CITY OF LAKEWOOD, WA

SECTION 108 GUARANTEED LOAN FOR CURBSIDE MOTORS, INC.

PROPOSED TERMS

<table>
<thead>
<tr>
<th>PROJECT:</th>
<th>CURBSIDE MOTORS, INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION:</td>
<td>9915 – 10005 South Tacoma Way, Lakewood, Washington</td>
</tr>
<tr>
<td>PROJECT DESCRIPTION:</td>
<td>Acquisition &amp; related financing costs associated with Sec. 108 financing – for purchase of parcels located at subject address for purposes of developing a car dealership establishment to accommodate the relocation and expansion of Curbside Motors. Site development is to be financed with other funds.</td>
</tr>
<tr>
<td>LOAN AMOUNT:</td>
<td>$700,000</td>
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<tr>
<td>BORROWER:</td>
<td>CITY OF LAKEWOOD, WA</td>
</tr>
<tr>
<td>AUTHORIZED CITY OFFICIAL:</td>
<td>John J. Caulfield, City Manager</td>
</tr>
<tr>
<td>THIRD PARTY BORROWER:</td>
<td>Curbside Motors, Inc. Steve Guiberson, Owner</td>
</tr>
<tr>
<td>PROPOSED LOAN TERMS (3rd Party Loan):</td>
<td>20 year term; interest-only during construction (12 months); 19 year amortization Initial Interest Rate: 4.25% fixed interest Conversion Rate: blended rate due on each of the City’s Principal Payments plus 50 basis points or 0.5% (HUD Public Offering Rate).</td>
</tr>
<tr>
<td></td>
<td>* HUD loan to City will have floating interest rate at 3-month LIBOR plus 40 b.p.; Conversion Rate to be determined at time of HUD Public Offering</td>
</tr>
<tr>
<td>REPAYMENT:</td>
<td>From Business Operations of third party borrower</td>
</tr>
<tr>
<td>COLLATERAL:</td>
<td>1. A first mortgage lien, pari passu with GAF, on commercial property located at 9915 S. Tacoma Way and 10005 S. Tacoma Way (Subject property and primary collateral). An appraisal completed on January 15, 2014 estimated the as-is value at $1,205,000 and the as-completed value at $3,200,000. 2. A second mortgage lien, pari passu with GAF, on commercial 2306 and 2316 Auburn Way N Auburn, WA, subordinate only to an existing lien held by Sterling Bank. Based on the outstanding balance and current appraisal, this property has a</td>
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<tr>
<td>1.</td>
<td>A first mortgage lien, unsecured, on all improvements to a commercial building located at 6000 Main St. SW, Lakewood, WA. The property is currently unimproved.</td>
</tr>
<tr>
<td>2.</td>
<td>A second mortgage lien, solely held by City of Lakewood, on a vacant commercial Parcel 3972-000-003-0005 Bremerton, WA, subordinate to an existing lien held by Sterling Bank. Current appraisal assesses no additional unencumbered value at present. The property is a currently unimproved commercial parcel of 1.62 acres.</td>
</tr>
<tr>
<td></td>
<td>A second mortgage lien, pari passu with GAF, on all business assets, subordinate only to an existing Commercial Line of Credit lien held by Fife Commercial Bank. Business assets include cars, repair equipment, lifts and office equipment.</td>
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<tr>
<td></td>
<td>A first lien, pari passu with GAF, on all Accounts Receivable for the business at the subject location.</td>
</tr>
<tr>
<td></td>
<td>A first lien, pari passu with GAF, (purchase money interest) on all machinery and equipment, furniture and fixtures acquired with loan proceeds.</td>
</tr>
<tr>
<td></td>
<td>Unlimited personal guarantees of Steve Guiberson and Darlene Guiberson, secured by a third mortgage lien, pari passu with GAF, on primary residence.</td>
</tr>
</tbody>
</table>

**TARGET CLOSING / REQUEST FOR RELEASE OF FUNDS:**  
July 31, 2014

**PRIMARY CONTACT:**  
Jeff Gumm, Program Manager  
Community Development Block Grant Program  
City of Lakewood  
6000 Main St. SW  
Lakewood, WA 98499  
Ph: (253) 983-7773  
E-mail: jgumm@cityoflakewood.us

**CITY ATTORNEY:**  
Matt Kaser  
Assistant City Attorney  
City of Lakewood  
6000 Main St. SW  
Lakewood, WA 98499
PROJECT SUMMARY

Section 108 Guaranteed Loan Funds are requested to finance a portion of the property acquisition for the expansion of Curbside Motors, Inc., a 10-year old car dealership operated by Steve Guiberson in South Tacoma. Mr. Guiberson proposes to relocate his business to Lakewood with redevelopment of parcels located opposite the intersection of South Tacoma Way and 100th Street SW into a pre-owned auto dealership with related mechanic and auto detailing operations. One of the existing parcels is the site of the former Gloria Motel (now demolished) while the other is the site of the former Rainier Inn Apartments, which is abandoned. The project will enable the consolidation of Curbside’s current operations, which are now located on two separate sites nearly ten blocks apart in South Tacoma. The consolidation will enable greater efficiency in operations and a significant expansion of the business with the larger location and improved visibility in Lakewood. A large portion of Curbside’s customer base are the military and other families with employment related to nearby Joint Base Lewis McCord. The typical Curbside customer has household median income between $35,000 and $60,000 per year and is financing a vehicle with an average sales price of $8,000. The median income for Pierce County is $59,105 and for the City of Lakewood is $42,241 (per census.gov). Curbside Motors was established to provide affordable, quality used vehicle sales and service to its customers and has established a strong local reputation that attracts customers from throughout the Pacific Northwest using traditional marketing, referrals, repeat business and internet advertising sources. Mr. Guiberson is the sole owner of the business with more than 30 years of experience in the car sales industry and more than 25 years’ experience as a dealership owner.

