

FIRST AMENDMENT TO OLD CITY HALL PURCHASE AND SALE AGREEMENT

This FIRST AMENDMENT TO the OLD CITY HALL PURCHASE AND SALE AGREEMENT (this "First Amendment") is entered into as of _____, 2021 between the CITY OF TACOMA, a first class municipal corporation ("Seller") and TACOMA OLD CITY HALL LLC, a limited liability company of the State of Washington ("Buyer").

RECITALS

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement (separately the "Original PSA" and together with this First Amendment the "Agreement") dated April 22, 2019, for the potential purchase and development of the real property, as updated, more particularly described in Exhibit A of this Agreement ("Property").

WHEREAS the Seller and Buyer have agreed upon changes to the initial terms set forth in the Original PSA.

WHEREAS the Seller and Buyer have agreed upon a phased construction schedule.

WHEREAS, except as expressly modified in this First Amendment, the remainder of the Original PSA shall remain in full force and effect.

NOW THEREFORE, the Seller and Buyer agree to the following amendments to the Original PSA and thereby the Agreement:

AGREEMENT

1. All references to the Property will henceforth refer to the updated Legal Description described in Exhibit A of this Agreement, which Exhibit shall supersede and replace Exhibit A found in the Original PSA.
2. All references to the Development Agreement found in Exhibit C of the Original PSA shall henceforth refer to the updated Development Agreement incorporated as Exhibit B of this Agreement, which Exhibit B shall supersede and replace Exhibit C found in the Original PSA.
3. All references to the Public Benefits Agreement found in Exhibit D of the Original PSA shall henceforth refer to the updated Public Benefits Agreement incorporated as Exhibit C of this Agreement, which Exhibit C shall supersede and replace Exhibit D found in the Original PSA.
4. Section 3A of the Original PSA is hereby deleted and replaced with the following:
 - a. A. **Cash Due At Closing.** Buyer shall remit to Seller One Million Six Hundred Thousand Dollars (\$1,600,000) in cash at closing, which shall occur prior to start of the Phase 1 construction.
5. Section 8 of the Original PSA is hereby deleted and replaced with the following:
 - a. **Closing.** This transaction will be closed in escrow by the Title Company acting as escrow agent ("Escrow Agent"). The closing will be held at the office of the Title Company on or before November 30, 2021 (the "Closing Date"). If closing does not occur on or before the Closing Date, or any later date mutually agreed to in writing by Seller and Buyer, Escrow Agent will immediately terminate the escrow, forward the parts of the Deposit to the party entitled to receive them as provided in this Agreement and return all documents to the party that deposited them. When notified by Escrow Agent, Buyer and Seller will deposit with Escrow Agent without delay all instruments and moneys required to complete the transaction in accordance with this Agreement. "Closing," for the purpose of this Agreement, is defined as the date that all documents are executed, the sale proceeds are available for disbursement to the Seller, and legal title passes to the Buyer.

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the date set forth above.

SELLER:

CITY OF TACOMA, a first class municipal corporation

Elizabeth A. Pauli
City Manager

Department Approval:

Jeff Robinson
Community and Economic Development Department
Director

Approved as to form:

Deputy City Attorney

BUYER:

TACOMA OLD CITY HALL, LLC, a limited liability company

EXHIBIT A

Legal Description of the Property

{to be inserted} include revised legal description that addresses the boundary line for sidewalks on three sides of the building

EXHIBIT B

Development Agreement

Insert First Amendment to the Development Agreement

EXHIBIT C

Public Benefits Agreement

Insert revised Public Benefits Agreement

FIRST AMENDMENT TO OLD CITY HALL DEVELOPMENT AGREEMENT

This FIRST AMENDMENT TO the OLD CITY HALL DEVELOPMENT AGREEMENT (this "First Amendment") is entered into as of _____, 2021 between the CITY OF TACOMA, a first class municipal corporation ("City") and TACOMA OLD CITY HALL LLC, a limited liability company of the State of Washington ("Developer").

