

AGENDA
GIG HARBOR CITY COUNCIL STUDY SESSION
Thursday, October 17, 2024 - 3:00 PM
Community Rooms

This meeting may also be accessed through Zoom at <https://zoom.us/j/93216056382> or by calling (253) 215-8782 and entering Meeting ID 932 1605 6382.

CALL TO ORDER/ROLL CALL

DISCUSSION ITEMS

1. **Introduction of Lodging Tax Advisory Committee Appointees**
Sue Braaten and Miriam Battson
Mayor Tracie Markley
2. **Gig Harbor Sports Complex Phase 1A - Lease with YMCA**
Parks Manager Jennifer Haro
3. **Possible Conservation Property Acquisition**
Parks Manager Jennifer Haro
4. **City Administrator Updates**
City Administrator Katrina Knutson

ADJOURN

PUBLIC COMMENT & DECORUM

Public comment will be not be accepted at this study session.

AMERICANS WITH DISABILITIES (ADA) ACCOMMODATIONS

ADA accommodations can be provided upon request. Those requiring special accommodations should contact the city clerk at cityclerk@gjgharborwa.gov or (253) 853-7613 at least 24 hours prior to the meeting.



**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: October 17, 2024

SUBJECT: Gig Harbor Sports Complex Phase 1A - Lease with YMCA

SUBMITTED BY: Parks Manager Jennifer Haro

DEPARTMENT: Public Works

PHONE: (253) 853-8253

SUGGESTED MOTION: None.

BACKGROUND INFORMATION: Since the original lease for Phase 1A of the Gig Harbor Sports Complex was signed in 2021, there have been several adjustments to the lease that would require revisions. Staff and the YMCA have met several times over the last year to discuss lease provisions. Some of the smaller adjustments include:

- The restroom/concession building is being built on Phase 1B, rather than 1A
- A proposed grant that was mentioned has expired
- The proposed timeline for construction has shifted
- A state appropriation is available for the project
- A reallocation of a Pierce County appropriation from 2023

The largest change is that the city has proposed donating \$2 million in Hospital Benefit Zone (HBZ) funds to the construction of Phase 1A. In the original agreement, the city would own the land, and the YMCA would own the improvements, with an option for either entity to buy out the other one at the end of the lease. However, the additional \$2 million shifts the balance of the lease agreement in ways that need to be addressed so that they don't constitute a gift of public funds.

The state laws pertaining to HBZ funds require that they be spent on "public improvements." The YMCA was against the city owning all of the improvements, as they would have nothing to leverage if they needed loans or other funding for the project. What the city and legal counsel came up with was to have the YMCA build the entire project, but then deed the city the parking lot and driveway areas, which are equal in value to the contribution of city funds. This would constitute a public improvement and meets the intent of HBZ regulations.

Representatives from the YMCA will be in attendance at the October 17 study session to discuss the lease. Staff will outline the lease changes and ask council for a recommendation to bring to an upcoming regular meeting for approval.

FISCAL CONSIDERATION: None.

ATTACHMENTS:

1. DRAFT Lease Agreement

STRATEGIC PLAN PRIORITY: Strategic Plan Priority 3 - Maintain small town character and historic preservation while growing responsibly

Gig Harbor YMCA Sports Complex Lease Agreement

1. Table of Contents	
LEASE AGREEMENT	3
RECITALS	3
A. Recitals.....	4
B. Description.....	4
C. Term and Extensions	4
D. Termination	5
E. Representations and Warranties.....	5
a. Landlord's Warranties.....	5
b. Tenant's Warranties	6
F. Rental Payment	7
G. Community Benefit Provided	7
H. Services Agreement.....	7
a. General Public Use.....	7
b. Scheduling.....	7
c. Maintenance.....	7
d. Public Coordination	8
e. Use Rates	8
f. Field Coordinator.....	8
g. Rules for All Users.....	8
h. Insurance for Phase 1A Improvements.....	8
i. Capital Reserve Fund	8
j. Donations.....	9
I. Construction of Phase 1A Improvements	9
a. Commencement	9
b. Completion Date.....	9
c. Ownership	9
d. Permits.....	9
e. Prevailing Wage	10
f. Inspections.....	10
g. Funding.	10
h. Landlord Contributions to Phase 1A Improvements.	10
J. Phase 1B Obligations	10

a. Phase 1B Improvements.....	10
b. Construction of Phase 1B.....	11
c. Ownership	11
d. Funding.....	11
K. Damage and Reconstruction	11
L. Utilities.....	11
M. Taxes and Assessments.....	11
N. Indemnification.....	12
O. Insurance.....	12
P. Compliance with Laws	13
Q. Successors and Assigns	13
a. Successors and Assigns of Landlord.....	13
b. Successors and Assigns of Tenant.....	14
R. Default	14
a. Defaults and Remedies	14
b. Rights and Remedies Cumulative	14
c. Excuses for Nonperformance	15
d. No Waivers	15
S. Dispute Resolution.....	16
a. Policy.....	16
b. Notice and Resolution	16
c. Mediation	16
d. Mediation Process	16
e. Consideration of Disputes or Claims.....	16
f. Site Visit	16
g. Procedures.....	16
h. Independence of Mediator	17
i. Records	17
j. Coordination	17
k. Payment	17
l. Litigation	17
T. Miscellaneous.....	17

LEASE AGREEMENT

THIS LEASE (this “**Lease**” or “**Agreement**”) is made and entered into this _____ day of _____, 2024, by and between the City of Gig Harbor, Washington, a municipality of the State of Washington (“**Landlord**” or “**City**”), and YMCA of Pierce and Kitsap Counties, a nonprofit corporation organized and existing under the laws of the State of Washington (“**Tenant**” or “**YMCA**”).

RECITALS

- A. Landlord and Tenant entered into that certain Lease Agreement, dated May 10, 2021 (the “Original Lease Agreement”) and this Amended and Restated Lease Agreement dated _____, 2024 (the “Effective Date”) hereby amends and replaces the Original Lease Agreement in its entirety (the “Lease Agreement”).
- B. Landlord owns certain real property located in Gig Harbor, Washington consisting of approximately twenty (20) acres (the “**Property**”). The Property is legally described in **Exhibit A-1**.
- C. Tenant is a nonprofit organization headquartered in Tacoma, Washington. Among others, it owns and operates the Tom Taylor Family YMCA and its eleven (11) acres and its facility adjacent to the Premises (collectively, the “**YMCA Property**”).
- D. Landlord intends to develop or have developed approximately nine (9) acres of its Property (the “**Sports Complex Area**”) into a public and private sports complex (the “**Sports Complex**”) that would serve the Gig Harbor community. The development efforts of the Sports Complex Area for the Sports Complex is referred to herein as the “**Project**.”
- E. Tenant desires to lease from Landlord, and Landlord desire to lease to Tenant, a portion of the Sports Complex Area of the Property, upon which the YMCA will develop a portion of the Sports Complex Area with certain phased improvements (described below), and this portion will be referred to herein as the “**Premises**”, which is outlined on **Exhibit A-2**, attached hereto and incorporated herein by this reference and made a part hereof.
- F. The first phase of improvements to the Premises will consist of two (2) synthetic turf playfields approximately 360’ x 210’ each, with field lighting, fencing around the turf playfield, 100 surface parking stalls, ingress and egress driveways and curb cuts (the “**Phase 1A Improvements**”). The Phase 1A Improvements are more fully described in **Exhibit B**, attached hereto and incorporated herein by this reference and made a part hereof.
- G. The Phase 1A Improvements will be developed during what will be commonly referred to as “**Phase 1A**” of the Project with funding from the City as well as private efforts of Tenant.
- H. Landlord will, within 60 days of when the YMCA secures \$4 million toward the Phase 1A project, contribute \$2 million City Hospital Benefit Zone dollars in a manner allowed by law for the certain specific elements of the project which the City will own and included within the scope of this lease to the YMCA and a \$120,000 Pierce County Council REET appropriation as well as an anticipated \$199,820 State of Washington legislative appropriation to the Phase 1A project on a timeline as allowed by such funding (collectively, the “**City Funding**”).
- I. The Project is anticipated to cost a minimum of \$7 million dollars (“**Project Cost**”). Approximately \$2.2 million of the City Funding will be paid by the City of Gig Harbor as described in Recital H above, and the remaining amount of the complete Project Costs will be funded by the YMCA through fundraising and other sources.
- J. Landlord has the authority to lease the Premises to Tenant, and Tenant has agreed to lease the Premises from Landlord, for a minimum of thirty-five (35) years, and Tenant shall have three (3)

Commented [JH1]: This money will be distributed via reimbursement only. The YMCA will need to send an invoice to the City, which will then send an invoice to the State for reimbursement.

options to renew the lease for additional twenty (20) year periods each, provided, a key term of such extensions will be that the lease shall have a nominal rental fee for each year of each renewal period, as consideration for the public benefit that is provided by the YMCA in leasing, operating, and maintaining the Sports Complex according to the terms of the Services Agreement.