For the past several years in its current locations, Curbside has endured significant operating inefficiencies due to the 10 block distance between its two car lots and the limited capacity to park cars on each. The lots are so small that cars are essentially parked valet-style and Curbside must lease a separate storage facility to park its overflow. The practical effect of this is that some customers who come to the dealership based on a car listed on the website must search both locations or wait as much as thirty minutes for the sales staff to locate their car. Despite these hurdles, the business has managed year over year growth in sales and operates in a positive financial position. The elimination of these hurdles will only increase the drive-by visibility and accessibility of the operation, providing a more sustainable climate in which to grow the business. The expansion of both its sales and service departments is expected to generate at least 25 new FTE jobs within the next 2-3 years as the business reaches full operation. These jobs will include a range of vehicle technician, auto detailing and administrative positions as well as new sales positions for the company. In addition, the project will significantly improve an abandon stretch of commercial-zoned South Tacoma Way and restore it to commercial use.

Development Program:

Development plans include the construction of a 5,527 square foot two-story office building (1,926 will be unfinished), a 4,500 square foot attached garage and 5,000 square foot detached garage that will
SECTION 108 PROJECT-SPECIFIC REVIEW

house a six-bay service center and auto detailing facility. Additional improvements will consist of surface asphalt parking, lighting, landscape and street frontage improvements per city code. Curbside has hired Incite Management Group, LLC to provide overall construction and project management. Design plans are currently underway, with expected permit submittal scheduled for early June. Construction is expected to begin in late August upon closing, with a nine month construction duration. The business expects to relocate over a week long period from its current leased locations to the new site by June 2015.

PROJECT REVIEW

Criteria for review of project-specific Section 108 loan applications is detailed in the approved Section 108 Loan Fund Policies. These underwriting and review guidelines will be applied to all prospective Section 108 loan proposals under this Loan Fund, regardless of whether required under Section 570.203.

A. HUD National Priority Areas
   The expansion of Curbside Motors meets one of the three National Priorities identified by HUD under the Expanded Economic Opportunities category. Specifically, the additional job creation and growth of a small local business supports category 3-a and b: job creation and retention and stabilization and expansion of small business.

B. Community Development Objectives of the City
   The redevelopment of these parcels furthers the City’s Economic Development Goals as referenced in the City's 2010 – 2014 Consolidated Plan, including development of planned, coordinated approaches to economic development and job creation involving partnerships with bankers, realtors, developers and entrepreneurs. In addition, it addresses the City’s community development objective of removing blighted and abandoned buildings, as stated in the City’s 5-year Consolidated Plan. The existing Rainier Inn Apartments has been vacant since code violations and bankruptcy forced its closure.

C. Section 108 eligible Activity under 24CFR 570.703
   The acquisition of the property to support the Curbside Motors expansion meets an eligible activity per Section 570.703(i) – Special Economic Development as eligible under Section 570.203(b) – the provision of assistance to a private for-profit business, including but not limited to grants loans, loan guarantees, interest supplements... for any activity where the assistance is appropriate to carry out an economic development project.

D. National Objective under 24 CFR 570.208
   The project will meet a National Objective of job creation as required by Section 570.208(a)(4) – an activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income (LMI) persons. The proposed job creation will be documented by the business and monitored by Lakewood Community Development staff as required in this section to confirm the jobs that are created meet the 51% LMI test.
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E. Public Benefit Standard as required for projects qualifying under 570.703(i) and 570.203 or 570.204 activities.

As a Special Economic Development activity, the project will be required to meet the Public Benefit Standard, which requires documentation of a certain number of new FTE jobs in relation to the amount of Section 108 assistance. Specifically, by receiving $700,000 of proposed Section 108 assistance, the business must create a total of 20 FTE jobs (at 1 job: $35,000). Curbside anticipates creating at least 20 new FTE jobs and has agreed to comply with the HUD reporting requirements.

F. Citizen Participation Requirements: the City has fulfilled its Citizen Participation requirements to date by publishing the proposed actions and soliciting public comment on March 12, 2014. It held a Public Hearing on April 9, 2014 to receive input from the public on the proposed Action Plan amendment as well as the proposed use of Section 108 funds for the Project. The 30-day comment period closed on April 11th. See Required Attachments for documentation of citizen participation plan compliance. Council approval will be required to submit a proposed loan package to HUD.

G. Financial Underwriting Guidelines: The project was analyzed using the City’s approved Loan Fund underwriting guidelines.

1. Project management

Curbside Motors has hired Incite Management Group, an experienced real estate development and management company, to oversee the process of land use entitlement and permitting, coordination of the design team, project management and construction oversight. Incite provides full service real estate development expertise to a variety of property development projects including churches, commercial, medical office, multifamily and retail projects. The Incite team is headed by Craig Milton and Landon Bayler, P.E. – with a combined 40 years of real estate development experience. Incite will manage all aspects of the development process, which will enable the business to continue its operations during construction.

2. Public Benefit

The redevelopment of the subject site with an expanded commercial business provides several public benefits to Lakewood. A significant number of FTE jobs will be created to help the local employment base. A currently vacant and abandoned property will be redeveloped and restored to commercial use – thus removing a blighted building from the site. By expanding in Lakewood, the business will also generate significant new sales tax revenue for the City. Current estimates based on 2013 year end revenue indicates Lakewood’s share alone would be more than $90,000 in annual sales tax revenue, with significant growth potential projected.