RECITALS

WHEREAS, City and Developer entered into that certain Development Agreement (separately the "Original DA" and together with this First Amendment the "Agreement") dated April 22, 2019, for the potential purchase and development of the real property, as updated, more particularly described in Exhibit A of this Agreement ("Property").

WHEREAS the City and Developer have agreed upon changes to the initial timeline set forth in the Original DA.

WHEREAS the City and Developer have agreed upon a phased construction schedule.

WHEREAS, except as expressly modified in this First Amendment, the remainder of the Original DA shall remain in full force and effect.

NOW THEREFORE, the City and Developer agree to the following amendments to the Original DA and thereby the Agreement:

AGREEMENT

1. All references to the Property will henceforth refer to the updated Legal Description described in Exhibit A of this Agreement, which Exhibit shall supersede and replace Exhibit A found in the Original DA.
2. Section 3B of the Original DA is hereby deleted and replaced with the following:
 - B. **Development.** The Development Plan shall allow for construction in two phases. Construction of Phase 1 shall be completed in accordance with the Construction Schedule (Exhibit C of this Agreement, which shall supersede and replace Exhibit C found in the Original DA) followed promptly by completion of Phase 2 to effect a seamless transition between the two phases. The overall Development Plan at a minimum shall provide for the following uses, as allowed by the International Building Code:

The updated plan set shows the following based on occupancies in the IBC:

- Approximately 22,500 square feet of combined retail, office and co-working, and bar/restaurant space on the basement, first (Pacific Avenue) and second (Commerce Street) levels, including the first and second floor mezzanines. Of this amount, approximately 1,250 square feet of office space on the second level (Commerce Street) is to be leased initially to the Tacoma Historical Society to showcase exhibits in accordance with the Public Benefits Agreement, and one food hall/restaurant is to be developed on Commerce Street. Cafés and other food-related gathering uses are preferred on Pacific Avenue, which a portion of the office space may be substituted for, in order to generate pedestrian traffic that will contribute toward economic vibrancy;
- Approximately 25,000 square feet of combined office and co-working space as well as event space on the third, fourth and fifth levels;

- 19 apartments on the fifth level, with at least 9 affordable housing units at 60% AMI; and
- Event space on the rooftop, which is the sixth level, currently in the glass-enclosed area.

B.1.1 Permitting

- The Developer submitted a building permit (BLDCA21-0037), which is vested to the 2015 International Building Code. The permit submittal was considered complete as of January 26, 2021. The scope of the permit covers Phase 1 and Phase 2 of the development plan.
- Details regarding the proposed phased occupancy are included as part of the main building permit. This phased occupancy plan will be reviewed as part of BLDCA21-0037.
- Areas within Phase 1 and Phase 2 of the development plan will require additional tenant improvement permitting.

B.1.2 Design and Buildout.

- Design of the second level (Pacific Avenue) shall conceptually identify placement of shafts and hoods for food preparation to accommodate the potential for future restaurant-type uses.
- Phase 1 buildout of the Development Plan shall include completion of at least 60% of the full buildout as follows:
 - Building envelope: Internal structural upgrades (seismic renovations for earthquake protection and related improvements), including the Old Clock Tower, and all exterior masonry rehabilitation excluding brick veneer anchorage;
 - Office space to be leased to the Tacoma Historical Society to showcase exhibits as well as restaurant and retail space which may include a food hall on the second level (Commerce Street);
 - Co-working/office space on the third level, and
 - Co-working/office space on the fourth level.

Upon transfer of title to the Developer, Phase 1 shall first require the seismic retrofit work to be completed. Once seismic retrofit is complete, Developer, at their sole cost, shall immediately investigate the condition of the brick veneer anchorage in coordination with exterior masonry repair to ascertain potential risks to public safety. The brick veneer investigation plan shall be submitted to the City for concurrence. If at any time during the Project it is determined that the veneer requires supplemental anchorage, the owner shall consult with the City's Planning and Development Services and Public Works Departments to recommend an immediate course of action. After concurrence from the City, Developer, at their sole cost, shall take appropriate measures such as barricades and covered walkways in the public rights-of-way and/or pedestrian paths, to protect the public until such time as the veneer reattachment work is completed in Phase 2. Installation of necessary protection measures is a prerequisite for Occupancy of Phase 1.