- K. Tenant has agreed to construct the Project and operate and maintain the Sports Complex on the conditions set forth herein and in the Services Agreement.

NOW, THEREFORE, Landlord and Tenant hereby agree to the following terms and conditions:

- A. Recitals. All of the above Recitals A through I are incorporated herein by this reference as if first stated herein.
- B. Description. For and in consideration of Tenant's covenant to pay the rental and other sums provided for herein, and the performance of the other obligations of Tenant hereunder, Landlord leases to Tenant, and Tenant leases from Landlord the Premises situated in the County of Pierce, State of Washington, described more particularly in **Exhibit A-2**, for the purpose of the construction and development of a sports complex and the subsequent maintenance and operation thereof (the "**Permitted Use**"). During the Term of the Lease Tenant will design, develop and construct the Phase 1A Improvements. Landlord shall deliver to Tenant the Premises in its as-is condition.
- C. Term and Extensions.
- This Lease is effective on _____, 2024 (the "**Commencement Date**"). This Lease shall continue from and after the Commencement Date until midnight on the date that is thirty-five (35) years after the Commencement Date (the "**Initial Term**"), and the Lease term may be extended according to the provisions herein.
 - Tenant is entitled to possession of the Premises on the Commencement Date.
 - The YMCA may extend the Lease for up to three (3) renewal periods of twenty (20) years each (each, an "**Extension Period**"). At least 180 days prior to end of the then current Lease term, the YMCA shall have the option to exercise, by written notice to the City (the "**Extension Notice**"), an Extension Period. If the YMCA intends to propose any changes to the terms of the Lease at that time, they shall be included with the Extension Notice, which changes shall be subject to the City's approval. A key term of any and all such Extension Periods, which is hereby approved and not subject to further City approval, however, is that the YMCA will always be able to lease, during each proposed Extension Period, the Premises for a nominal rental fee each year of each Extension Period as consideration for the public benefit that is provided by the YMCA to the City in leasing, operating, and maintaining the Sports Complex according to the terms of the Services Agreement. Any changes to the Lease at any time will require the parties' mutual agreement in writing, with the proper authority and signed by the parties to be bound. The City of Gig Harbor's City Council shall decide on any changes proposed in the Extension Notice in writing at least 90 days prior to end of the then current lease term (the "**Determination Notice**"). In addition to Tenant's ability to propose changes in an Extension Notice, Landlord may also propose changes in the Determination Notice prior to the commencement of any Extension Period. Any changes to the Lease will be made in the form of an amendment to the Lease within 30 days of the issuance of the Determination Notice. The Parties must agree in writing to the amended terms of the

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Page 4 of 32

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lease for any Extension Period to commence. If the Parties are unable to agree to such amended terms, the lease shall terminate at the end of the then-current period.

- d. If the Parties agree upon an Extension Period, Landlord and Tenant shall prepare a notice thereof in recordable form and cause the same to be recorded in the then applicable recording office of Pierce County, State of Washington. Upon exercise of this option, "**Term**" as used herein shall include the exercised Extension Period.

D. Termination.

- a. This Lease, or any then current lease Extension Period, automatically terminates at the expiration of the then current lease Term unless the Extension Notice has been timely submitted to the City. In the event that either party proposes changes to the Lease prior to the Extension Period as allowed in Section C above, the YMCA shall be entitled to continue the Lease on a month-to-month basis past the then current lease expiration date under the terms of the then current Lease until the proposed changes are resolved and an Extension Period is agreed upon by the parties.
- b. In the event that the City's Determination Notice denies the changes proposed, the City shall state the reasons therefor with particularity and provide an opportunity for the Tenant to terminate the Lease in writing with notice to the City or, propose new or different terms, either of which shall be elected within ten (10) days of receipt of the City's Determination Notice, and if the YMCA proposes further changes, the City shall make a decision on such proposed changes within thirty (30) days of receipt thereof.
- c. If the lease expires or terminates at the end of the Initial Term or at the end of any Extension Period, the ownership of the Tenant constructed and owned Phase 1A Improvements will convert to ownership of Landlord, and Tenant shall provide a bill of sale documenting such ownership.

E. Representations and Warranties.

- a. *Landlord's Warranties.* Landlord represents and warrants that:
 - i. The title to the Premises is vested in Landlord, subject to no defects or encumbrances except as set forth on Exhibit C attached hereto and incorporated herein by this reference.
 - ii. Except for liens or encumbrances created by or through Tenant that are the responsibility of Tenant under this Lease, Landlord shall not, after the date hereof, agree to or create any liens or encumbrances on the Premises which are not specifically stated in writing to be subordinate to this Lease and to any amendments or modifications hereto. Landlord shall, at or prior to the Commencement Date, cause the Premises to be free of all liens and encumbrances except as shown on Exhibit C.
 - iii. Landlord has the authority to enter into this Lease subject to the approval of the Gig Harbor City Council and its execution and delivery by Landlord has been duly authorized by Gig Harbor City Council; and,
 - iv. Landlord will provide the City Funding on the timeline described above.
 - v. Tenant shall at all times during the Term of this Lease have the right to peacefully and quietly have, hold and enjoy the Premises and Phase 1A Improvements, subject to the terms of this Lease.
 - vi. Landlord has provided to Tenant copies of all environmental and soils reports ("**Reports**") and land surveys in the possession of Landlord, as listed on Exhibit D

hereto, to the extent related to the Premises. Landlord has no actual knowledge of any environmental or soils conditions affecting the Premises except as set forth in those Reports and is not aware of any Hazardous Materials present on the Premises in any material amount, or any violation of any Environmental Laws, or any requirement to remediate any environmental condition. Tenant shall make its own investigation of the condition of the Premises prior to the Commencement Date. In the event any soils conditions require environmental remediation as the result of the discovery of Hazardous Materials (as defined below) after the Effective Date, but prior to substantial completion of the Phase 1A Improvements to the Project, Landlord shall, at Landlord's sole discretion, either: (i) pay for any legally required remediation; or (ii) reimburse Tenant for all reasonable, out-of-pocket funds expended for design and construction of the Project and terminate this Lease. As used herein, "**Hazardous Material**" means any hazardous or toxic substance, material, waste or similar term which is regulated by local authorities, the state of Washington and/or the federal government, including, but not limited to, any material, substance, waste or similar term which is: (i) defined as a hazardous material under the laws of the state of Washington; (ii) defined as a hazardous substance under section 311 of the federal water pollution control act (33 U.S.C. §1317); (iii) defined as a hazardous waste substance under section 101 of federal resource conservation and recovery act (42 U.S.C. §6901 et. Seq.); (iv) defined as a hazardous waste substance under section 101 of the comprehensive environmental response, compensation and liability act, (42 U.S.C. §9601 et. Seq.); (v) defined as a hazardous waste or toxic substance, waste, material or similar term in any rules and regulations, which are adopted by any administrative agency including, but not limited to the environmental protection agency, the occupational safety and health administration, and any such similar state or local agency having jurisdiction over the Property whether or not such rules and regulations have the force of law; or (vi) defined as a hazardous or toxic waste, substance, material or similar term in any statute, regulation, rule or law enacted by local authorities, the state of Washington, and/or the federal government and in each case such hazardous or toxic substance is present in quantities or amounts requiring remediation.