3. Proposed Costs

Site acquisition is per executed Purchase and Sale Agreement with the two banks that currently own the parcels. Incite Management has obtained construction cost estimates through a third party cost estimating firm based on preliminary schematic design. The cost equates to approximately $67/square foot for site demolition and proposed development of the three buildings and related site improvements. This figure is consistent with building construction of this type (light commercial retail/office construction with concrete panel siding and metal roofing and storefront glazing). In addition, the project has a construction contingency of $133,050 (more than 10%) budgeted for any additional or unforeseen costs. Soft costs are budgeted at $333,500 for a total development cost of $2,887,050.
4. **Commitment of Funds**

The proposed financing structure consists of borrower equity, an SBA 7a guaranteed loan from the Grow Pierce County Fund and the proposed Section 108 Guaranteed loan from Lakewood. A breakdown of proposed sources and uses is as follows:

<table>
<thead>
<tr>
<th>Project Uses</th>
<th>Grow Pierce County Fund- SBA 7(a) guarantee</th>
<th>Section 108</th>
<th>Owner Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real property acquisition</td>
<td>$432,450</td>
<td>$648,000</td>
<td>$120,050</td>
<td>$1,200,500</td>
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<tr>
<td>Construction</td>
<td>$1,220,000</td>
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<td>$1,220,000</td>
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<tr>
<td>Construction Contingency</td>
<td>$133,050</td>
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<td></td>
<td>$133,050</td>
</tr>
<tr>
<td>Construction Soft Costs</td>
<td>$166,500</td>
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<td></td>
<td>$166,500</td>
</tr>
<tr>
<td>Closing &amp; Soft Costs</td>
<td>$115,000</td>
<td></td>
<td></td>
<td>$115,000</td>
</tr>
<tr>
<td>Section 108 Closing Costs</td>
<td>$52,000</td>
<td></td>
<td></td>
<td>$52,000</td>
</tr>
<tr>
<td><strong>Total Development Costs</strong></td>
<td><strong>$2,067,000</strong></td>
<td><strong>$700,000</strong></td>
<td></td>
<td><strong>$2,887,050</strong></td>
</tr>
</tbody>
</table>

5. **Need for Section 108 Assistance / Non-substitution of Funds:**

Curbside Motors has sought conventional financing from a variety of sources for the new development. It also owns two other commercial properties – one in Bremerton and one in Auburn – which have been financed through Sterling Savings Bank. While the business operations have been strong and improving and recent years, Curbside has been unable to obtain commercial financing at a rate or terms that are supportable or sustainable for the current expansion. The combination of the Grow Pierce County Funds, which will provide a competitive rate of prime plus one percent (variable during construction, fixed for a 25-year term upon completion) and the proposed Section 108 Guaranteed Loan at a below market interest rate (anticipated to be about 4.5% fixed) are necessary to provide the business with the cash flow coverage to service its loans in a sustainable manner. Without this combination of flexible financing, the business would not be able to relocate or expand in this location.

6. **Evidence of Site Control**

Curbside has an executed Purchase Option Agreement with Homestreet Bank for the Rainier site, and with BSBC Properties, LLC for the former Gloria Motel site. The purchase option provides for a financing contingency expiration of June 26th with an extension on closing provided through end of September to allow for the issuance of the building permit. It is intended that the loans will not close until the building permit is issued to mitigate any risk associated with development/constructability or entitlements.

7. **Loan Structure (Term, Interest Rate, Origination Fee, other expenses)**

The proposed loan will carry a 20-year term with interest-only payments during construction.
(expected to be a nine-month duration). Amortization would be done for the balance of the term with monthly payments throughout. The interest rate is proposed to be fixed at closing at 4.25% (Initial Rate) and will be subject to conversion at such time when this loan is included in any HUD public offering. The Conversion Rate shall be based on the rate due on each of the City’s Principal Payments plus 50 basis points or 0.5% (HUD Public Offering Rate). The loan will carry a 1% loan origination fee to be paid to the City upon closing to cover costs associated with loan packaging, underwriting and documentation (eligible Program Delivery costs pursuant to Section 570.500). Repayment shall be from Borrower from project operations. As mentioned above, the loan will share a co-lien position with the proposed GAF loan for the project. All collateral will be shared proportionate to the respective loan size. Borrower shall pay all other out of pocket costs borne by the City in the closing of the loan, including title, closing or legal expense, as well as any expense associated with the public offering issuance or the HUD Trustee.

8. Financial Feasibility
   a. Ability to Repay – Adjusted cash flow for the business was analyzed through the reporting periods of 2010, 2011, 2012 and 2013. The historical adjusted cash flow has been relatively thin but improving over this period, with an actual coverage (based on internal financials in 2013) of 1.21 as stated above. Projected cash flow for the 2014 and 2015 years appears to be significantly stronger (1.78 and 2.14, respectively). This is consistent with the anticipated growth potential due to the improved operating efficiencies of having all vehicles located on a single property with increased visibility. In addition, the borrower has a strong credit history and has demonstrated a willingness and commitment to contribute capital into the business in lean times.
   b. Collateral – All commercial property (including the subject site) and all other business assets are proposed to be shared pari passu (co-lien position) with the Grow Pierce County Fund loan (GAF) to reach an acceptable 80% loan to value (LTV) coverage. Specifically if the business defaults on the loan, the collateral will be split pro rata between the two entities, based on respective loan size. Below is the proposed collateral schedule:

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A first mortgage lien, pari passu with GAF, on commercial property located at 9915 S. Tacoma Way and 10005 S. Tacoma Way (Subject property and primary collateral). An appraisal completed on January 15, 2014 estimated the as-is value at $1,205,000 and the as-completed value at $3,200,000.</td>
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<tr>
<td>2.</td>
<td>A second mortgage lien, pari passu with GAF, on commercial 2306 and 2316 Auburn Way N Auburn, WA, subordinate only to an existing lien held by Sterling Bank. Based on the outstanding balance and current appraisal, this property has a net (unencumbered) value of approx. $120,000.</td>
</tr>
<tr>
<td>3.</td>
<td>A second mortgage lien, solely held by City of Lakewood, on a vacant commercial Parcel 3972-000-003-0005 Bremerton, WA, subordinate to an existing lien held by Sterling Bank. Current appraisal assesses no additional unencumbered value at present. The property is a currently unimproved commercial parcel of 1.62 acres.</td>
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<td>A second lien, pari passu with GAF, on all business assets, subordinate only to an existing Commercial Line of Credit lien held by Fife Commercial Bank. Business assets include cars, repair equipment, lifts and office equipment.</td>
</tr>
<tr>
<td>5.</td>
<td>A first lien, pari passu with GAF, on all Accounts Receivable for the business at the subject location.</td>
</tr>
<tr>
<td>6.</td>
<td>A first lien, pari passu with GAF, (purchase money interest) on all machinery and equipment, furniture and fixtures acquired with loan proceeds.</td>
</tr>
<tr>
<td>7.</td>
<td>Unlimited personal guarantees of Steve Guiberson and Darlene Guiberson, secured by a third mortgage lien, pari passu with GAF, on primary residence.</td>
</tr>
</tbody>
</table>
9. **Business Owner Capacity & Experience**