- Phase 2 building of the Development Plan shall include completion of the remaining 40% of the full buildout as noted below:
 - Office space in the basement;
 - Cafés, a bar and/or office space on the first level (Pacific Avenue);
 - Apartments on the fifth level; and
 - Event space on the sixth level.
- The Old Clock Tower shall have the same use on each level as the remainder of the floor, with exception of the fifth level where it will be developed as office space. The City and Developer agree the top of the tower may remain unusable

due to lack of proper ingress/egress. Developer shall continue to explore future potential remedies for use of the top of the tower.

Exhibit B, attached hereto, depicts buildout of spaces in plan view by level.

The Parties recognize that Developer may need to modify the planned specific uses described above based on economics or other factors during and after the development of the Property. If Developer needs to modify the planned specific uses, Developer will request permission in writing from the City which the City agrees shall not be unreasonably withheld.

In addition, the Development Plan shall:

1. Include measures in the renovation designed to promote environmental sustainability if economically feasible and maintain historic character through the incorporation of conservation design elements and green building principles,
2. Developer shall meet with Tacoma Public Utilities' energy efficiency experts to obtain an energy audit of Old City Hall at no cost to the Developer and explore the potential to incorporate energy efficiency measures into the project,
3. Make reasonable efforts to incorporate Equity in Contracting ("EIC" as set forth in Tacoma Municipal Code Chapter 1.07) and Local Employment and Apprenticeship Training Program ("LEAP") as set forth in Tacoma Municipal Code Chapter 1.90) participation in construction of the Project with acknowledgement that incorporation does not materially increase Developer's costs. City agrees to assist Developer with facilitating and implementing the incorporation of EIC and LEAP participation.
4. Guarantee performance that the construction shall be completed in accordance with approved plans. Developer stipulates that any and all draws from the dedicated construction account and any future financing shall be committed to the improvements on the property.
5. Incorporate equitable access to tenancy into the Developer's lease of the Property. Equitable access shall be defined as making a concerted effort to lease fifty percent (50%) of the retail space to businesses owned by persons living or doing business in underserved geographical areas of Tacoma, enrolling fifty percent (50%) of persons living or doing business in underserved geographical areas of Tacoma into the educational programs offered at Old City Hall and offering fifty percent (50%) of the affordable housing units to persons living or doing business in underserved geographical areas of Tacoma. The Developer shall work with City staff to develop an implementation plan that covers both phases for City administrative review and approval prior to property conveyance and shall provide tangible evidence of how it implemented outreach to persons living or doing business in underserved geographical areas of Tacoma to achieve the aforementioned objectives semi-annually by January 15th and July 15th of each year for ten (10) years, and
6. Continuously maintain both the interior and exterior worksites in a well-kept and orderly condition with no outside storage of construction materials.

3. Section 4 of the Original DA is hereby deleted and replaced with the following:

4. **Financing.** Prior to Commencement of Construction, and in any event as a precondition to conveyance of the Property, Developer must submit to the City, for its review and approval, a detailed description of its plan to finance the Project, including both equity and debt portions of the financing (the "Financing Plan"). The Financing Plan shall include the following agreed upon terms:

4.1 Developer shall self-finance Phase 1 and shall either self-finance Phase 2 or obtain equity and debt financing. The Total Project Cost is estimated at \$14.5

million U.S. dollars, which includes property acquisition paid in cash, hard and soft costs, and the Public Benefits Agreement. Approximately \$2.1 million has been invested to date, which includes a \$400,000 deposit to the City of Tacoma for property acquisition in addition to architectural, engineering, historic preservation, tax credits and other consulting services; legal and other expertise. A total of \$1.6 million will be due at closing, which will be added to the \$400,000 on account to complete property acquisition at \$2 million. Phase 1 hard construction costs, Washington State sales tax and a 10% contingency is estimated at \$6.68 million. Phase 2 hard construction costs, Washington State sales tax and a 10% contingency is estimated at \$2.14 million. Details are provided in Exhibit C.

