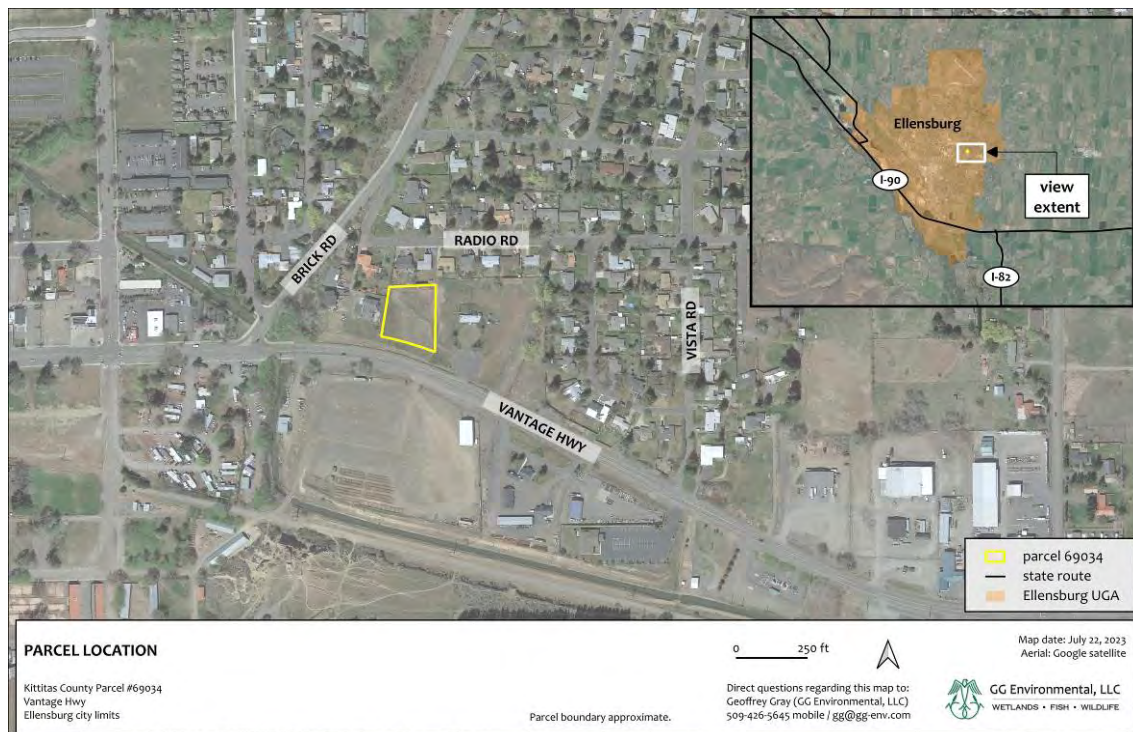
City of Ellensburg
Department of Community Development
Attention: Lily Frey
501 N. Anderson
Ellensburg, WA 98926

RE: Wetland Monitoring Session #3 (FINAL) for Kittitas County parcel #69034 (Catherine Park, City of Ellensburg). NO WETLANDS PRESENT.

Ms. Frey,

The purpose of this letter is to document the existing wetland status of parcel #69034 (parcel). The parcel is located north of Vantage Highway, between Brick Road and Vista Road, within the city limits of Ellensburg, Kittitas County, Washington (**Figure 1**).

Figure 1. Parcel Location



The parcel was reconnoitered by GG Environmental, LLC in July 2023 at which time it was determined that wetland indicators (plants, hydrology, soils) were present but likely supported by leaking irrigation infrastructure (broken/plugged pipe)

(**Attachment 1**). It was recommended that the leak be repaired and subsequent monitoring completed to determine whether the wetland would revert to upland.

The leak was subsequently repaired and GG Environmental, LLC was retained by the city to conduct post-repair monitoring of the parcel. Monitoring session #1 was completed on June 26, 2025 and monitoring session #2 on September 5, 2025

(**Attachment 2**). This memorandum documents the results of monitoring session #3, completed on October 6, 2025 (final monitoring), ending with a determination that the wetland is no longer present.

Observations:

The entire parcel was observed via a meandering pedestrian survey. Plant species were inventoried, topographic variation observed, soils evaluated, and any hydrology noted.

Vegetation was mowed for use as an automobile parking lot during the Ellensburg Rodeo in early September. Soils are very dry and compacted. Most vegetation is desiccated. The extent of residual green vegetation is further reduced from that observed in September (**Figure 2**). Surviving vegetation coverage is thinner and patchy, dominated by alfalfa (*Medicago sativa*), an upland (UPL) plant, likely from imported seed. Several wetland-associated plants still persist (sedge, iris, coyote willow), but these are few in number and exhibit water stress. Some perennial pasture grass species have resprouted in response to cooler weather and light rains. The progressive drying of the wetland, at the northern end of the parcel, is illustrated in **Photos 1-4**.