Steve Guiberson has been an owner of independent used car dealerships for over 25 years and has had more than 30 years of experience in car sales overall. Prior to Curbside Motors, Steve owned other used car dealerships with various partners, including his brother Rod Guiberson, who now owns his own car dealership in Puyallup. He has built good relationships with other local new and used car dealers, which helps him when negotiating for the purchase and sale of cars between the dealerships. In addition, Steve’s wife, Darlene, also works with the business. Curbside has a strong adjusted cash flow for the 2013 fiscal year (1.21) without rental income for the Auburn property/ 1.43 if the rental income was included. In addition, the businesses financial management practices were analyzed with a review of the Cost of Goods Sold (COGS) and Sales and General Administration (SGA) as a percentage of gross revenue. These measures should show stability throughout the review period, with any anomalies adequately explained. Both appear stable, with a combined 90% (2010), 90% (2011), 92% (2012) and 91% (2013). Both The business owner and his wife have good personal credit, each in the 700s. Based on the development team that Curbside has retained, construction will not interfere with current operations so the company can continue to operate at its current locations until the new site is ready.

10. **Borrower Background and Character**

Mr. Guiberson has had a successful track record of owning and operating auto dealerships in the area for the past 25 years. He and his family have lived in the area for decades and have had a strong relationship with the local community throughout that timeframe. Mr. Guiberson has been in the business for over 30 years (since age 18) and has built very strong relationships with many dealers in the area. The company has three outstanding loans, all of which are in good standing. Two loans are from Sterling Bank for the purchase of commercial properties in Auburn and Bremerton, and a line of credit loan is provided by Fife Commercial Bank. Both banks indicate a good payment history and good standing on the current loans. Both banks have further indicated no issues related to the City or GAF having subordinate positions on their loans.

11. **Pro Rata Disbursement of Section 108 Funds with Other Funding Sources**

Section 108 funds are to be used specifically for the purpose of funding a portion of the acquisition cost of $1.2 million. The funds will be advanced to escrow at closing for that purpose, along with the GAF funds for acquisition and the borrower equity. The balance of GAF funds will then be disbursed on a monthly basis throughout construction for the remaining development and soft costs.

12. **Project Monitoring**

The City of Lakewood CDBG Program Manager will be responsible for monitoring the project on behalf of the city. As funds will be used for acquisition, however, there is minimal documentation that will be needed for the construction period. Use of funds will be documented via the HUD settlement statement provided by escrow. The construction-period monitoring will be primarily the responsibility of the Grow America Fund, which will retain a third-party construction inspector to review monthly construction progress prior to
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disbursement of funds. The City will be able to receive copies of the monthly construction monitor reports if requested. Once the development is complete, the Lakewood CDBG Program Manager will monitor ongoing compliance and reporting requirements, including job creation verification to comply with the National Objective and Public Benefit standards. The business will be required to provide job creation documentation using City-approved job tracking forms developed for that purpose. Such forms will be included as an exhibit to the Section 108 loan agreement.

13. Interim Benchmark Measurements
The job creation requirement (for number of jobs per dollar of assistance) may be met within the first 2-3 years of operation. The business will be required to regularly report its progress towards the job requirement until such time as the targeted number of jobs has been created. In addition, the business will be required to provide supporting documentation to substantiate that at least 51% of the new FTE job creation has been provided for LMI persons. This can be done through a variety of means, including detailed position descriptions or other forms of income verification as provided by HUD. Once the job requirements have been met, no ongoing reporting of job creation is required.

14. Project Readiness
The project is ready to proceed. The GAF has provided a term sheet and expects to bring its proposed loan for approval by its investment committee within the next two weeks. The borrower has demonstrated that his equity requirement is available (and has largely been paid in already through creditable option payments to the sellers). The design plans are under development with a permit submittal expected within three to four weeks. The contractor selection will occur during that timeframe through a competitive bid process, managed by Incite Management Group. It is anticipated that the permit review will take approximately six to eight weeks, with a permit issuance in early August. Closing on acquisition and construction start would occur immediately thereafter.

Conclusion and Recommendation:
The project meets both the HUD eligibility requirements and the financial feasibility guidelines of the approved Lakewood Section 108 Loan Fund. Based on this review and the proposed Loan structure, it is recommended that the Curbside Motors expansion be approved for up to $700,000 in Section 108 Loan Guarantee funds subject to the following terms and conditions:

Loan structure:
- 20-year term with interest-only payments during construction (up to 12 months) with full amortization for the balance of the term of 20 years;
- Interest Rate fixed at closing at 4.25%, subject to Conversion at time of HUD public offering at the blended rate due on each of the City’s Principal Payments plus 50 basis points or 0.5% (HUD Public Offering Rate).
- Loan Fee: a 1% loan origination fee shall be paid to the City upon closing to cover costs associated with loan packaging, underwriting and documentation.
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Repayment:
Repayment from Borrower from business operations at the subject site.

Primary & Secondary Collateral:
- Primary collateral consists of a first position lien (deed of trust) on the subject property, a blanket UCC filing on all machinery, equipment, furnishings and fixtures associated with the subject and all accounts receivable of the business (pari passu with GAF); subordinate liens (deeds of trust) on two other commercial properties (one improved and leased, the other unimproved); subordinate liens (UCC filing) on all inventory and primary residence; an unlimited personal guarantee of the business owner and his spouse.
- Pledge of all current and future City CDBG entitlement funds or funds eligible to be received under Section 570.705(b)(2).