- b. *Tenant's Warranties.* Tenant represents and warrants that:
- i. Tenant has the authority and power to enter into this Lease and perform its obligations herein;
 - ii. The execution and delivery by Tenant of this Lease has been duly authorized and the person authorized to execute this Lease on behalf of Tenant has been duly authorized to do so;
 - iii. Tenant will operate the Premises and Phase 1A Improvements in accordance with all of the provisions of this Lease and the subsequent Services Agreement;
 - iv. Tenant will comply with local, state, and federal law and will obtain all necessary permits for any improvements or operations at the Premises; Tenant will use commercially reasonable and diligent efforts to fully and completely fund the Project and complete construction of Phase 1A of the Gig Harbor Sports Complex no later than December 31, 2025, or such later date as mutually agreed in writing by Landlord and Tenant.

- F. **Rental Payment.** During the Initial Lease Term, and each of the Extension Periods unless mutually agreed to otherwise, Tenant covenants and agrees to pay Landlord in equal monthly installments, on or before the Commencement Date, and continuing on the first anniversary of the commencement date thereafter, the sum of One Dollar (\$1.00) (the “**Rent**”). Rent and other sums to be paid by Tenant shall be payable in lawful money of the United States of America. All payments shall be made by Tenant to Landlord without notice or demand, deduction or offset, at such address as Landlord may specify. Tenant may prepay all monthly rent due for the then current term at the outset of the term.
- G. **Community Benefit Provided.** For the duration of the Lease and any extension thereto, Tenant will provide the following community benefits to the City and its residents including:
- Affordable rental fees and program rates as further described in this Lease as well as the Services Agreement.
 - Financial assistance to those residents/households meeting the United States Department of Health and Human Services Poverty Guidelines to participate in YMCA programs and activities as well as for rental of the facilities.
 - Provide designated times/hours for free public use of the improvements.
 - Work in collaboration with the City and other community agencies to host free public or special events on the improvements.
 - Clean and maintain the parking lot (D3 and D6) and internal and perimeter landscaping within the Phase 1A Improvements.
- H. **Services Agreement.** Prior to the substantial completion of construction of the Phase 1A Improvements for any purpose the Parties must enter into the Services Agreement which will outline the structure for the use, maintenance, and control of the Phase 1A Improvements for both the Tenant’s and the public’s use. The Services Agreement must include, but is not limited to, the following terms:
- General Public Use.** The general public shall be allowed to use the Phase 1A Improvements subject to reasonable time, place, and manner restrictions. At minimum, any time the Phase 1A Improvements are not being utilized by Tenant for programming or are not otherwise reserved, the Phase 1A Improvements shall be open to the general public. City must approve the days and hours which the Premises will be available for Public use. The structure for public use and the extent of public use of the Premises will be defined in the Services Agreement and approved by the City.
 - Scheduling.** Tenant will provide its internet-based field/team management software, *PlayerSpace* or equivalent, to enable individuals and families, local sports groups, other community groups, and the general public the ability to reserve use of the fields. Reservations can also be made by contacting Tenant’s Field Coordinator (to be hired/assigned by Tenant prior to the Phase 1A Construction Completion Date). All scheduling and management of field use is the sole responsibility of Tenant. Tenant will provide view-only access to these systems to the City.
 - Maintenance.** At all times during the Lease Term, or any extension thereof, Tenant shall keep and maintain the Premises and all of the the Phase 1A Improvements, including those elements owned by the City and leased to Tenant, in good order, condition and repair at Tenant’s sole expense. Provided, Tenant is not required to complete such maintenance if the Premises or Phase 1A Improvements are damaged by any negligence or intentional act of Landlord, or Landlord’s agents or employees. The fields must be able to meet the minimum field condition standards required to host tournaments as

Commented [JH2]: Should we add provision in Services Agreement about concession stand?

specified by the Washington State Interscholastic Athletic Association or other appropriate standards for the majority of user groups. The City of Gig Harbor City Administrator or his/her designee and Tenant will annually review the maintenance and condition of the facilities against the standards established therefor by the mutual agreement of the parties hereto. The Services Agreement may establish further specific requirements of frequency and type of maintenance of the Phase 1A Improvements. Failure to properly maintain and repair the Phase 1A Improvements is a material breach of this agreement.

- d. *Public Coordination.* Tenant will coordinate with local sports and community groups to schedule and coordinate field rentals. Tenant will provide the City with a list of all users quarterly and/or upon request.
- e. *Use Rates.* Tenant will consider utilizing field rental fee rates established by Peninsula School District or other comparable market rates for similar facilities. The parties understand there may be instances where varying from this schedule may be necessary. These rates will be reviewed annually by the City of Gig Harbor Parks Manager, and must be approved by the Mayor or his/her designee once per year.
- f. *Field Coordinator.* Tenant will hire/assign a Field Coordinator for the duration of the agreement to oversee day-to-day cleaning, maintenance, and scheduling. The Field Coordinator, or an assigned staff person, will be responsible for enforcing the field rules and ensuring compliance with the reservation schedule. Tenant will also monitor the facilities during non-programmed/open times for misuse of or damage to the facilities.
- g. *Rules for All Users.* To protect the quality of the synthetic turf fields and provide a healthy and clean environment, Tenant will establish rules for all users that may prohibit pets (except those to assist persons with disabilities), sports/energy/soft drinks, coffee and tea, alcohol, snacks, food, glass containers, sunflower seeds, gum, tobacco or vaping products, fireworks or open flame, bicycles, metal cleats or spikes, golfing, shot putting, javelin, discus throwing, unauthorized use of model planes and rockets (including drones), stakes, spikes, and other pointed objects, from the synthetic turf fields. Signage prohibiting these uses will be posted at all field entry points. Tenant is responsible for the enforcement of all rules of use.
- h. *Insurance for Phase 1A Improvements.* Tenant will maintain appropriate insurance covering all of the Phase 1A Improvements including, but not limited to: building and outdoor property (includes synthetic turf fields, bleachers, fences, etc.), equipment, and replacement cost valuation.
- i. *Capital Reserve Fund.* Immediately upon Commencement of this Lease Tenant shall establish a separate, interest-bearing Capital Reserve Fund. The Capital Reserve Fund shall be maintained at a level mutually agreed to by the Parties and will support the maintenance, repair, and replacement of the Phase 1A Improvements for the duration of the Lease Term and any extension thereto. The fund level established must be sufficient to address both short-term as well as long-term needs. All rental fees collected by Tenant for use of the Premises for any non-Tenant activity and all donations or sponsorships received by Tenant not directly used for the construction of the Phase 1A Improvements shall be placed into the Capital Reserve Fund. The City of Gig Harbor City Administrator or his/her designee and Tenant will review the status of the Capital Reserve Fund annually, including but not limited to the amounts contributed, used, and any surpluses available. Surplus Capital Reserve funds are those funds above the required Capital Reserve Fund level established by the Parties. Amounts in the Capital Reserve Fund that are considered surplus shall be reinvested in the Phase 1A

Improvements or, if no such reinvestment is possible or beneficial, reinvested into the General Public's use of the facilities through reduced rental rates or other similar uses. Reinvestment in the Phase 1A Improvements does not include reimbursement to Tenant for the initial costs incurred in constructing those improvements.

- j. *Donations.* Tenant may offer sponsorship opportunities to individuals or businesses that wish to donate funds to support the ongoing operation, maintenance, and replacement of the Phase 1A Improvements. All such donations shall be placed into the Capital Reserve Fund unless received and used for the initial construction of the Phase 1A Improvements. Tenant shall inform the City of Gig Harbor City Administrator in advance of any proposed sponsorship which includes any sign or naming right. The facility shall be named the Gig Harbor Sports Complex with any naming right being a ribbon above the main sign. The City has the right to reject any sign or naming right if it believes such is not in the best interests of the Gig Harbor community.

I. Construction of Phase 1A Improvements.

a. *Commencement.*

- i. Tenant will commence construction of the Phase 1A Improvements only upon satisfaction of the following conditions:

1. Receipt of all applicable permit(s);
2. The approval of the YMCA's Board of Directors;
3. City will review and approve the construction documents for consistency with this lease agreement; and,

- b. *Completion Date.* Design, development, and construction of Phase 1A Improvements is entirely the responsibility of Tenant and must be completed no later than December 31, 2025, or such other date mutually agreed to in writing by Landlord and Tenant.