Those established wetland plants that continue to survive are likely utilizing extensive roots that can access deep, residual moisture below the uppermost 12 inches of the soil profile.¹ The northern parcel fence line continues to receive incidental moisture from backyard irrigation. It is expected that this location will support vegetation into the future but will not exhibit moisture that meets the wetland hydrology indicator threshold.

¹ The wetland hydrology indicator threshold requires saturation to be present within the upper 12 inches of the soil profile for a minimum of 14 consecutive days.

Figure 2. Monitoring Map – Session #3 (10-6-2025) - FINAL



Wetland Monitoring #3 (FINAL)
 Kittitas County Parcel #69034
 Vantage Hwy, City of Ellensburg
 October 7, 2025

GG Environmental, LLC
 151 Poulin Rd. Selah, WA 98942
 (509) 426-5645 mobile
 gg@gg-env.com | www.gg-env.com

Four soil reconnaissance pits were dug with a hand-held pick where green plants exhibit the most coverage (**Figure 2**). The soil profile was observed to be extremely hard, rocky, dry to 14 inches in depth, and exhibit redoximorphic concentrations, now relict in the absence of wetland hydrology. Water was no longer flowing from the culvert mouth at Vantage Highway.

Determination:

Wetland hydrology was absent the entire growing season, as observed during the three monitoring visits. Vegetative coverage markedly reduced over time and has shifted to upland-dominant species. Redoximorphic features are still observable in the soil profile, but given the consistent lack of wetland hydrology, can be confidently characterized as relict.

According to best available science, it is determined that the former wetland was entirely supported by leaking irrigation infrastructure. Once the leak was repaired, the artificially-supported wetland reverted to upland.

Should you have any questions or comments regarding the contents of this memorandum, feel free to reach out at any time.

Best Regards,

A handwritten signature in blue ink, appearing to read "Geoffrey Gray".

Geoffrey Gray, MA, PWS

Photo 1. July 21, 2023. Northwest corner of the parcel, view toward east.



Photo 2. June 26, 2025. Northwest corner of the parcel, view toward east.



Photo 3. September 5, 2025. Northwest corner of the parcel, view toward east.



Photo 4. October 6, 2025. Northwest corner of the parcel, view toward east.



Attachment 1.

2023 Reconnaissance Report (July 24, 2023)
2025 Monitoring Memoranda #1 (June 26) and #2 (September 5)



GG Environmental, LLC

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July 24, 2023

Habitat for Humanity Seattle-King and Kittitas Counties

Rebecca Wold, Director of Real Estate Partnerships

500 Naches Ave SW, Ste. 200

Renton, WA 98057

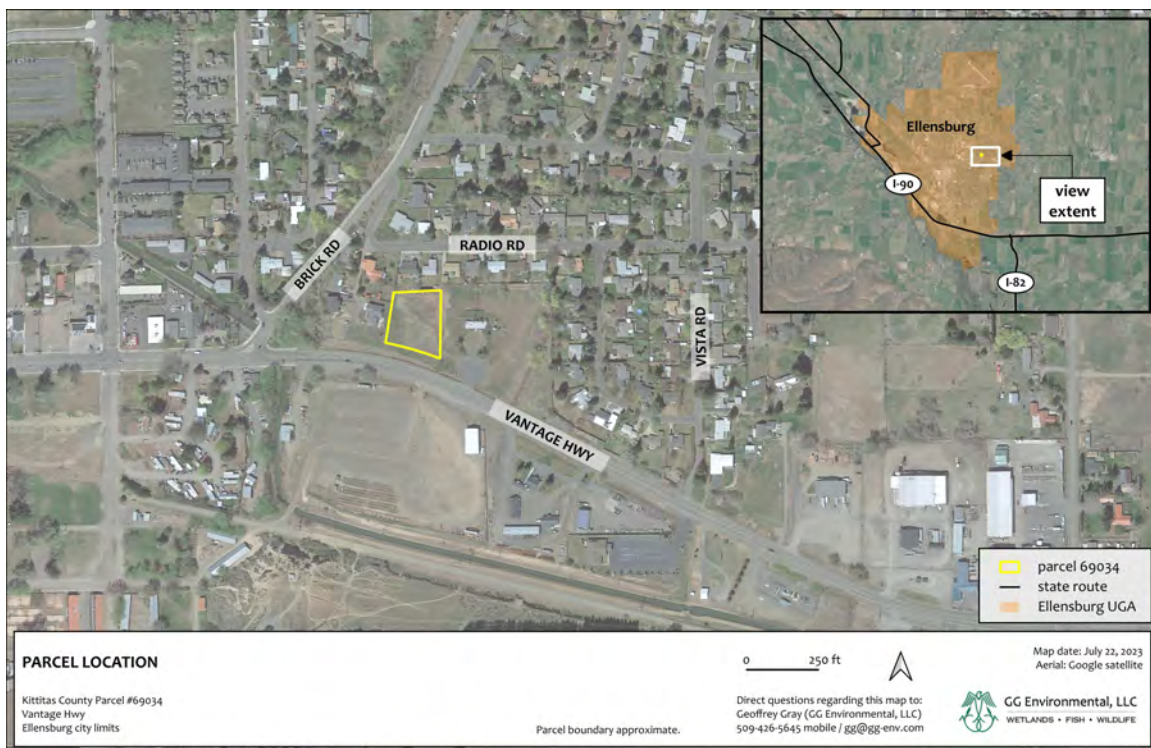
accounts.payable@seattleskc.org | (206) 999-7924