Recommended Conditions prior to Closing:
- Receipt of executed term sheet and investment committee approval confirmation from GAF
- Satisfaction of insurance requirements including General Liability, Builder's Risk and Property
- Receipt of an updated Lender's Title Policy in favor of the City of Lakewood Section 108
- Completion of HUD Environmental clearance
- Approval and execution of construction contract
- Confirmation of lien and judgment-free status (search) prior to closing
- Receipt of approval from HUD
- Receipt and execution of Loan documents from HUD to City
- Receipt of updated documents (budgets, contracts, other documents) as requested

H. Pledge of CDBG Guarantee
The City of Lakewood understands that if the participants in this Section 108 loan fund fail to make timely payments and the City of Lakewood therefore fails to make a required payment on its notes, HUD will deduct that payment from the City of Lakewood's CDBG Letter of Credit and in accepting this loan guarantee, the City of Lakewood will pledge its CDBG funds and all other applicable grants as security for the guarantee.

I. Schedule for City's Repayment of Loan
In requesting approval of this loan guarantee, the City of Lakewood is requesting a commitment for a 20-year term. The City of Lakewood will act as borrower and issue the guaranteed debt obligations, consistent with RCW 35.21.735. The source of repayment will be payment on the loans from Curbside Motors. Please use the proposed principal repayment schedule in Attachment #1.
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Proposed Principal Repayment Schedule:

Principal: $700,000
Interest: 4.25%
Term: 20 years
Amort: 19 years
Interest only during construction

<table>
<thead>
<tr>
<th>Yr</th>
<th>Principal</th>
</tr>
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<tbody>
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<td>2014</td>
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</tr>
<tr>
<td>2015</td>
<td>$24,000</td>
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<td>TOTAL</td>
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</tr>
</tbody>
</table>

J. **City of Lakewood Contact:**
Jeff Gumm, CDBG Program Manager
City of Lakewood
6000 Main St. SW
Lakewood, WA 98499
Ph: (253) 983-7773
E-mail: jgumm@cityoflakewood.us

Required Attachments:
1. Combined Federal Certifications
2. SF424 – Application for Federal Assistance
3. Lobbying Certification
4. Annual Action Plan Amendment excerpt
5. Approved Council Resolution and Council meeting minutes
6. Evidence of Compliance with Citizen Participation Requirements
7. Public Comments and City responses as applicable
8. Evidence of compliance with Environmental Review

Appendix:
1. Detailed Sources & Uses and Analysis of Cash Flow
2. Property Appraisal – Executive Summary
3. Site Plan & Schematics
APPENDIX 1

Detailed Sources & Uses and Analysis of Cash Flow
APPENDIX 2

Property Appraisal – Executive Summary
APPENDIX 3

Site Plan & Schematics
## Uses of Funds

<table>
<thead>
<tr>
<th></th>
<th>GAF portion</th>
<th>Section 108</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real property acquisition</strong></td>
<td>$1,200,500</td>
<td>$432,450.0</td>
</tr>
<tr>
<td><strong>Construction</strong></td>
<td>$1,220,000</td>
<td>$1,220,000</td>
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<tr>
<td><strong>Construction Contingency</strong></td>
<td>$133,050</td>
<td>$133,050</td>
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<tr>
<td><strong>Construction Soft Costs</strong></td>
<td>$166,500</td>
<td>$166,500</td>
</tr>
<tr>
<td><strong>Soft and closing</strong></td>
<td>$115,000</td>
<td>$115,000</td>
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<tr>
<td><strong>Section 108 Closing</strong></td>
<td>$52,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td>$2,887,050</td>
<td>$2,067,000.0</td>
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<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Lien %</th>
<th>Lien $</th>
<th>Rate %</th>
<th>Term</th>
<th>Debt/Service</th>
<th>Interest</th>
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<tr>
<td>GAF</td>
<td>72%</td>
<td>$2,067,000</td>
<td>6.51%</td>
<td>24.33333333</td>
<td>$14,122.99</td>
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<tr>
<td>Lakewood Section 108</td>
<td>24%</td>
<td>$700,000</td>
<td>4.50%</td>
<td>20</td>
<td>$4,428.55</td>
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<td>Equity</td>
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<td>0.00%</td>
<td>N/A</td>
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<td>100%</td>
<td>$2,887,050</td>
<td></td>
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**TOTALS**

Annual payments:

- GAF: $169,475.83
- Lakewood Section 108: $53,142.55
- y: $0.00
- z: $0.00
- a: $0.00

**ANNUAL** $222,618.38
### CASH FLOW ANALYSIS & COVERAGE with Rental Income

<table>
<thead>
<tr>
<th></th>
<th>ADJUSTED EXISTING CASH FLOW</th>
<th></th>
<th>ADJUSTED PROJECTED CASH FLOW</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>12/31/11</td>
<td>12/31/12</td>
<td>12/31/13</td>
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<tr>
<td>Earnings Before Taxes</td>
<td>$37,940</td>
<td>$47,659</td>
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<tr>
<td>+ Depreciation</td>
<td>$12,102</td>
<td>$65,669</td>
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<tr>
<td>+ Interest Expense</td>
<td>$147,895</td>
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<td>+ Rent Savings</td>
<td>$107,109</td>
<td>$98,268</td>
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<tr>
<td>+ Cash Flow from affiliate</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>+ Other</td>
<td>$108,000</td>
<td>$108,000</td>
<td>$108,000</td>
</tr>
<tr>
<td><strong>Total Cash Flow</strong></td>
<td>$413,046</td>
<td>$465,120</td>
<td>$678,925</td>
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</table>

|                      |                      |                      |                      |                      |                      |
| + Project Debt Service (P&I) | $222,618 | $222,618 | $222,618 | $55,655  | $222,618 | $222,618 |
| + Existing Debt Service | $148,800 | $148,800 | $148,800 | $37,200  | $148,800 | $148,800 |
| + Owners Distribution | $40,000  | $40,000  | $40,000  | $10,000  | $40,000  | $40,000  |
| + Real Estate Taxes   | $64,000  | $64,000  | $64,000  | $16,000  | $64,000  | $64,000  |
| + Rental Income on Auburn Property | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Cash Requirements (G+H+I)** | $475,418 | $475,418 | $475,418 | $118,855 | $475,418 | $475,418 |

| Cash Margin (F minus J) | $(62,372) | $(10,298) | $203,506 | $302,747 | $371,448 | $544,237 |
| Cash Flow Coverage (F/J) | 0.87 | 0.98 | 1.43 | 3.55 | 1.78 | 2.14 |
APPENDIX 1