- c. *Ownership.* The Phase 1A roads, parking lot, sidewalk and trail improvements are exclusively the property of Landlord upon completion of construction of such improvements, as shown in Exhibit B. A bill of sale to Landlord will be recorded upon completion of construction of the roads, parking lot, sidewalk and trail improvements. Such Landlord owned improvements within the Premises shall then be leased to Tenant under the terms of this Agreement. Tenant shall own all other improvements constructed by Tenant, including fields, turf, lighting, storage building, etc. through and until the expiration of the Lease (including any exercised option periods), at which time, the ownership of the Tenant-owned Phase 1A Improvements will convert to ownership of the Landlord.

- d. *Permits.* Tenant shall be responsible for obtaining any and all applicable permits for all work associated with improvements on the Premises, including but not limited to the Phase 1A Improvements. YMCA submitted to the City all land use permit applications necessary for the development of Phase 1A. If either Landlord or Tenant decides to terminate this agreement, Landlord is entitled to a copy of all design and permitting documentation generated up until that point upon payment to Tenant of the documented cost thereof. Landlord may forgo the option to obtain and pay for a copy of the design and permitting documentation and instead proceed without receiving such materials. Ownership of the design and permitting documentation will likely remain with the vendor of services (i.e., the architect, surveyor, engineer) and City understands and acknowledges that if it wants to have the benefit of such material, it may have to negotiate the same directly with the vendors. Notwithstanding, the YMCA will assign its

Commented [JH3]: New edit based upon conversation about owning parking lot, etc.

interest in the material, if any, to the City, subject to the rights and interests of the respective vendors who prepared them and the assignability thereof.

- e. *Prevailing Wage.* Tenant will solicit bids from highly-qualified local general contractors to construct the Phase 1A Improvements. Tenant must comply with all applicable prevailing wage requirements for City public works projects unless they are able to demonstrate that they are exempt from prevailing wage requirements and shall adhere to all applicable federal, state, and local laws.
- f. *Inspections.* During Tenant's construction of the Phase 1A Improvements, Landlord may, during normal business hours, be entitled to make such inspections as Landlord deems reasonably necessary, provided that the inspection is scheduled at least 48 hours in advance with the Tenant, the scope of the inspection is included in detail in the scheduling notice, Landlord is accompanied by a Tenant representative at all times during the inspection, Landlord follows the Tenant's protocols for onsite safety during visitation, Landlord carries its own property and liability insurance that will insure against any damage caused by Landlord's inspection, and Landlord shall indemnify Tenant against and hold Tenant harmless from any claims, liens, causes of action, or obligations by persons or entities not a party to this Lease which arise out of or are in any way related to Landlord's inspection at, on or under the Property. The City, as the permitting agency, shall have access to the Phase 1A Improvements consistent with the Gig Harbor Municipal code and the permit requirements.
- g. *Funding.* Tenant is entirely responsible to fund all of the Phase 1A Improvements in excess of the City Funds.
- h. *Landlord Contributions to Phase 1A Improvements.* Landlord commits to contributing the following elements to the Phase 1A Improvements at its sole cost and expense:
 - i. Landlord will provide the City Funding within 60 days of the Tenant securing \$4 million for the Project Costs. City Funding shall be used to construct the Phase 1A roads, parking lot, sidewalk and trail improvements. Upon completion Tenant shall provide a bill of sale to Landlord for the listed improvements. Those improvements remain as a part of this Lease.
 - ii. The sewer line between the restrooms, including the connection in Harbor Hill drive, which will be completed in conjunction with Landlord's construction of Phase 1B,
 - iii. The water main between McCormick Creek Drive and Harbor Hill Drive and all fire hydrants on Phase 1B connected to that water main,
 - iv. Landlord will coordinate with Tenant to provide access to and use of the Phase 1B facilities and amenities such that Tenant can operate existing levels of Tenant programming and existing levels of general public use until such time as the synthetic turf fields are available.
 - v. To ensure that there are operational restrooms serving the Phase 1B project, Landlord will design and construct, at Landlord's cost, the concession stand/restroom structure and will build out the restroom to a functional state on the same timeline as the Phase 1B project.

J. Phase 1B Obligations.

- a. *Phase 1B Improvements.* The Phase 1B Improvements generally include event lawn, playground(s), bocce ball, pickleball courts, restrooms with concession stand and associated parking. These Phase 1B Improvements fall entirely outside the leased

Premises and Tenant has no rights or privileges as it pertains to the Phase 1B Improvements stemming from this Lease.

- b. **Construction of Phase 1B.** Landlord is exclusively responsible to complete all elements of Phase 1B, including but not limited to the clearing, grubbing, and grading and related erosion control to the subgrade, at its sole cost and expense. The remainder shall be completed no later than the Phase 1A Improvements Construction Completion Date (the "**Phase 1B Improvements Construction Completion Date**"). At all times until such Phase 1B Improvement work is completed, the City shall provide, at its sole cost and expense, adequate, safe, and ADA accessible pedestrian access from the Tom Taylor Family YMCA facility parking lot through or around Phase 1B Improvement work area, to the Phase 1A Improvement work area. The Phase 1B Improvements Construction Completion Date may be further modified by mutual written agreement of the Parties as needed to address further phasing and/or requirements of funding for the Project.
 - c. **Ownership.** The Phase 1B Improvements are exclusively the property of Landlord.
 - d. **Funding.** Landlord is entirely responsible for all funding of the Phase 1B Improvements.
- K. **Damage and Reconstruction.** In the event any aspect of the Phase 1A Improvements are damaged or destroyed following the Commencement Date, Tenant shall repair, restore or reconstruct the Phase 1A Improvements so as to restore the Phase 1A Improvements to the condition as it existed immediately prior to such damage or destruction, as nearly as practicable in full compliance with all legal requirements; provided, however, that Landlord shall be responsible for any damage caused by Landlord. Modifications may be made to conform to applicable laws, rules and regulations or available means of construction. Only when insurance proceeds fail to cover full reconstruction of the Phase 1A Improvements, Tenant may choose to use the Capital Reserve Funds to further cover the reconstruction. At that point if the insurance proceeds along with the capital reserve funds are insufficient to reconstruct the Phase 1A Improvements, Tenant may restore the Premises to the condition it was in prior to the Commencement Date and this Lease shall automatically terminate when the restoration to pre-Commencement Date condition is complete with the capital reserve fund going to Landlord.
- L. **Utilities.** Tenant shall pay or cause to be paid when due, and shall indemnify, protect and hold harmless Landlord and the Premises from all charges for public or private utility services to or for the Premises during the Term, including but not limited to, all charges for heat, light, electricity, water, gas, telephone service, garbage collection and sewage. Landlord agrees storm drainage is not separately metered and storm drainage charges will be apportioned to Tenant by Landlord.
- M. **Taxes and Assessments.** Tenant shall pay when due each and every one of the following (unless exempted, as may be allowed by law):
- a. All real property taxes or payments in lieu thereof due with respect to the Premises or any portion thereof;
 - b. Taxes due or which may be due upon or with respect to the leasehold estate created by this Lease, or the rents payable or paid by Tenant to Landlord, including any business and occupation taxes and leasehold excise taxes, but excluding any tax measured by net income;
 - c. All taxes imposed on or with respect to personal property and intangibles located in or used in connection with the Premises;
 - d. All assessments for public improvements or benefits which are assessed during the Term pertaining only to the Tenant's improvements, and similar assessments and charges that

- pertain only to the Tenant's Improvements; provided however, that if such assessments pertain to the Sports Complex, then in proportion based on the taxable value of each portion thereof (i.e., one portion may be income generating and another may not); and
- e. All other rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges, in each case whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including interest and penalties thereon), which at any time during or in respect of the Term may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Premises or any part thereof, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof.
 - f. Tenant at its sole cost and expense may by appropriate legal proceedings conducted in good faith and with due diligence, contest the amount or validity or application, in whole or in part, of any Imposition or lien therefor, or any other lien, encumbrance or charge against the Premises arising from work done or materials provided to or for Tenant, if: (a) such proceedings suspend the collection thereof from Landlord, Tenant and the Premises, unless Tenant has furnished security as provided in section (b) below; (b) Tenant shall have furnished such security, if any, as may be required in the proceedings or is reasonably satisfactory to Landlord; and (c) Tenant shall give Landlord reasonable notice of, and information pertaining to, such contest and regular progress reports with respect thereto. Tenant shall indemnify, protect and hold harmless Landlord and the Premises from any lien or liability with respect to any such Imposition or contest thereof, including all costs and expenses related thereto.