**RE: Wetland Reconnaissance Memorandum for Kittitas County parcel #69034
(Catherine Park, City of Ellensburg).**

Ms. Wold,

The purpose of this letter is to document the field methods and findings of a wetland reconnaissance for parcel #69034 (parcel). The parcel is located north of Vantage Highway, between Brick Road and Vista Road, within the city limits of Ellensburg, Kittitas County, Washington (**Figure 1**).

Figure 1. Parcel Location



The parcel, exhibiting a south-southeast topographic aspect, occurs near the crest of a raised hill comprised of “Thorp Gravel” which consists of sedimentary deposits of silt, sand, and gravels.¹ The local surface soil unit mapped by the NRCS² is *Manastash loam, 5 to 10 percent slopes* (Unit 624). This soil unit is associated with fan remnants and terraces and parent material consists of loess and alluvium. The typical soil profile includes loam from 0 to 15 inches (in), clay 15 to 22 in, gravelly clay from 22 to 25 in and cemented material from 25 to 60 in. Depth to restrictive feature is 20 to 40 in to duripan. Well-drained, depth to water table exceeds 80 in. The soil unit does not flood or pond. It is not listed as a hydric soil nor are its two minor components (Terlan (5%) and Reelow (5%).

Historic topographic maps³ do not show a stream as occurring on the hilltop. No wetlands are mapped within or near the parcel by the National Wetlands Inventory (NWI)⁴ or by Kittitas County⁵. According to 1954 historic aerial imagery⁶, the hilltop was flood irrigated with water diverted across the landscape via a network of open ditches. Water was piped under Radio Rd and around a growing residential development. It appears that the parcel was irrigated as well with the wettest area apparent in the northwest corner, presumably at the location of an irrigation tailwater culvert outlet.

Recent satellite imagery (Google Earth) shows the parcel to be largely xeric from 2000 to 2011 except for green vegetation closely associated with an irrigation ditch that follows the parcel’s northern and eastern limits. However, from 2013 to present, the irrigation ditch appears to become increasingly choked by vegetation and overland seepage, supporting an expanding polygon of wetland vegetation, continues to grow in size.⁷

Observations:

A reconnaissance-level wetland evaluation was completed for the parcel on July 21, 2023. Wetlands were investigated following routine methods described in the *Corps of Engineers Wetlands Delineation Manual*⁸ and *Regional Supplement to the Corps of*

¹ Department of Natural Resources (DNR). 2023. Washington Geologic Information Portal. Available at: https://geologyportal.dnr.wa.gov/2d-view#wigm?-13420810,-13413931,5940450,5943670?Surface_Geology,100k_Surface_Geology,Geologic_Units_100K

² Natural Resources Conservation Service (NRCS). 2023. Web Soil Survey. Available at: <https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm>

³ United States Geological Survey (USGS). topoView. Available at: <https://ngmdb.usgs.gov/topoview/viewer/#4/40.00/-100.00>

⁴ United States Fish and Wildlife Service (USFWS) National Wetlands Inventory (NWI). NWI Mapper. Available at: <https://fwsprimary.wim.usgs.gov/wetlands/apps/wetlands-mapper/>

⁵ Kittitas County COMPAS. Available at: <https://kitcogis.maps.arcgis.com/apps/webappviewer/index.html?id=8bcc146d9c2847acb2e9aa239187c25e>

⁶ City of Ellensburg GIS. Available at: <https://gis.cityofellensburg.org/eburgmap/>

⁷ The 2018 satellite image shows a cross-dike cut across the lower wetland to try and divert surface flow back into the irrigation ditch.