Developer intends to fund Phase 1 of the project as follows: (A) \$2 million of Developer equity for property acquisition, which shall include the \$400,000 deposit on account with the City, and (2) a minimum of \$6.68 million of Developer equity, and (B) Cash received from Federal historic tax credits which are allowed at up to 20% of Qualified Rehabilitation Expenditures may be invested into Phase 2.

- 4.2 Developer must demonstrate to the City's satisfaction that it has funding sources in place for 100% of the cost of the Project to cover Phase 1, including investments made prior to the date of this Agreement, and must represent and warrant to the City at that time that such funds are committed to the Project.
- 4.3 The Developer shall create a Dedicated Construction Account with US Bank exclusively for the rehabilitation of Old City Hall and deposit a minimum of \$6.68 million into this account for the purpose of completing Phase 1. The Dedicated Construction Account shall be used only for the rehabilitation of Old City Hall. Prior to starting Phase 1. The Developer shall provide the City with a detailed schedule of the work to be performed each month, estimated cost of the work and copies of bid contracts verifying costs. Developer will provide City with detailed construction progress reports, photos and/or videos of the work conducted, monthly itemized banking statements from the Dedicated Construction Account along with a fully transparent periodic accounting of all disbursements made for construction and project-related purposes (e.g. payment of Washington State sales tax). The Developer shall notify the City on a monthly basis should the schedule or costs change. The City shall review the construction progress reports, photographic evidence and monthly statements as well as periodically visit the site to ascertain project performance. In the event that funds allocated to the Dedicated Construction Account are used for any other purpose than the rehabilitation of Old City Hall, the Developer shall be in default, be required to cure the default by reimbursing the Dedicated Construction Account within 10 days of receiving a notice from the City to cure the default and incur penalties of \$1000/day since the date of the notice until the default is cured. In addition, the Developer will be required to pay for the City to contract with a third party reviewer to demonstrate Developer's construction progress throughout the remaining Phase 1 and Phase 2 projects.
- 4.4 Developer shall, prior to Phase 1 Temporary Certificate of Occupancy issuance, demonstrate to the City's satisfaction that it has the ability to self-finance Phase 2, or alternatively that upon completion of Phase 1 Developer has obtained debt and/or equity financing for the work necessary on Phase 2. Should the Developer self-finance Phase 2, it must deposit a minimum of \$2.14 million into the Dedicated Construction Account with US Bank exclusively for the rehabilitation of Old City Hall. In the event Phase 2 is self-financed, the same process used for Phase 1 monitoring, including all deliverables and default penalties, shall be applicable and required by the City for Phase 2.
- 4.5 Acceptable evidence of debt financing may consist of:
 - a. A letter from a reputable United States bank that verifies the

amount of the Developer's funds on account with the bank.

- b. A letter from a Fiscal Agent that verifies the amount of investor equity pledged.
 - c. A letter from a reputable United States bank, financial institution or other investors purchasing the historic tax credits that verifies the sale price.
 - d. A letter of commitment for a construction loan with terms and conditions consistent with market rate commercial construction loan commitments and which are reasonably acceptable to the City. The terms of the commitment letter shall include a description of when and under what conditions bank funds will be released.
- 4.6 Developer shall remit \$1.6 million cash to the City for the acquisition of the Property under the Purchase and Sale Agreement at the time of property conveyance and prior to beginning Phase 1 construction.
- 4.7 In the event the Developer defaults on this Agreement and/or withdraws from the project, all equity invested in the project shall be surrendered to the City and a quit claim deed shall be executed by the Developer to the City. Developer shall have 30 days to cure the default to the City's satisfaction. The Developer shall have no further rights to the property but shall be responsible for any outstanding liens and/or other third party obligations it has as a result of the project. It shall leave the premises in a safe condition.

Developer shall make financial information concerning the Project requested by the City available for the City's review. Such information may be submitted under procedures mutually agreeable to the Parties to preserve the confidentiality of such information.