Detailed Sources & Uses and Analysis of Cash Flow
January 15, 2014

Celeste Griffin
Grow Fund America, Inc.
708 Third Avenue, Suite 710
New York, NY 10017

City of Lakewood
600 Main Street SW
Lakewood, WA 98499

Re: Appraisal Report
9915 and 10005 South Tacoma Way
Lakewood, WA 98499
SHH File 12516-13

Dear Ms. Griffin:

As requested, we are providing you with an appraisal relevant to the above referenced property. This Appraisal Report has been prepared with the intent to be in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation. Further, it is our intent to comply with the appraisal standards set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994, codified under 12 CFR 323, and the Appraisal Policy of Grow Fund America, Inc. and The City of Lakewood.

As of the date of appraisal, the subject property is under contract with a purchase and sale agreement between BSBC Properties LLC and Holly Global Investments Inc. (Grantors) and Steve and Darlene Guiberson (Grantee).
The subject property consists of a site containing an area of 139,311 square feet, located on the easterly side of South Tacoma Way in Lakewood, Washington. The subject site is proposed to be improved with an automobile sales building and a service shop, containing a combined building area of 15,026 square feet. The proposed improvements are to be completed by October 15, 2014.

The purpose of this appraisal is to prepare and submit a supported opinion of the prospective Market Value of the subject property as of the estimated date of completion, October 15, 2014, and the “As Is” Market Value of the subject property as of the date of inspection, December 19, 2013. The value conclusions are relevant to real estate and do not include furniture, fixtures, or equipment.

The prospective Market Value as of the anticipated date of completion, October 15, 2014, is estimated to be:

THREE MILLION TWO HUNDRED THOUSAND DOLLARS

$3,200,000

The “As Is” Market Value on the appraisal date is an estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. The “As Is” Market Value, as of December 19, 2013, is estimated to be:

ONE MILLION TWO HUNDRED FIVE THOUSAND DOLLARS

$1,205,000

According to Pierce County public records, taxes on parcel number 0319062017 of the subject property for 2010 through 2013 are past due, and interest and penalties have accrued, with a total of $146,727.37 now overdue. The unpaid taxes are not included in the amounts shown above, and have not been considered in our valuation of the subject property.
The appraisal report that follows summarizes the assignment, describes the area and the subject property, and explains the valuation techniques and reasoning leading to the final opinion of market value. As in the case of any narrative appraisal, the reader’s attention is directed to the underlying Assumptions and Limiting Conditions that are included in the accompanying report.

Respectfully submitted,

Fred C. Strickland, MAI, SRA
State of Washington Certification 1100429

Seth M. Fisher, Associate
State of Washington Certification 1001700
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<td>Location Description</td>
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<td>Property Description</td>
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<tr>
<td>Zoning</td>
<td>15</td>
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<td>Taxes and Assessments</td>
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<tr>
<td>Description of Improvements</td>
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## Analysis of Data and Opinions of Appraisers

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<td>102</td>
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<td>104</td>
</tr>
<tr>
<td>Assumptions and Limiting Conditions</td>
<td>109</td>
</tr>
<tr>
<td>Extraordinary Assumptions and/or Hypothetical Conditions</td>
<td>114</td>
</tr>
</tbody>
</table>
SUBJECT
PHOTOGRAPHS
SOUTHERLY VIEW OF SOUTH TACOMA WAY SUBJECT TO LEFT

NORTHERLY VIEW OF SOUTH TACOMA WAY SUBJECT TO RIGHT
EASTRLY VIEW OF THE SUBJECT PROPERTY

NORTHEASTERLY VIEW OF THE SUBJECT PROPERTY
EASTERLY CLOSE UP OF THE SUBJECT PROPERTY

SOUTHERLY CLOSE UP OF THE SUBJECT PROPERTY
This appraisal is intended to comply with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) and with the Office of the Comptroller of the Currency’s Real Estate Appraisal and Evaluation Guidelines. The depth of discussion contained in this report is specific to the needs of the client named below and for the intended use stated within this report.

APPRAISER: Fred Strickland, MAI, SRA
Seth Fisher, Associate
Strickland, Heischman, & Hoss, Inc.
6419 Lakewood Drive West
Tacoma, WA 98467

CLIENT
Celeste Griffin
Grow Fund America, Inc.
708 Third Avenue, Suite 710
New York, NY 10017
City of Lakewood
600 Main Street SW
Lakewood, WA 98499

PROPERTY IDENTIFICATION

Proposed Car Dealership
9915 and 10005 South Tacoma Way
Lakewood, WA 98499
INTENDED USE AND USER OF THE APPRAISAL

This Appraisal Report is intended to be used by the clients, Grow Fund America, Inc. and The City of Lakewood, as a basis for mortgage lending purposes.

**Intended Use** is defined as: “The use or uses of an appraiser’s reported appraisal or appraisal review or appraisal assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.”¹

**Intended User** is defined as: “The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report, by the appraiser on the basis of communication with the client at the time of the assignment.”²

**Client** is defined as: “The party or parties who engage an appraiser (by employment or contract) in a specific assignment.”³

LEGAL DESCRIPTION

Pierce County Assessor’s Parcel 0319062017 is legally described within a Commitment for Title prepared by Fidelity National Title Company, dated January 3, 2014. A copy of this document is included in the addenda. The appraisers requested but were not provided with title reports relevant to Pierce County Assessor’s Parcels 0319062016 and 0319062044.