⁸ Environmental Laboratory. 1987. Corps of Engineers wetlands delineation manual. Vicksburg (MS): US Army Engineer Waterways Experiment Station. Technical Report Y-87-1. Available at: <https://www.cpe.rutgers.edu/Wetlands/1987-Army-Corps-Wetlands-Delineation-Manual.pdf>

Engineers Wetland Delineation Manual: Arid West Region (Version 2.0).⁹ Plants were identified by scientific name, with their wetland ratings listed per Corps (2020).¹⁰

The parcel exhibits a patch of lush, wetland-obligate plants in the northeast quarter, dominated by cattails (*Typha latifolia*), red-stem bulrush (*Scirpus microcarpus*), and coyote willow (*Salix exigua*).

A Cascade Irrigation District¹¹ tailwater culvert outlet is present in the northwest corner of the parcel (**Attachment 1**). An irrigation ditch, clogged with dense vegetation, was observed at this location and, consistent with observed flow patterns and historic satellite imagery, the ditch continues along the parcel's northern and eastern limits. The slope ratio across the northern parcel boundary is very low, resulting in slow flow even under ideal conditions. Lack of ditch maintenance has allowed wetland plants to colonize the ditch profile, which in turn has resulted in root mass impoundment and sediment aggradation. No longer constrained within the ditch, water overflows and seeps down-gradient. Unable to rapidly infiltrate through shallow clay and duripan (as described by the NRCS), extended saturation supports wetland vegetation and hydric soil indicators (redoximorphic concentrations observed in the upper 12 inches of the soil profile).

Although the irrigation leakage apparently supports a *biological* wetland, best available science strongly suggests the wetland would dry down and the hillside would return to an upland condition were the irrigation ditch to be repaired and restored to its original as-built condition and function – or, if it were to be lined or piped. However, based on state guidance, the wetland is likely to be considered a *regulated* wetland as well.

Recommendations:

The Department of Ecology released guidance in 2010 titled *Focus on Irrigation-Influenced Wetlands*.¹² This guidance states that wetlands within the inside edge and/or bottom of an irrigation ditch are not subject to regulation if the ditch was excavated through uplands. Best available science strongly suggests that the ditch was originally excavated across a xeric hillside upland.

However, the guidance argues that a wetland found down-gradient of a leaking irrigation ditch is subject to regulation because it is an *unintentional* result of digging the ditch. If

⁹ US Army Corps of Engineers. 2008. Regional Supplement to the Corps of Engineers Wetland Delineation Manual: Arid West Region (Version 2.0), Wakeley JS, Lichvar RW, Noble CV, editors. Vicksburg (MS): US Army Engineer Research and Development Center. ERDC/EL TR-08-28. Available at: https://www.usace.army.mil/Missions/Civil-Works/Regulatory-Program-and-Permits/reg_supp/

¹⁰ U.S. Army Corps of Engineers. 2020. National Wetland Plant List, version 3.5. U.S. Army Corps of Engineers, Engineer Research and Development Center, Cold Regions Research and Engineering Laboratory, Hanover, NH. Available at: https://wetland-plants.usace.army.mil/nwpl_static/v34/species/species.html?DET=001100

¹¹ According to adjacent landowner and Robert Bale with Habitat for Humanity (verbal 7-21-2023).

¹² Publication Number: 10-06-015.

the leak can be repaired and the wetland disappears as a result of the improvement, the loss of the wetland would not be regulated.

In order to determine the jurisdictional status of the wetland, it is recommended that, at a minimum, the irrigation ditch be restored to its original configuration and function, thereby reducing the opportunity for water to leak. However, this action may not be sufficient to eliminate all wetland indicators downgradient of the ditch due to the potential for continued seepage. As such, the ideal manner by which to stop leakage and determine the wetland's jurisdictional status would be to line the existing ditch or pipe water across the parcel.

As to how long it would take for the wetland to dry down, the Ecology guidance references a "year or two" as a frame of reference.¹³ However, if wetland hydrology were to suddenly disappear when seepage is stopped, it could be argued that the site no longer qualifies as wetland. If seepage from the ditch is completely stopped via lining or piping, an array of groundwater monitoring pits¹⁴ interspersed throughout the wetland polygon could provide a relatively rapid answer as to whether wetland hydrology¹⁵ persists apart from irrigation influence.

If the above solution is implemented, the jurisdictional status of the wetland might be determined as soon as the end of the first growing season after irrigation repair/improvement.

Limitations:

The data presented herein reflect site conditions encountered on July 21, 2023. Work was performed in accordance with accepted standards for professional wetland biologists and applicable federal, state, and local ordinances. Although these findings are accurate and complete to the best of scientific knowledge, the conclusions herein should be considered as preliminary until they have been reviewed and approved in writing by the appropriate jurisdictional authorities.