4. Section 5 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
- a. 5D is superseded and replaced with:
 - i. Developer must demonstrate to the City's satisfaction that it has funding sources in place for 100% of the cost of the Project to cover Phase 1, including investments made prior to the date of this Agreement, and must represent and warrant to the City at that time that such funds are committed to the Project. The Total Project Cost for Phase 1 is estimated at \$10.33 million U.S. dollars, which includes \$2 million for property acquisition paid in cash; an estimated \$6.68 million in hard construction costs with Washington State sales tax and a 10% construction contingency; and \$1.65 million invested in soft costs to date.
 - ii. Developer demonstrates they have established a dedicated construction account exclusively for the rehabilitation of Old City Hall and have deposited a minimum of \$6.68 million into this account.
 - iii. Developer shall, prior to Phase 1 Temporary Certificate of Occupancy issuance, demonstrate to the City that it has a minimum of \$2.14 million in funding sources in place for 100% of the cost of the Project to cover Phase 2. Should the Developer self-finance Phase 2, it must deposit a minimum of \$2.14 million in the Dedicated Construction Account with US Bank exclusively for the rehabilitation of Old City Hall.
 - b. 5E is superseded and replaced with:
 - i. Developer has secured all initial permits for constructing interior and exterior improvements to adaptively reuse Old City Hall in compliance with the Development Plan, the Secretary of the Interior's Standards for Historic Rehabilitation for interior and exterior alterations as well as the

- Old City Hall Historic District design guidelines. These permits must be ready for issuance and pickup upon conveyance.
- ii. All initial permits for constructing interior and exterior improvements to adaptively reuse Old City Hall shall include both Phases 1 and 2, which reflects a phased occupancy under a single permit.
5. Section 6 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
- a. 6.1 is superseded and replaced with:
 - i. Generally. Developer has submitted constructions plans to the City sufficiently complete to conduct code compliance review. Developer shall construct and complete the Project/Improvements on the Property as specifically described and depicted in the Plans for the Project. The Parties agree that no construction on any part of the Project will commence prior to satisfaction of the conditions set forth in Sections 5 A-G above and 6.2 below, except that building/property maintenance, repairs and security measures are allowed. Developer has submitted a final Construction Schedule (Exhibit D of this Agreement) showing the anticipated commencement and completion dates for construction. Developer shall commit its best efforts to ensure that Substantial Completion is achieved in accordance with the Construction Schedule, subject only to Force Majeure or as extended by written agreement of the City, and shall be completed substantially in accordance with the approved Construction Documents. Developer agrees that once construction has begun on the Improvements, Developer will proceed continuously (subject only to delays for Force Majeure) with such construction until such Improvements have been completed.
 - b. 6.2.4 is superseded and replaced with:
 - i. Equity in Contracting Project Participation. The Developer shall work with the City of Tacoma Equity in Contracting Coordinator to use registered City of Tacoma Equity in Contracting qualified consultants and contractors to solicit bids for the project for work not already contracted at the time the Development Agreement is executed. The Developer shall coordinate with the City of Tacoma Equity in Contracting Coordinator to ensure that Equity in Contracting utilization is used when economically practicable and shall report Equity in Contracting activity throughout the project as directed by the City.
 - c. 6.7.3 is superseded and replaced with:
 - i. Rescission. City retains the option to rescind the purchase for Developer's failure to perform based on the new Construction Schedule. Developer agrees to forfeit all investments and equity in the Project, the \$400,000 Good Faith Deposit on account, and the \$1.6 million cash purchase price.
 - ii. In the event of a rescission, the City is entitled to copies of all Intellectual Materials (e.g. plans, reports, engineering studies), which copies may be used by the City and/or its future development partners. Insufficient funding shall not be an acceptable reason for delay of construction.
6. Section 7 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
- a. 7.1 is superseded and replaced with:
 - i. Permitting Milestone. The Developer shall be required to obtain building and related permits by October 31, 2021, unless the City Manager approves an alternate date in the final Construction Schedule, which approval shall not be unreasonably withheld (Exhibit D). A \$10,000/month liquidated damage shall be assessed for any delay beyond November 30, 2021, subject only to Force Majeure or any items the City agrees, in writing, are beyond the Developer's control.