N. Indemnification.

- a. The City agrees to indemnify, defend, save and hold harmless the YMCA, its officials, employees, volunteers, and agents from any and all liability, demands, claims, causes of action, suits or judgments, including costs, attorney fees and expenses incurred in connection therewith, or whatsoever kind or nature, arising out of, or in connection with, or incident to the maintenance, use and occupancy of the Facility by the City, its agents, servants, employees or invitees as stipulated in the contract, except those damages solely caused by the gross negligence or willful misconduct of the YMCA, its officials, employees, volunteers, and agents.
- b. The YMCA agrees to indemnify, defend, save and hold harmless the City, its officials, employees, volunteers, and agents from any and all liability, demands, claims, causes of action, suits or judgments, including costs, attorney fees and expenses incurred in connection therewith, or whatsoever kind or nature, arising out of, or in connection with, or incident to, the design, development, construction, or use of the Facility by the YMCA, its agents, servants, employees or invitees as stipulated by the contract, except for those damages solely caused by the gross negligence or willful misconduct of the City, its officials, employees, volunteers, and agents.

O. Insurance.

- a. The City shall procure and maintain, without cost or expense to the YMCA, on or before the commencement date of this Agreement and throughout the Agreement term or as long as the City continues to use the Premises, commercial general liability insurance on a form equivalent to the ISO CG 00 01, or equivalent self-insurance coverage, covering bodily injury, personal injury, and property damage arising out of and relating to the general public's use of the Premises outside of any YMCA programming or use with

liability limits of not less than \$1,000,000, per occurrence, \$2,000,000 annual aggregate. The City shall provide the YMCA with a certificate or certificates providing evidence of such coverage, within ten (10) days of the execution of this Agreement.

- b. The YMCA shall procure and maintain, without cost or expense to the City, on or before the commencement date of this Agreement and throughout the Agreement term or as long as the YMCA remains in possession of the Premises, commercial general liability insurance on a form equivalent to the ISO CG 00 01, covering bodily injury, personal injury, and property damage arising out of the design, development, construction or use of the Premises by the YMCA, its agents, servants, employees or invitees, and including as additional insureds the City, its agents, servants, employees or invitees, with liability limits of not less than \$1,000,000, per occurrence, \$2,000,000 annual aggregate. These same insurance requirements will be required of any contractor and subcontractors the YMCA hires for design, construction, or maintenance of the improvements. At the YMCA's option, the YMCA may also procure abuse and molestation, workers' compensation, automobile, and professional liability insurance coverage on terms acceptable to the YMCA.
- c. The YMCA's insurance shall be written on an "occurrence form", with a company that has a current A.M. Best rating of at least "A:VII" or better and licensed to do business in the State of Washington. The City shall be included by endorsement, or blanket policy language, as an additional insured on the YMCA's commercial general liability policy or policies. The YMCA shall not cancel or modify any policies for any reason without fifteen (15) days prior written notice to the City. The YMCA shall provide the City with a certificate or certificates of such insurance, including the required endorsements, within ten (10) days of the execution of this Agreement. The YMCA's insurance coverage shall be primary insurance with respect to the City for matters addressed under N.b., of this Agreement. Any insurance, self-insurance, or insurance pool coverage maintained by either party otherwise shall be primary and non-contributory. The City shall not waive the City's right to subrogation against the YMCA's insurance coverage.
- d. The City's insurance shall be written on an "occurrence form". The City shall not cancel or modify any policies for any reason without fifteen (15) days prior written notice to the YMCA. The City shall provide the YMCA with a certificate or certificates of such insurance, including the required endorsements, within ten (10) days of the execution of this Agreement. The City's insurance coverage shall be primary insurance with respect to the YMCA for matters addressed under N.a, of this Agreement. Any insurance, self-insurance, or insurance pool coverage maintained by the YMCA shall be in excess of the City's insurance and non-contributory. The YMCA shall not waive the YMCA's right to subrogation against the City's insurance coverage.
- e. To the fullest extent permitted by law, the YMCA agrees to indemnify, defend and hold the CITY and its departments, elected and appointed officials, employees, agents and volunteers, harmless from and against any and all claims, damages, losses and expenses, including but not limited to court costs, attorney's fees and alternative dispute resolution costs, for any personal injury, for any bodily injury, sickness, disease or death and for any damage to or destruction of any property (including the loss of use resulting therefrom) which 1) are caused in whole or in part by any act or omission, negligent or otherwise, of the YMCA, its employees, agents or volunteers; or 2) are directly or indirectly arising out of, resulting from, or in connection with performance of this Agreement. This indemnification obligation of the YMCA shall not apply in the limited circumstance where the claim, damage, loss or expense is caused by the sole negligence of the City. This

indemnification obligation of the YMCA shall not be limited in any way by the Washington State Industrial Insurance Act, RCW Title 51, or by application of any other workmen's compensation act, disability benefit act or other employee benefit act, and the YMCA hereby expressly waives any immunity afforded by such acts. The foregoing indemnification obligations of the YMCA are a material inducement to City to enter into this Agreement, are reflected in the YMCA's compensation, and have been mutually negotiated by the parties.

Commented [JH4]: New section added at request of insurer

P. Compliance with Laws. Tenant shall at all times during the Term of this Lease, at Tenant's sole cost and expense, perform and comply with laws, rules, orders, ordinances, regulations and requirements now or hereafter enacted or promulgated which are applicable to the Premises, Tenant's use of the Premises, or any improvements made by Tenant.

Q. Successors and Assigns.

a. *Successors and Assigns of Landlord.*

- i. From and after the commencement of the Initial Term of this Lease, Landlord shall have the right to sell, transfer, donate, convey, assign, lease or otherwise dispose of any part of the Premises, whether voluntarily, involuntarily, by operation of law or otherwise, to a Successor Public Owner without the prior written consent of Tenant, but with ninety (90) days' notice to Tenant, provided that any such Successor Public Owner shall assume Landlord's obligations hereunder by execution and delivery of assumption agreements in form and substance satisfactory to the Tenant.
 - ii. From and after the date that the Phase 1A Improvements are substantially completed, any sale, transfer, donation, conveyance, assignment, lease, or other disposition of the Premises or any portions thereof or any interest therein to any Person other than a Successor Public Owner shall be subject to the prior written consent of Tenant, the execution of any necessary and appropriate amendments to this Lease to reflect the fact that the new owner is a private person and not a Successor Public Owner and the assumption by such person of Landlord's obligations under this Agreement, as amended, by execution of assumption agreements in form and substance satisfactory to the Parties to this Agreement.
- b. *Successors and Assigns of Tenant.* YMCA shall not assign its rights or delegate its duties under this Lease to any other person or entity without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned or delayed. In the event of such permitted assignment, such person or entity shall assume the rights and duties and obligations under this Agreement and shall enter into an assumption agreement reasonably satisfactory to Landlord.

R. Default.

- a. *Defaults and Remedies.* In the event any Party shall fail to perform, keep or observe any material term, covenant, agreement or condition contained in this Agreement and any such failure shall remain unremedied for a period of sixty (60) days after written notification thereof shall have been given by any Party to the non-performing Party, the non-performing Party shall be in default under this Agreement; provided, however, that if the default is of such a nature that it is not susceptible of cure within sixty (60) days and if the non-performing Party commences to cure the default within said sixty (60) day period, the non-performing Party shall not be in default under this Agreement so long as

it is diligently prosecuting said cure to completion. From and after the date of such default, the non-defaulting Parties shall have, in addition to any other rights or remedies available under this Agreement or otherwise available at law or equity, an action for actual damages (including reasonable attorneys' fees and costs), the right to demand and have specific performance of this Agreement, and an injunction or order to compel the defaulting Party to observe or perform its covenants and obligations hereunder, or shall have the right to immediately terminate this Lease with written notice to the non-performing party following the sixty (60) day period to cure without any obligation to proceed to Dispute Resolution. If the lease is terminated by Landlord for a material breach and failure to cure, Tenant must surrender the Premises in a good and safe condition.