¹³ Page 2, third paragraph in the section titled *Clarification of the terms "Intentionally created" and "non-wetland."*

¹⁴ Approximately 24-30 in deep and wide enough (40-48 in) to allow a person to access the bottom without risk of wall collapse. One wall shall be sloped to allow for trapped wildlife (and small humans) to exit. Pit hydrology shall be monitored every 14 days during the growing season (approximately April 15 to October 15). If this solution is pursued, any risk of injury resulting from the open pits is to be vetted and mitigated by the project proponent. Another alternative is to manually test for soil saturation in the upper 12 inches every 14 days.

¹⁵ Saturation of the soil profile within the upper 12 inches for 14 consecutive days during the growing season.

Should you have any questions or comments regarding the contents of this memorandum, please feel free to reach out at any time.

Best Regards,



Geoffrey Gray, MA, PWS
GG Environmental, LLC
151 Poulin Rd. Selah, WA 98942
gg@gg-env.com. www.gg-env.com
509-426-5645 mobile

Attachment 1. Reconnaissance Map



Wetland Reconnaissance Memorandum
Kittitas County Parcel #69034
Vantage Hwy, City of Ellensburg
July 24, 2023

Page 6 of 6

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June 26, 2025

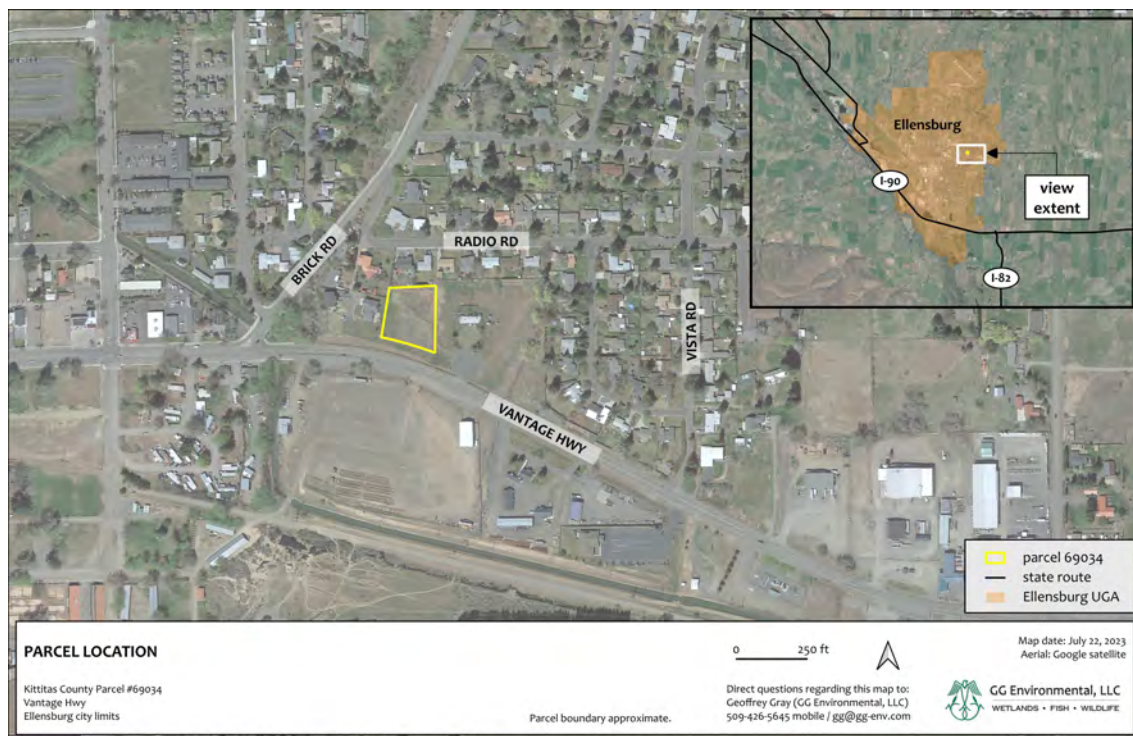
City of Ellensburg
Department of Community Development
Attention: Lily Frey
501 N. Anderson
Ellensburg, WA 98926

RE: Wetland Monitoring Session #1 for Kittitas County parcel #69034 (Catherine Park, City of Ellensburg).

Ms. Frey,

The purpose of this letter is to document the existing wetland status of parcel #69034 (parcel). The parcel is located north of Vantage Highway, between Brick Road and Vista Road, within the city limits of Ellensburg, Kittitas County, Washington (**Figure 1**).