- b. 7.2 is superseded and replaced with:
 - i. Construction Commencement. Developer must Commence Construction on the Project no later than November 30, 2021, unless the City Manager approves an alternate date in the final Construction Schedule. If this milestone is not met, the City may, in its sole discretion, terminate this Agreement, or in the event that the Property has been conveyed prior to November 30, 2021, require re-conveyance of the Property from the Developer to the City at no cost to the City.
 - c. 7.3 is superseded and replaced with:
 - i. Completion of Construction. The Developer shall be required to complete Phase 1 construction of the Project no later than May 31, 2023 and obtain a Certificate of Occupancy by July 31, 2023 (unless alternate dates have been approved by the City Manager in the final Construction Schedule). The Developer shall be required to complete Phase 2 construction of the Project no later than November 30, 2024 and obtain a Certificate of Occupancy by January 31, 2025 (unless alternate dates have been approved by the City Manager in the final Construction Schedule). The Certificate of Occupancy may reflect some spaces as Shell Only which will be available for occupancy upon completion of tenant improvements. A \$1000/day liquidated damage (amount based upon estimated property taxes and B&O revenue foregone with delays) shall be assessed for delays in meeting this milestone subject only to Force Majeure or any items the City agrees, in writing, are beyond the Developer's control. The amounts due shall be paid by the 10th of the following month for which it has not obtained the Certificate.
7. Section 9 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
- a. 9.1 When Developer Entitled to Certificate of Completion. Upon substantial completion of the Project, which includes completion of both Phase 1 and Phase 2 of the Project, in accordance with this Agreement and satisfaction of the other conditions of this Section 9, the City will furnish Developer with a Certificate of Completion as to the completion of the requirements found within the DA for the Project. Notwithstanding the foregoing, the City shall not be required to issue the Certificate of Completion if Developer is not then in material compliance with the terms of this Agreement. In addition, if punch list items remain when Developer requests the Certificate of Completion, the City may require as a condition to the issuance thereof that Developer post a performance bond, submit an Irrevocable Letter of Credit or provide other financial assurance reasonably satisfactory to the City to insure completion of the punch list items, and Developer agrees to proceed with all reasonable diligence to complete the punch list items.
8. Section 11 of the Original DA is hereby deleted and replaced with the following:
- a. Indemnity From Liens. In no event shall Developer, prior to issuance of the Certificate of Completion, cause any lien to attach to the Property (regardless of ownership), in connection with any monetary obligation, including but not limited to mortgages, deeds of trust, mechanic's liens, attachment liens, judgment liens, execution liens, utility liens, security interests or encumbrances, unless Developer first obtains the City's written approval therefor, which approval shall not be unreasonably withheld. It is acknowledged that should Developer decide to employ third-party lender financing limited only for construction costs of Phase 2, Developer may be required to provide a deed of trust and other customary security devices to lender. Developer shall obtain written approval from the City prior to applying for a deed of trust. Developer shall indemnify and hold harmless the City from and against all mechanics', materialmen's and laborers' liens and all costs, expenses and liabilities arising from construction of Improvements the Property, except to the extent arising out of labor or materials contracted for by the City. Nothing contained in this Agreement shall be construed as the consent

or request of the City, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment to the Project (or any part thereof). NOTICE IS HEREBY GIVEN THAT THE CITY WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO DEVELOPER, OR ANYONE HOLDING AN INTEREST IN THE PROPERTY (OR ANY PART THEREOF) THROUGH OR UNDER DEVELOPER, EXCEPT AS MAY BE SUBSEQUENTLY AGREED BY THE SPECIFICALLY AFFECTED PARTIES.

9. Section 15 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
 - a. 15.2 The failure of Developer to comply with the terms of any financing obligations for any Principal Project Element, and such failure is not cured within any time permitted by the lender providing such financing. This includes the failure to self-finance, maintain a designated construction account for Old City Hall and to limit draws against the escrow account to Project-related expenses. City shall retain oversight for monitoring construction draws related to self-financing.
10. Section 16 of the Original DA is hereby amended as follows, but otherwise remains unchanged:
 - a. 16.1.4 Retainage of Improvements and Deposits. The City shall be entitled to retain all improvements to the Property at no cost and the City shall retain the Good Faith Deposit, Purchase Price and other damages/penalties in full.