² Ibid.

³ Ibid.
SALES HISTORY

Pierce County Assessor’s Parcels 0319062016 and 0319062044 are currently vested in BSBC Properties LLC. BSBC Properties LLC acquired the property by way of a trustee’s deed in September 2011. Pierce County Assessor’s Parcel 031906201 is currently vested in Holly Global Investments Inc. Holly Global Investments Inc. acquired the property by way of a trustee’s deed in December 2009. The subject property is currently subject to purchase and sale agreement between BSBC Properties LLC and Holly Global Investments Inc. (Grantors) and Steve and Darlene Guiberson (Grantee) for a combined amount of $1,205,000. The pending purchase price is supported by our analysis and conclusions within this appraisal report.

PROPERTY RIGHTS APPRAISED

The subject property is not encumbered with any leases. Thus, the property is appraised as to the fee simple interest, defined as follows:

Fee Simple is defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” 4

VALUATION DATES

Date of Report: January 15, 2014
Date of Inspection: December 19, 2013
Date of “As Is” Value Estimate: December 19, 2013
Date of “Upon Completion” Value Estimate: October 15, 2014

EXPOSURE TIME / MARKETING PERIOD

The indicated exposure time (i.e., the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded in this analysis as of the date of this valuation) would have been twelve months or less. The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be twelve months or less.

MOST PROBABLE BUYER

The most probable buyer of the subject property is an investor or owner user.

PERSONAL PROPERTY

The value conclusion for this appraisal is relevant to real property only, and does not include any personal property component.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to prepare and submit a supported opinion of the prospective Market Value of the subject property as of the estimated date of completion, October 15, 2014, and the “As Is” Market Value of the subject property as of the date of inspection, December 19, 2013. It is our understanding that this appraisal will be utilized to secure mortgage financing.
MARKET VALUE

Market Value\(^5\) means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

DEFINITION OF AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.\(^6\)


SCOPE OF THE APPRAISAL

The scope of the assignment relates to the field work, inspection, research, and analysis conducted for preparation and valuation of the subject property's estimated Market Value. This appraisal assignment involved an inspection of the property, which was completed on December 19, 2013. The appraisal process also included interviews with individuals familiar with the subject property and market area. Financial, statistical and demographic data was gathered using various informational systems and authoritative sources. Comparable information relating to rental information, and sales and listings of similar type properties in the subject’s direct and extended market area were confirmed directly with individuals who were involved in the specific transactions.

In order to best estimate the value of the property, the appraisers have researched the potential Highest and Best Use as of the appraisal date. Within this appraisal all three approaches (Income, Cost, and Sales Comparison) to value are utilized. After assembling and analyzing the data as defined within this appraisal development process, the final estimate of value is made.

UNAVAILABILITY OF INFORMATION

We were not provided with any title reports relevant to Pierce County Assessor’s Parcels 0319062016 and 0319062044, environmental reports or soils studies/reports relevant to the subject. Further, we are aware of no environmental or soils issues that would impact the use of the property. The proposed design of the subject property has changed several times over the course of the appraisal process. The appraisal herein is based on the most recent iteration provided to the appraisers. Gross sales figures for Curbside Motors were requested but not available within the time constraints of this assignment.
LOCATION DESCRIPTION

A “neighborhood” is defined in The Appraisal of Real Estate, Thirteenth Edition, as “a group of complementary land uses.” Neighborhoods are affected by social, economic, governmental, and environmental forces which influence property values in the vicinity of the subject property which, in turn, directly affect the value of the subject property itself. The boundaries of a neighborhood are typically identified by determining the area within which the forces affect all surrounding properties in the same way they affect the property being appraised.

The subject is located within the City of Lakewood. For reference, an area map showing the subject property’s location relative to metropolitan areas within the Puget Sound region is presented on the following page. A location map showing the subject property’s immediate neighborhood is presented further within this section. The boundaries of the neighborhood are as follows:

Northerly: South 74th Street
Southerly: Interstate 5/Joint Base Lewis-McChord
Westerly: Bridgeport Way SW
Easterly: Interstate 5

Access to Interstate 5 is available just southerly of the subject property at the interchange of Interstate 5 and State Route 512. Access to Interstate 5 can also be gained by traveling eastbound along South 72nd Street or 84th Street Southwest, northerly of the subject.

The major north-south arterials serving the Lakewood area include Gravelly Lake Drive SW, Bridgeport Way SW, and South Tacoma Way (which becomes Pacific Highway Southwest southerly of State Route 512). Of these, Bridgeport Way SW and South Tacoma Way are the most influential for the subject property. Just easterly of Interstate 5, Bridgeport Way SW leads to the main entrance to Joint Bases Lewis-McChord in Tacoma, and then extends northwesterly through Lakewood until its terminus at Jackson Avenue northerly of University Place.

Steilacoom Boulevard Southwest, South 72nd Street and 100th Street Southwest are the primary east-west thoroughfares in the immediate neighborhood, and provide a direct link to South Tacoma Way and eventually Interstate 5. Westerly, 100th Street Southwest intersects with Gravelly Lake Drive Southwest, another major north/south arterial through Lakewood.
APPENDIX 3

Site Plan & Schematics
ATTACHMENT 1

Combined Federal Certifications
SECTION 108 LOAN GUARANTEE

ENTITLEMENT: Public Entity Certifications

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b), the public entity certifies that:

(3) It possesses the legal authority to make the pledge of grants required under §570.704(a)(2).
(4) It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b)(8), the public entity further certifies that:

(i) It possesses the legal authority to submit the application for assistance under this subpart and to use the guaranteed loan funds in accordance with the requirements of this subpart.
(ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action:
   (A) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances containing therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
   (B) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph (B) may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b).
(iii) Before submission of its application to HUD, the public entity has:
   (A) Furnished citizen with information required by §570.704(a)(3)(i); and
   (B) Held at least one public hearing to obtain the views of citizens on community development and housing needs; and
   (C) Prepared its application in accordance with by §570.704(a)(1)(iv) and made the application available to the public.
(iv) It is following a detailed citizen participation plan which meets the requirements described in by §570.704(a)(2).
(v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with
   (A) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.); and
   (B) The Fair Housing Act (42 U.S.C. 3601-3619).
(vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at §570.201(a).
(vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate income housing described in §570.69.
(viii) It will comply with the requirements of §570.205(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.
(ix) (Where applicable.) It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of §570.205(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds.
(x) It will comply with the other provisions of the Act and with other applicable laws.