Figure 1. Parcel Location



The parcel was reconnoitered by GG Environmental, LLC in July 2023 at which time it was determined that wetland indicators (plants, hydrology, soils) were present but likely supported by leaking irrigation infrastructure. It was recommended that the leak be repaired and subsequent monitoring completed to determine whether the wetland reverts to upland.

The leak was subsequently repaired and GG Environmental, LLC was retained by the city to conduct post-repair monitoring of the parcel. This memorandum documents the findings of monitoring session #1, conducted on June 26, 2025.

Observations:

The entire parcel was observed via a meandering pedestrian survey. Plant species were inventoried, topographic variation observed, and hydrology noted.

After a new culvert pipe was installed, soils were leveled and the former ditch alignment is no longer visible. Vigorous water flow was observed exiting the culvert mouth at Vantage Highway.

A xeric, hillside parcel, vegetation remains green in the same general vicinity of the 2023 wetland, but aerial coverage has been reduced in extent. Wetland plant species are still present, but exhibit signs of stress and stunting as they struggle to obtain moisture from the drier soil profile. An exception is along the northern parcel fence line where adjacent landowners irrigate back yards. This moisture is keeping the soil moist along the fence line, so wetland plants remain more vigorous. However, this artificial form of hydrology, although it may allow wetland plants to persist, is unlikely to support wetland soil and hydrology indicators.

Next Steps:

Monitoring session #2 is scheduled for August 2025, followed by a third site visit in October 2025. The wetland status of the parcel will be further observed and documented.

Should you have any questions or comments regarding the contents of this memorandum, please feel free to reach out at any time.

Best Regards,



Geoffrey Gray, MA, PWS

Attachment 1. Monitoring Map – Session #1 (6-26-2025)



Wetland Monitoring #1
Kittitas County Parcel #69034
Vantage Hwy, City of Ellensburg
June 26, 2025

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September 5, 2025

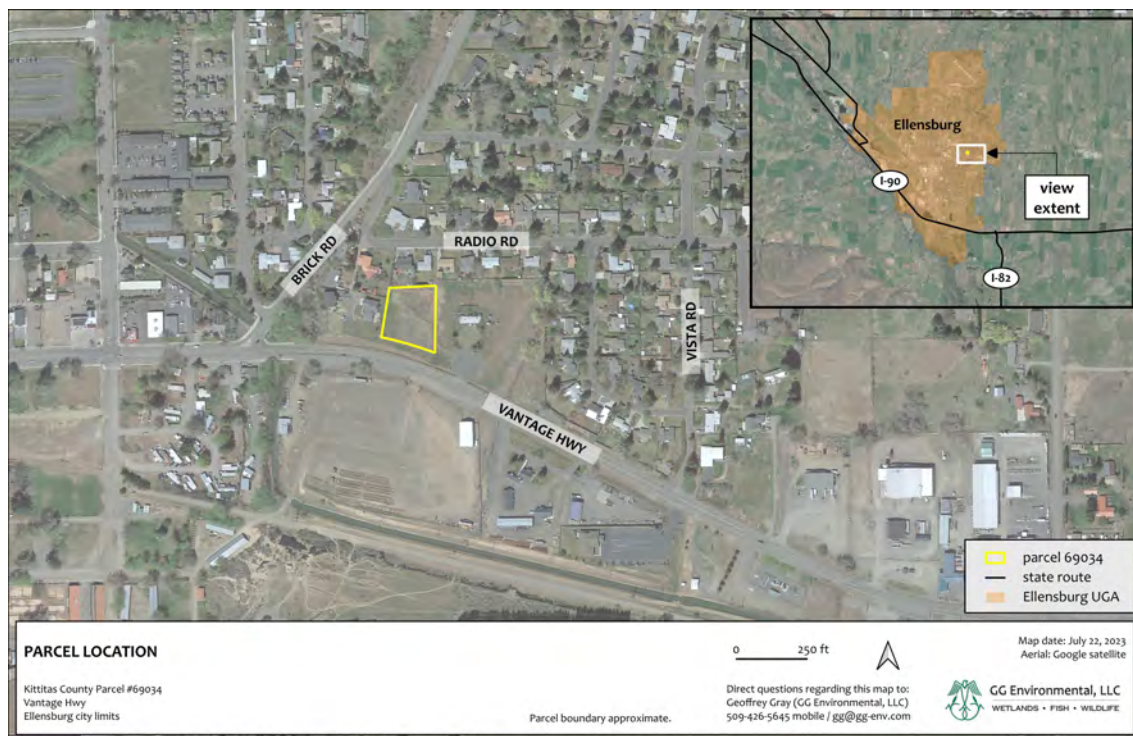
City of Ellensburg
Department of Community Development
Attention: Lily Frey
501 N. Anderson
Ellensburg, WA 98926

RE: Wetland Monitoring Session #2 for Kittitas County parcel #69034 (Catherine Park, City of Ellensburg).