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the date set forth above.

SELLER:

CITY OF TACOMA, a first class municipal corporation

Elizabeth A. Pauli
City Manager

Department Approval:

Jeff Robinson
Community and Economic Development Department
Director

Approved as to form:

Deputy City Attorney

BUYER:

TACOMA OLD CITY HALL, LLC, a limited liability company

EXHIBIT A

Legal Description of the Property

{to be inserted}—include revised legal description

EXHIBIT B

Development Plan Buildout

Exhibit B, attached hereto, depicts buildout of spaces in plan view by level. (To be inserted)

EXHIBIT C

Tacoma Old City Hall Renovation Total Project Cost Breakdown

EXHIBIT D

Construction Schedule

Phase I	Phase II
<p>A. Submit Historic Tax Credit application by: September 1, 2021</p> <p> a. Initial Application has been reviewed and submitted. Obtaining phasing information.</p> <p>B. Obtain Landmarks Preservation Commission approval by: September 1, 2021</p> <p>C. Demonstrate 100% financing for Phase I by: September 30, 2021</p> <p>D. Submit Equity Implementation Plan and Transportation Plan for City review and approval prior to property conveyance by: September 30, 2021</p> <p>E. City to review, comment and approve Equity Implementation Plan and Transportation Plan by: October 15, 2021</p> <p>F. Obtain building and related permits for Phase I by: October 30, 2021</p> <p>G. Transfer title to property by: November 30, 2021</p> <p>H. Commence building construction for Phase I by: November 30, 2021</p> <p> - 60% of buildout</p> <p> - 100% of internal structural upgrades (seismic, earthquake, etc.)</p> <p> <input type="checkbox"/> All Floors Tower Space - Office</p> <p> <input type="checkbox"/> 2nd Floor (Commerce) & Mezzanine - Office/Retail/Food Hall</p> <p> <input type="checkbox"/> 3rd Floor & Mezzanine - Office/Retail</p> <p> <input type="checkbox"/> 4th Floor & Mezzanine - Office/Surge Education Programs</p> <p> ▪ Exterior Masonry Work safety exterior work</p> <p>I. Complete building construction for Phase I by: May 31, 2023</p> <p>J. Obtain Certificate of Occupancy for Phase I by: July 31, 2023</p> <p>K. Tenants occupy the building for Phase I by: August 31, 2023</p>	<p>A. Demonstrate 100% financing for Phase II by: May 15, 2023</p> <p>B. Obtain remaining building and related permits for Phase II by: May 15, 2023</p> <p>C. Commence remaining building construction for Phase II by: June 1, 2023</p> <p> - 40% of buildout</p> <p> <input type="checkbox"/> Basement - Office</p> <p> <input type="checkbox"/> 1st Floor (Pacific) - Office</p> <p> <input type="checkbox"/> 5th Floor - Residential</p> <p> <input type="checkbox"/> 6th Floor (Rooftop) - Event Space</p> <p>D. Complete building construction for Phase II by: November 30, 2024</p> <p>E. Obtain Certificate of Occupancy for Phase II by: January 31, 2025</p> <p>F. Tenants occupy the building for Phase II: February 28, 2025</p> <p>Submit quarterly construction and Public Benefits Agreement reports to City by 1/15, 4/15, 7/15 and 10/15 of each year</p> <p>Submit semi-annual equity reports to City by 1/15 and 7/15</p>

FIRST AMENDMENT TO OLD CITY HALL PUBLIC BENEFITS AGREEMENT

This FIRST AMENDMENT TO the OLD CITY HALL PUBLIC BENEFITS AGREEMENT (this "First Amendment") is entered into as of _____, 2021 between the CITY OF TACOMA, a first class municipal corporation ("City") and TACOMA OLD CITY HALL LLC, a limited liability company of the State of Washington ("TOCH").

RECITALS

WHEREAS, City and TOCH entered into that certain Public Benefits Agreement (separately the "Original PBA" and together with this First Amendment the "Agreement") dated April 22, 2019, for the potential purchase and development of the real property, as updated, more particularly described in Exhibit A of this Agreement ("Property").