- b. *Rights and Remedies Cumulative.* Notwithstanding any provision of this Agreement to the contrary, (1) the rights and remedies of the Parties to this Agreement, whether provided by law or this Agreement, shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same time or different times, of any other such remedies for the same default or breach by the other Parties, and (2) consequential damages and damages which are speculative or remote are not recoverable under this Agreement even if such damages would otherwise be available under law or equity. No waiver made by any Party with respect to the performance, or manner or time thereof, of any obligation of any other Party or any condition to its obligations under this Agreement shall be considered a waiver of any other obligation of any other Party. No such waiver shall be valid unless it shall be made in writing duly signed by the Party waiving the right or rights.
- c. *Excuses for Nonperformance.* Notwithstanding anything in this Agreement to the contrary, neither Landlord nor Tenant shall be excused from performing any obligation under this Agreement and any delay in the performance of any obligation under this Agreement, shall be excused, if and so long as the performance of the obligation is prevented, delayed or otherwise hindered by acts of God, fire, earthquake, floods, explosion, actions of the elements, war, riots, mob violence, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, court orders, operation of law, pandemics, epidemics, mandates or orders of governmental or military authorities. In the event any Party is enjoined from performing or prohibited as a matter of law from performing any of its obligations under this Agreement by reason of a court order, such Party shall upon receipt of such court order immediately provide a copy of same to the other Parties. The Party subject to the court order shall either comply with the court order or, at its sole cost and expense, engage counsel selected by such Party and undertake the defense of such action, lawsuit or proceeding and thereafter prosecute the defense of such action, lawsuit or proceeding in good faith and diligently prosecute the same to completion, including the prosecution of appeals from the decision of any trial court or court of intermediate jurisdiction until there has been a final judgment entered by a court of competent jurisdiction which is no longer the subject of a good faith appeal. The Party subject to the court order shall not adjust or settle any such action, lawsuit or proceeding without the prior written consent of the other Parties which consent shall not be unreasonably withheld, conditioned or delayed. The other Parties shall have the right, but not the obligation, to engage counsel and to intervene in any such action, lawsuit or proceeding to protect their interest under this Agreement.

- d. *No Waivers.* No failure by any party hereto to insist upon the strict performance of any provision of this Lease or to exercise any right, power or remedy consequent to any breach thereof, and no waiver of any such breach, or the acceptance of full or partial rent during the continuance thereof, shall constitute a waiver of any such breach or of any such provision. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect, or the rights of any party hereto with respect to any other then existing or subsequent breach.

S. Dispute Resolution.

- a. *Policy.* The parties shall use good faith efforts to resolve all claims, disputes and other matters in question between the parties arising under this Agreement (each a “**Matter in Dispute**”) using the procedures set forth herein.
- b. *Notice and Resolution.* If a Matter in Dispute arises, the aggrieved party shall promptly notify the other party to this Agreement in writing of the dispute, but in any event within fifteen (15) days after the dispute arises. If the parties shall have failed to resolve the Matter in Dispute within fifteen (15) days after delivery of such notice, each party shall nominate a senior officer of its management with authority to bind such party to meet at a mutually agreed location to attempt to resolve the Matter in Dispute. Should the senior officers be unable to resolve the Matter in Dispute within fifteen (15) days of their nomination, the parties shall submit the Matter in Dispute to Mediation as provided in Section S.c. below as a condition precedent to pursuing other alternative dispute procedures or litigation.
- c. *Mediation.* The parties shall proceed in good faith to resolve any and all Matters in Dispute as expeditiously as possible and shall cooperate so that the terms of this Lease are effectuated. If, however, the parties are unable to resolve the dispute, they agree to utilize the mediation process contained herein, which will be nonbinding but a condition precedent to having said dispute decided in court by a judge or jury; provided, however, that the parties may agree in writing to waive this condition.
- d. *Mediation Process.* The parties, by delivering written notice to the other, may refer any dispute described above to any natural person not employed by either Landlord or Tenant or an affiliate of either who shall also be a real estate professional and/or construction expert, as may be applicable to the dispute in question, with at least five (5) years’ experience in Pierce County handling matters such as that which caused mediation to arise (“**Mediator**”). Landlord shall have the responsibility to identify a mediator meeting these qualifications and if such qualifications are met the mediator shall be appointed to handle the matter.
- e. *Consideration of Disputes or Claims.* Upon receipt by the Mediator of written notice of a dispute, from either party, the Mediator shall convene a hearing to review and consider the dispute. Both parties shall be given the opportunity to present their evidence at this hearing. Both parties are encouraged to provide exhibits, calculations and other pertinent material to the Mediator prior to the hearing, for review.
- f. *Site Visit.* The Mediator may visit the Premises as necessary to develop familiarity with the issue(s) surrounding the dispute. The frequency, exact time, and duration of these visits shall be as mutually agreed upon among the Mediator and the parties, but only as necessary to address a dispute.
- g. *Procedures.* Upon the first referral to the Mediator of a dispute hereunder, the Mediator shall, with the agreement of the parties, establish procedures for the conduct of any hearings for consideration of disputes and claims. Unless the parties agree otherwise,

the Mediator shall issue its recommendation as soon as possible but, in any event, not later than sixty (60) days following referral of the dispute to the Mediator.

- h. *Independence of Mediator.* It is expressly understood that the Mediator is to act impartially and independently in the consideration of facts and conditions surrounding any dispute presented by the parties, and that the recommendations concerning any such dispute are advisory only. The Mediator's recommendations shall be based on the pertinent Agreement provisions, and the facts and circumstances involved in the dispute. The recommendations shall be furnished in writing to the parties.
- i. *Records.* The Parties shall furnish the Mediator with all relevant documents each might have along with any document requested by the Mediator.
- j. *Coordination.* The parties will coordinate to effectively assist the Mediator's operation.
- k. *Payment.* The fees charged by the Mediator shall be shared equally by the parties. Payments shall be full compensation for work performed, services rendered, and for all materials, supplies, travel, office assistance and support and incidentals necessary to serve. Payment for services rendered by the Mediator and for the Mediator's expenses shall be at the rate or rates established by the Mediator, which in any event shall not exceed the usual and customary rate or rates prevailing in Pierce County, Washington, for mediation services of the sort described herein.
- l. *Litigation.* Only after the mediation has concluded may either party seek resolution of the Matter in Dispute through litigation and for any such litigation, jurisdiction and venue shall thereafter be in the Superior Court of the State of Washington for Pierce County.

T. Miscellaneous.

- a. *No Partnership.* Nothing contained herein or in any instrument relating hereto shall be construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for debts or obligations of Tenant or any other party.
- b. *Time of the Essence.* Time is hereby expressly declared to be of the essence of this Lease and of each and every term, covenant, agreement, condition and provision hereof.
- c. *Interpretation.* This Lease shall be construed according to and governed by the laws of the state of Washington. The captions of this Lease and the table of contents preceding this Lease are for convenience and reference only, and are not a part of this Lease, and in no way amplify, define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease. Words of any gender in this Lease shall be held to include any other gender and words in the singular number shall be held to include the plural when the sense requires. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and neither strictly for nor against Landlord or Tenant. If any provision of this Lease (other than those relating to payment of rent) or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law. In the event of any conflict between this Lease and the MOU, the terms of this Lease will control and be binding on the parties. In the event of any conflict between this Lease and the Services Agreement, the terms of this Lease will control and be binding on the Parties.