Ms. Frey,

The purpose of this letter is to document the existing wetland status of parcel #69034 (parcel). The parcel is located north of Vantage Highway, between Brick Road and Vista Road, within the city limits of Ellensburg, Kittitas County, Washington (**Figure 1**).

Figure 1. Parcel Location



The parcel was reconnoitered by GG Environmental, LLC in July 2023 at which time it was determined that wetland indicators (plants, hydrology, soils) were present but likely supported by leaking irrigation infrastructure. It was recommended that the leak be repaired and subsequent monitoring completed to determine whether the wetland reverts to upland.

The leak was subsequently repaired and GG Environmental, LLC was retained by the city to conduct post-repair monitoring of the parcel. Monitoring session #1 was completed on June 26, 2025. This memorandum documents observations made during session #2, completed on September 5, 2025.

Observations:

The entire parcel was observed via a meandering pedestrian survey. Plant species were inventoried, topographic variation observed, and any hydrology noted.

Vegetation is mowed and the parcel was recently utilized for automobile parking during the Ellensburg Rodeo. Soils are very dry and compacted. The extent of green vegetation within the former wetland polygon has further reduced since June. A single soil pit was dug where wetland plants are still alive. The soil profile was observed to be very dry to 14 inches in depth and included redoximorphic concentrations, now relict. Water was observed to be trickling from the culvert mouth at Vantage Highway.

Although some plants are still alive along the former ditch alignment, they exhibit signs of water stress. Non-native upland weeds are increasing in relative coverage while wetland plant cover is decreasing. The northern parcel fence line continues to receive incidental moisture from backyard irrigation. It is expected that this area will continue to support weeds but not receive sufficient hydrology to support wetland soil and hydrology indicators.

Next Steps:

Final monitoring (Session #3) is scheduled for October 2025. The wetland status of the parcel will be further observed and documented.

Should you have any questions or comments regarding the contents of this memorandum, please feel free to reach out at any time.

Best Regards,



Geoffrey Gray, MA, PWS

Attachment 1. Monitoring Map – Session #2 (9-5-2025)



Wetland Monitoring #2
Kittitas County Parcel #69034
Vantage Hwy, City of Ellensburg
September 5, 2025

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MANAGER'S REPORT

DATE: May 18, 2026

To: Ellensburg City Council

FROM: Heidi Behrends Cerniwey, City Manager

1. Ribbon Cutting Ceremony for New West Ellensburg Park Playground

The community is invited to a ribbon cutting ceremony for the new playground at 4 p.m. on Wednesday, May 20, 2026, at West Ellensburg Park, located at 900 W. Third Avenue. The project was made possible through a partnership with the Ellensburg Morning Rotary Club, which contributed \$20,000 toward the purchase of playground equipment and assisted with the installation in April. The total project cost was a little more than \$200,000, funded with Real Estate Excise Tax, 2nd quarter percent (REET 2), adopted by the Ellensburg City Council in 2022 to fund park related improvements). The playground features elements of inclusive play, swing sets for all ages, a merry-go-round, and a large play structure. This is the first new playground installed in Ellensburg since 2012.

2. Response to Residential Preference for Tier 1 Power

A public comment was submitted requesting that residential customers be given "first preference" to the City's BPA Tier 1 power supply until that allocation is exhausted. This raises a genuine policy question regarding how the City reflects the benefit of low-cost wholesale power in retail electric rates. Residential customers are a core part of our community, and affordability is always an important consideration. That said, the issue is more complicated than assigning a specific block of lower-cost power to one customer class.

Any decision to direct more of the benefit of lower-cost power to one rate class would unavoidably shift additional cost responsibility to other rate classes. That means the issue is not simply whether it is possible, but what the resulting impact would be on commercial, industrial, and other customers, and whether that result is fair, supportable, and financially sound. Council does have broad authority over utility policy and electric rates, but that authority must be exercised in a manner that is legally defensible and not arbitrary or unduly discriminatory among customer classes.

3. Council Funded Grants Request for Guidance

Staff requests Council guidance on the upcoming Council-funded grant process.

Specifically, direction on whether Council wishes to place limits on the number of grant programs a community member or organization may apply for, or whether applicants should continue to be allowed to apply to multiple programs without restriction. This request follows a prior discussion from Council during last year's grant cycle that grant subcommittees consider whether applicants will be receiving multiple grant awards before issuing final award recommendations.