WHEREAS the City and TOCH have agreed upon changes to the initial terms set forth in the Original PBA.

WHEREAS the City and TOCH have agreed upon a phased construction schedule.

WHEREAS, except as expressly modified in this First Amendment, the remainder of the Original PBA shall remain in full force and effect.

NOW THEREFORE, the City and TOCH agree to the following amendments to the Original PBA and thereby the Agreement:

AGREEMENT

1. All references to the Value of Benefits found in Exhibit A of the Original PBA shall henceforth refer to the updated Value of Benefits incorporated as Exhibit A of this Agreement, which Exhibit A shall supersede and replace Exhibit A found in the Original PBA.
2. Section A of the Original PBA is hereby amended as follows, but otherwise remains unchanged:
 - a. 1. The Agreement Term is for ten (10) years from the date of Certificate of Occupancy of Phase 2 of the Project.
3. Section B of the Original PBA is hereby amended as follows, but otherwise remains unchanged:
 - a. **2. Entrepreneurial Education Program**
 - i. During the Term, TOCH shall conduct an annual educational program for a minimum total of 50 students, held weekly at Old City Hall, with a core curriculum in business skills. The core curriculum will adapt to changing market conditions during the Term.
 - ii. TOCH shall endeavor to have not less than fifty percent (50%) of accepted students live and/or work in underserved geographical areas of Tacoma, with a strong focus on acceptance of students of color into the program.
 - iii. TOCH shall strive to employ educators/providers reflective of the population demographics they are serving at Old City Hall.
 - 3. Computer Literacy Skills Program**
 - i. During the Term, TOCH shall conduct a one-year computer literacy skills training program for a minimum of 276 students (23 students per month for 20 hours of training in Microsoft Office and Adobe Acrobat), held weekly at Old City Hall.
 - ii. TOCH shall endeavor to have not less than fifty percent (50%) of accepted students live and/or work in underserved geographical areas of

Tacoma, with a strong focus on acceptance of students of color into the program.

- iii. TOCH shall strive to employ educators/providers reflective of the population demographics they are serving at Old City Hall.

Exhibit A provides additional documentation on SURGE Entrepreneurial Programs.

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the date set forth above.

CITY:

CITY OF TACOMA, a first class municipal corporation

Elizabeth A. Pauli
City Manager

Department Approval:

Jeff Robinson
Community and Economic Development Department
Director

Approved as to form:

Deputy City Attorney

TOCH:

TACOMA OLD CITY HALL, LLC, a limited liability company

EXHIBIT A

Value of Benefits

BENEFIT	ASSUMPTIONS	VALUE
<p>Reduced Rent to Tacoma Historical Society</p>	<ul style="list-style-type: none"> • Market rent = \$24/sf/yr • THS pays \$1 per year for 1,250 sf • Benefit = \$23/sf/yr 	<p>\$287,500 (10 years)</p>
<p>Entrepreneurial Education Program (As outlined in the attached Surge Entrepreneurial Programs description which should also include development of a Small Business Resource Guide available online)</p>	<ul style="list-style-type: none"> • Approx. \$2,830 per student per year • 50 adult & 10th to 12th grade students Plan to work with local community stakeholders to incorporate BIPOC inclusiveness 	<p>\$1,415,000 (10 years)</p>
<p>Computer Literacy Skills Program (As outlined in the attached Surge Entrepreneurial Programs description)</p>	<ul style="list-style-type: none"> • 276 adult students • 23 distinct students every month for 20 hours of training in Microsoft Office and Adobe Acrobat 	<p>\$25,186 (1 year)</p>
<p>Affordable and Market Rate Housing Subsidies Precluded from Applying for City of Tacoma Multi-Family Property Tax Exemption Program</p>	<ul style="list-style-type: none"> • Housing Construction cost = \$273/sf for 6,634 sf of leasable area • 19 units: 9 (47%) affordable and 10 (53%) market rate • 2021 tax rate = \$12.53/\$1,000 • 12-year available subsidy 	<p>\$272,314 (12 years)</p>
<p>TOTAL</p>		<p>\$2,000,000</p>