- d. *Survival.* Each provision of this Lease which may require the payment of money by, to or on behalf of Landlord or Tenant or third parties after the expiration of the Term hereof or its earlier termination shall survive such expiration or earlier termination.
- e. *Memorandum of Lease.* The parties agree to execute and acknowledge an appropriate memorandum of this Lease.
- f. *Commissions.* Tenant shall save and hold Landlord harmless from any and all claims or demands, requests by real estate brokers, agents or finders with whom Tenant may have dealt in connection with this Lease.
- g. *Notices.* All notices, demands, requests, or other writings in this Lease provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other party may be given personally or may be delivered by nationally recognized overnight carrier or by certified mail, return receipt requested, postage prepaid, properly addressed, and sent to the following addresses:

Landlord: City of Gig Harbor
Attn: City Clerk
3510 Grandview Street
Gig Harbor, WA 98335

Tenant: YMCA of Pierce & Kitsap Counties
Attention: Charlie Davis, President/CEO
4717 S 19th St, Ste. 201
Tacoma WA 98405

With Copy to: Gordon Thomas Honeywell LLP
Attention: Jemima J. McCullum, Esq.
1201 Pacific Avenue, Ste. 2100
Tacoma, WA 98401

or to such other address as either party may from time to time designate by written notice to the other.

- h. *Attorneys' Fees.* In any proceeding or controversy associated with or arising out of this Lease or a claimed or actual breach thereof, or in any proceeding to recover the possession of the Premises, the prevailing party shall be entitled to recover from the other party as a part of prevailing party's costs, reasonable attorney's fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.
- i. *Interest.* Except as otherwise specifically provided herein, any amounts due one party to the other pursuant to the terms of this Lease, including amounts to be reimbursed one to the other, shall bear interest from the due date or the date the right to reimbursement accrues at the "prime rate" published or publicly announced most recently prior to such date in the Wall Street Journal; provided, however, that such rate shall not exceed, in any event, the highest rate of interest which may be charged under applicable law.
- j. *Heirs and Assigns.* All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.
- k. *Entire Agreement; Amendments in Writing.* Except for the Services Agreement, the terms of which supplements, but does not supersede, the terms of this Lease, this Lease

contains the final and complete expression of the parties relating in any manner to the leasing, use and occupancy of the Premises and other matters set forth in this Lease. Except for the Services Agreement, no prior agreements or understanding pertaining to the same shall be valid or of any force or effect. The original Lease Agreement shall terminate and be of no further force or effect as of the Effective Date of this Amended and Restated Lease Agreement. The covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant.

- l. *Waiver Implied.* No waiver of any default hereunder shall be implied from any omission by either party to take any action on account of such default if such default persists or is repeated and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. The acceptance by Landlord of rent with knowledge of the breach of any of the covenants of this Lease by Tenant shall not be deemed a waiver of any such breach. One or more waivers of any breach of any covenant, term or condition of this Lease shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Landlord or Tenant, as the case may be, to or of any act by the other party requiring consent or approval, shall not be deemed to waive or render unnecessary Landlord's or Tenant's consent or approval, as the case may be, to or of any subsequent similar acts by the other party.
- m. *Hazardous Substances.* Tenant covenants and agrees that hazardous substances or materials, as defined in federal, state, and local laws, shall not be generated, processed, stored, transported, handled or disposed of on the Premises by Tenant, its agents, employees, contractors, or invitees. Tenant shall immediately notify Landlord if Tenant becomes aware of (i) any hazardous substance release, or other hazardous substance problem or liability with respect to the Premises; (ii) any actual or alleged violation with respect to the Premises of any environmental law, or (iii) any lien or action with respect to any of the foregoing. Tenant shall, at its sole expense, take all actions as may be necessary or advisable for the cleanup of hazardous substances with respect to the Premises which may be necessitated as a result of Tenant's violation of this Section, including, without limitation, all removal, containment and remedial actions in accordance with applicable environmental laws and shall further pay or cause to be paid all cleanup, administrative and enforcement costs of governmental agencies if obligated to do so by environmental law. Tenant agrees to defend, indemnify and hold Landlord harmless from any and all claims, demands, costs, fees, penalties, charges and expenses incurred by or asserted or assessed against Landlord as a result of any hazardous substance placed on the Premises by Tenant, its agents, employees, contractors or invitees.
- n. *Landlord Cooperation.* Landlord shall reasonably cooperate with Tenant to facilitate Tenant's construction, maintenance and operation of the Premises from and after the Effective Date and throughout the Term.
- o. *Leasehold Mortgages Authorized.* On one or more occasions Tenant may mortgage or otherwise encumber Tenant's leasehold estate to an institutional investor under one or more leasehold mortgages and assign this Lease as security for such leasehold mortgage; provided, Tenant shall not place or create any mortgage, deed of trust, or other lien or encumbrance affecting Landlord's fee interest in the Property.

Signature Page to Follow

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

GIG HARBOR, WASHINGTON, a
a municipal corporation in the State of Washington

By _____
Tracie Markley, Mayor

TENANT:

YMCA OF PIERCE & KITSAP COUNTIES,
a Washington nonprofit corporation

By _____
Its Charlie Davis, CEO & President

By _____
Its Toko Thompson, CFO & Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

THIS IS TO CERTIFY that on this _____ day of _____, 2024, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, a _____, the _____ that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary public in and for the state of
Washington, residing at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

THIS IS TO CERTIFY that on this _____ day of _____, 2024, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, a _____, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary public in and for the state of
Washington, residing at _____
My appointment expires _____

STATE OF WASHINGTON)

) ss.

COUNTY OF PIERCE)

THIS IS TO CERTIFY that on this _____ day of _____, 2024, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, a _____, the _____ that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary public in and for the state of
Washington, residing at _____

My appointment expires _____

STATE OF WASHINGTON)

) ss.

COUNTY OF PIERCE)

THIS IS TO CERTIFY that on this _____ day of _____, 2024, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of _____, a _____, the _____ that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary public in and for the state of
Washington, residing at _____

My appointment expires _____

EXHIBIT A-1
Legal Description of the Gig Harbor property

Lot 1, BUSINESS PARK AT HARBOR HILL, according to Plat recorded June 05, 2006, under recording No. 20060523507, records of Pierce County Auditor.

Situate in the City of Gig Harbor, County of Pierce, State of Washington

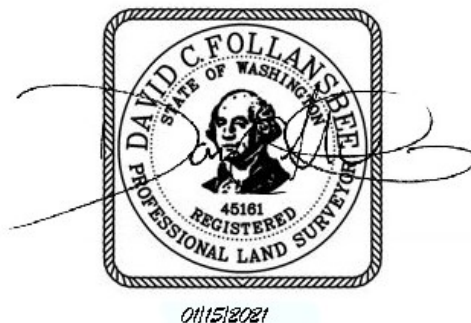
DRAFT

Exhibit A-2
Legal Description and Map of the Lease Premises

ALL OF LOT 1, BUSINESS PARK AT HARBOR HILL, ACCORDING TO THE PLAT RECORDED UNDER RECORDING NO. 200605235007, RECORDS OF PIERCE COUNTY AUDITOR;
EXCEPT THE FOLLOWING:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 1;
THENCE ALONG THE EAST LINE OF SAID LOT 1, NORTH 01°10'42" EAST, 154.31 FEET;
THENCE LEAVING SAID EAST LINE, NORTH 88°49'37" WEST, 229.12 FEET;
THENCE SOUTH 01°10'23" WEST, 41.20 FEET;
THENCE NORTH 88°49'25" WEST, 71.37 FEET;
THENCE NORTH 01°10'23" EAST, 41.20 FEET;
THENCE NORTH 88°49'37" WEST, 330.46 FEET MORE OR LESS TO THE WEST LINE OF SAID LOT 1;
THENCE ALONG SAID WEST LINE, SOUTH 01°15'16" WEST, 148.07 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1;
THENCE ALONG THE SOUTH LINE, SOUTH 88°15'40" EAST, 631.54 FEET TO THE POINT OF BEGINNING.

CONTAINING 407,519 SQUARE FEET, OR 9.36 ACRES MORE OR LESS.