4. Pathways Project Groundbreaking Ceremony on June 3

HopeSource will host a groundbreaking ceremony for the future Pathways Project at 1200 S. Ruby Street on June 3 at 11:00 a.m. The event celebrates the official start of construction and recognizes the support and advocacy of community partners who helped make the affordable housing project possible for families, seniors, veterans, and youth in need. This development will renovate the former Nites Inn motel and add two new housing buildings and one new clubhouse building on the site. Besides City affordable housing fund dollars and a City-sponsored CHIP grant, other funders include Kittitas County, the Washington State Housing Trust Fund, and the U.S. Department of Housing and Urban Development (HUD). Learn more about affordable housing on the City website at [Affordable Housing | Ellensburg, WA](#).

5. Planning Invite from the Washington Department of Fish and Wildlife

The Washington Department of Fish and Wildlife (WDFW) is initiating travel management planning for the Wenas and L.T. Murray State Wildlife Areas in Kittitas and Yakima counties. WDFW is seeking input to better understand the use of roads and trails to help inform future route designations. Members of the community are invited to join a work session with agency partners and the WDFW Wildlife Area Advisory Committees to preview the inventoried route network and discuss important uses and travel patterns across the two state wildlife areas.

June 11: Armory Hall at the Kittitas Event Center
2:30-3:30 p.m.

901 East 7th Avenue
Ellensburg, Washington 98926

Please RSVP for the worksession here: [Wenas and L.T. Murray Travel Management Planning Worksession RSVP Form](#)

Following the work session, you are invited to attend a public meeting which will be from 4-7 p.m. at the same location. There will be maps of the route inventory; however, no route decisions will be made. Feedback will help WDFW balance sustainable recreation access with habitat protection and conservation goals. Those unable to attend the in-person open house will be able to review meeting materials and comment online through July 12. Meeting materials and commenting will open on June 11 at this website: <https://publicinput.com/wenasandltmurraytravelplans>.

For more information, please feel free to reach out to me or Heide Andersen, Recreation Planner, at heide.andersen@dfw.wa.gov, or 360-584-7342.

6. Coffee with Council on May 30

City Council will be hosting a Coffee with Council session on Saturday, May 30 from 10 a.m. to noon during the Bike Month Event at Unity Park. This is an opportunity to speak with Council to ask questions, discuss your City-related priorities, and enjoy a free cup of coffee.

7. May is Bike Month

This May, the City of Ellensburg and community partners will celebrate National Bike Month with bike activities and giveaways from 10 a.m. to 1 p.m. on Saturday, May 30, and a month-long bike ride raffle and photo contest.

A month-long bike ride raffle will run from May 1-29. Download the free Adventure Lab app and set up an account. Participate in any of the Ellensburg Bike Month ride and earn 1 raffle ticket per ride (10 total). Each participant must have their own account. Pick up your raffle tickets at the Bicycle Event at Unity Park on May 30 or stop by the Kittitas County Chamber of Commerce Visitor Information Center during the month of May. Raffle prizes include: One (1) Catricle Recumbent Trike, one (1) car rack, one (1) \$125 Recycle Shop gift card, one (1) \$50 Recycle Shop gift card, Ellensburg mural swag from the Ellensburg Downtown Association, and a Kittitas Valley Memorial Pool free admission.

Bike Month activities on May 30 will be based at Unity Park, located at 4th Avenue and Pearl Street. There will be free youth helmets and fitting, bike bell and bike light giveaways, safety resources, and local trail information. The Independent Order of Odd Fellows (IOOF) will be giving away free, used reconditioned bikes (sizes vary). Bring old bike tubes for recycling and donate any extra bike parts. New this year, the youth Bike Rodeo will be held as part of the Bike Month Activities. Kids can bring their bikes and helmets to the event to learn bike handling skills.

Members of the public are encouraged to ride to work, school, or worship during the month of May and enter a photo of their ride into the #EllensburgBikeMonth photo contest. Post a photo on Facebook or Instagram of your bike ride with the #EllensburgBikeMonth in your caption and tag the City of Ellensburg. Open to Kittitas County residents 18 years or older with public social media profiles. Full contest rules and event information at www.ellensburgwa.gov/bikemonth

8. Preview of June 1 Council Agenda and Special Study Session

The June 1 Study Session topic will include a review of the community survey results and review of the key priorities to update Council's 2026-2031 Strategic Vision in advance of the upcoming biennial budget development. The June 1 regular meeting will include a 2026 Legislative Session update, as well as second readings of Ordinances 4987 (Amending the 2025/2026 Biennial Budget) and 4988 (Water & Sewer Utility Rates and Plant Investment Fees). A Proclamation honoring LGBTQ+ Pride Month will be read.