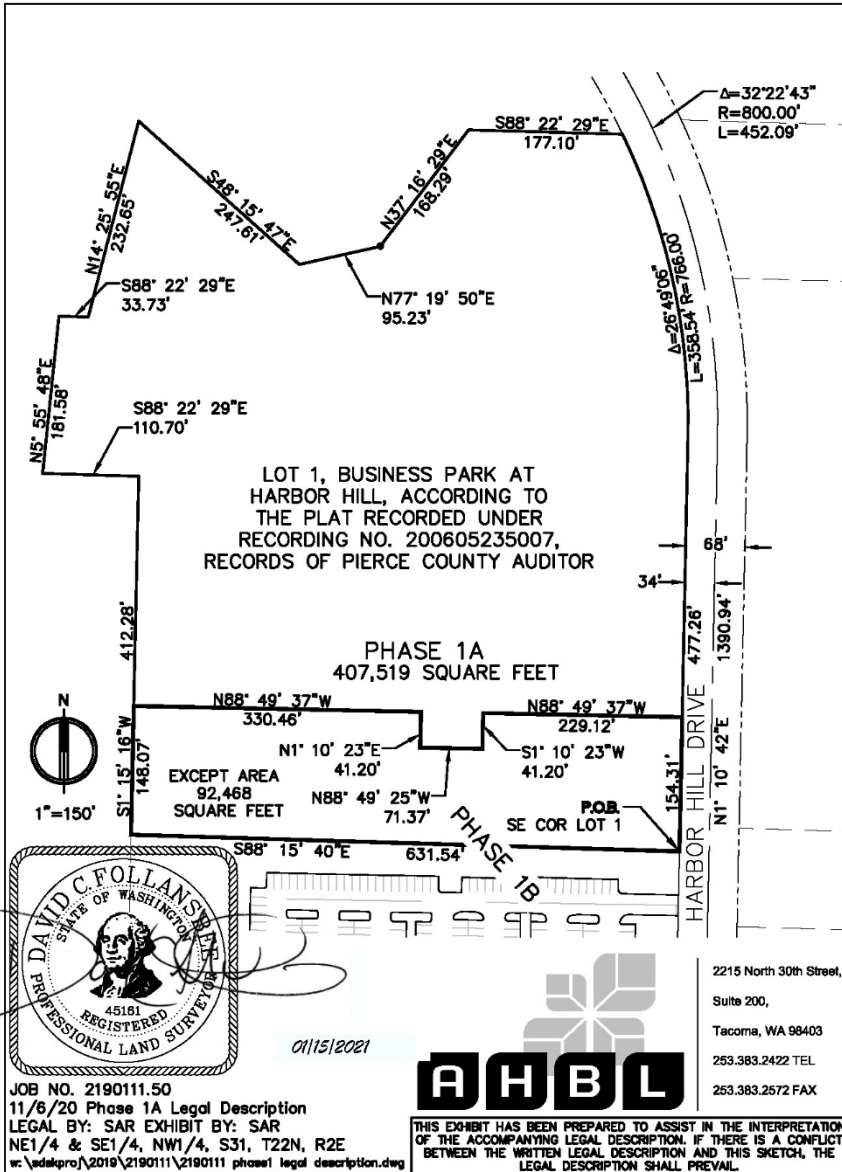


EXHIBIT B

Detailed Description of the Phase 1A Improvements and Ownership of Improvements

The YMCA will design and construct Phase 1A of the Gig Harbor Sports Complex, described in Recital E, further detailed in Exhibit E, limited to the following features/components:

Gig Harbor Sports Complex Phase 1A:

- Two (2) artificial, synthetic turf fields, approximately 360' x 210'
- Field Lighting
- 100 parking stalls
- Ingress/egress into the Phase 1A parking lot
- Landscaping for the Phase 1A improvements
- Fencing around the two artificial, synthetic turf fields

Due to the City of Gig Harbor's Hospital Benefit Zone contribution, the City of Gig Harbor will own the following features/components of the Phase 1A Improvements, as shown in Exhibit B1:

- 100 parking stalls
- Ingress/egress into the Phase 1A parking lot

The YMCA will own:

- Two (2) artificial, synthetic turf fields, approximately 360' x 210'
- Field lighting
- Landscaping for the Phase 1A improvements
- Fencing around the two artificial, synthetic turf fields
- Small storage building

EXHIBIT B1

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Page **28** of **32**

4854-4906-5660, v. 4
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EXHIBIT C
List of Encumbrances on Premises

1. Any and all offers of dedication, conditions, restrictions, easements, boundary discrepancies or encroachments, notes and/or provisions shown or disclosed by Short Plat or Plat of Business Park at Harbor Hill recorded under recording number 200605235007.

"Affidavit of Minor Correction of Survey" recorded July 24, 2006 under Recording No. 200607240465.

Modification and/or amendment by instrument:

Recording Information: 201712275011

2. The terms and provisions contained in the document entitled "Storm Water Facilities Maintenance Agreement and Restrictive Covenant"

Recorded: May 25, 2006

Recording No.: 200605250980

3. The terms and provisions contained in the document entitled "Declaration of Storm Water Facility Easement"

Recorded: May 25, 2006

Recording No.: 200605250981

4. The terms and provisions contained in the document entitled "Storm Water Facility Maintenance Agreement"

Recorded: May 25, 2006

Recording No.: 200605250982

5. Covenants, conditions, restrictions and/or easements contained in Recording No.: 200605250984

Modification and/or amendment by instrument:

Recorded: November 29, 2007

Recording Information: 200711290681

6. The terms and provisions contained in the document entitled "Harbor Hill Water Tank and Mainline Extension Latecomers Agreement"

Recorded: April 21, 2009

Recording No.: 200904210526

7. The terms and provisions contained in the document entitled "Harbor Hill Development Agreement"

Recorded: November 16, 2010

Recording No.: 201011160780

Modification and/or amendment by instrument:

Recording Information: 201212040216, 201405010313 and 201806280130

8. The terms and provisions contained in the document entitled "Harbor Hill Development Agreement"

Recorded: January 24, 2010

Recording No.: 201011241249

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Page 29 of 32

4854-4906-5660, v. 4

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9. The terms and provisions contained in the document entitled "Joinder Agreement"

Recorded: December 02, 2010

Recording No.: 201012020196

Modification and/or amendment by instrument:

Recording Information: 201806280130

10. Covenants, conditions, restrictions and/or easements contained in Recording No.: 201712290500

11. The terms and provisions contained in the document entitled "Partial Assignment and Assumption Agreement: Harbor Hill Development Agreement"

Recorded: December 29, 2017

Recording No.: 201712290501

12. Full Reconveyance: LOT 1, BUSINESS PARK AT HARBOR HILL, RECORDED MAY 23, 2006 UNDER RECORDING NO. 200605235007, IN PIERCE COUNTY, WASHINGTON

13. Quit Claim Deed: AFN 200605030287

EXHIBIT D
Environmental and Soils Reports and Land Surveys for the Premises

D-1: Phase 1 Environmental Site Assessment, Dated November 10, 2017
D-2: Cultural Resources Assessment, Dated October 24, 2018
D-3: Business Park at Harbor Hill Plat/Survey, Dated 05/22/2006, AFN 200605235007

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**City of Gig Harbor
City Council Agenda Bill**

Meeting Date: October 17, 2024

SUBJECT: Possible Conservation Property Acquisition

SUBMITTED BY: Parks Manager Jennifer Haro

DEPARTMENT: Public Works

PHONE: (253) 853-8253

SUGGESTED MOTION: None.

BACKGROUND INFORMATION: Pierce County Councilmember Robyn Denson reached out to the city and to Great Peninsula Conservancy about a social media post offering properties for sale adjacent to the tx^waalqəł Conservation Area. They are advertising the property as a good spot for a coffee shop. The properties are not listed on any MLS real estate sites. They total 1.34 acres and contain part of North Creek, and most of the property is encumbered by wetlands, except for approximately 75 feet near Harborview Drive. There is also a small tributary to North Creek that runs through one of the lots.

If the city pursues this acquisition, we would use our partners at Great Peninsula Conservancy (GPC) to initiate contact with the owners, hire an appraiser and prepare grant applications. The goal would be to acquire the property without any city tax expenditures, except for staff time.

Staff is seeking guidance on whether to ask GPC to explore the possibility of acquiring these properties.

FISCAL CONSIDERATION: None.

ATTACHMENTS: None

STRATEGIC PLAN PRIORITY: Strategic Plan Priority 4 - Promote environmental sustainability and preserve Gig Harbor's natural beauty