Public Entity's Legal Name: City of Lakewood

Signature of Authorized Representative: [Signature]

Printed Name and Title: John J. Caufield, City Manager

Date: 5/27/14
ATTACHMENT 2

SF-424 – Application for Federal Assistance
APPLICATION FOR
FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION
   □ Construction
   ☑ Non-Construction
   ☑ Pre-application
   ☑ Construction
   ☑ Non-Construction

2. DATE SUBMITTED
   May 28, 2014
3. DATE RECEIVED BY STATE
   ☑ State Application Identifier
4. DATE RECEIVED BY FEDERAL AGENCY
   Federal Identifier

Legal Name:
City of Lakewood

Organizational DUNS:
94362798

Division:

Name and telephone number of person to be contacted on matters involving this application (give area code):
First Name:
M. Dave
Middle Name:

Type:
Phone Number (give area code): (253) 983-7739
Fax Number (give area code): (253) 983-7774

6. EMPLOYER IDENTIFICATION NUMBER (EIN):
   91-16-21-15-6

7. TYPE OF APPLICATION:
   ☑ New
   ☑ Continuation
   ☑ Revision
   (See back of form for description of others.)
   ☐ Other (specify)

8. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:
   1.6.12.6.18

9. NAME OF FEDERAL AGENCY:
   Department of Housing and Urban Development (HUD)

10. DESCRIPTIVE TITLE OF APPLICANT’S PROJECT:
    Community Development Block Grant Section 108 Loan Guarantee Program -
    Outside Motors

11. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):
    City of Lakewood

12. PROPOSED PROJECT
    Start Date:
    06/31/2014
    Ending Date:
    06/30/2015

13. ESTIMATED FUNDING:
    a. Federal
    1
    700,000
    b. Applicant
    1
    170,000
    c. State
    1
    170,000
    d. Local
    1
    170,000
    e. Other
    170,000
    f. Program Income
    1
    170,000
    g. TOTAL
    1
    700,000

14. CONGRESSIONAL DISTRICTS OF:
    a. Applicant
    6th and 7th
    b. Project
    6th and 7th

15. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
    Yes
    ☑ No
    □ This Preapplication Application was made available to the State Executive Order 12372 Process for Review on
    Date:
    ☑ No
    □ Program is not covered by E.O. 12372
    □ Program has not been selected by State for Review

16. IS APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
    Yes
    ☑ No
    □ Yes If "yes" attach an explanation.

17. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/REAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

Signature of Authorized Representative
Date

Standard Form 424 (Rev 9-2003)
Prescribed by OMB Circular A-102

Authorized for Local Reproduction
ATTACHMENT 3

Lobbying Certification
24 CFR Part 87--Certification Regarding Lobbying

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature

Date

John J. Caulfield
Name of Authorized Official

City Manager
Title
ATTACHMENT 4

Annual Action Plan Amendment
City of Lakewood

FY 2013 Consolidated Annual Action Plan Fifth Amendment

Tacoma-Lakewood HOME Consortium

May 13, 2014
This document was prepared in accordance with the requirements established by the Department of Housing and Urban Development for local jurisdictions requesting federal housing assistance through provision of the National Affordable Housing Act of 1990, as amended.
### Tacoma City Council
- Marilyn Strickland, Mayor
- Marty Campbell, Deputy Mayor
- Anders Ibsen
- Robert Thoms
- Joe Lonergan
- David Boe
- Lauren Walker
- Ryan Mello
- Victoria Woodards

T.C. Broadnax, City Manager

### Lakewood City Council
- Don Anderson, Mayor
- Jason Whalen, Deputy Mayor
- Mary Moss
- Michael D. Brandstetter
- Marie Barth
- Paul Bocchi
- John Simpson

John J. Caulfield, City Manager

### Tacoma Human Services Commission
- Becky Fontaine, Chair
- Sharon Wilhelm, Vice Chair
- Ronald Dowd, Secretary
- Christopher Thompson
- Gloria Morehouse
- Edwina Magrum
- Allen Ratcliffe
- Aaron Blaisdell
- Holy Chea
- Brian Boyd
- Julian Bray
- Julie Cantrell
- Lamont Green
- Don Rennegarbe
- Vijaya Rao

### Lakewood CDBG Citizen Advisory Board
- Edith Owen-Wallace, Chair
- Michael Lacadie
- Sharon Taylor
- Laurie Maus
- Helen Bloodsaw
- Kathleen Lind
- Mumbi Ngari-Turner

### Tacoma Community Redevelopment Authority
- Edward D. Curtis, President
- Lucy Clifthorne, Secretary
- W. Michael Buchanan, Treasurer
- Michael McNeil
- Rea Lynn Hagen

Tess Colby
Steve Snider
Chris Van Vechten
Jason Kors
Helen H. Tran

### Tacoma Community & Economic Development Department
- Ricardo Noguera, Director
- Carey Jenkins, Housing Division Manager
- Cathy Morton, Management Analyst
- Shannon Johnson, Contract & Program Auditor

### Lakewood Community Development Department
- Dave Bugher, Assistant City Manager for Development
- Jeff Gumm, Program Manager
- Martha Larkin, Program Coordinator
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I. FY 2013 ANNUAL ACTION PLAN FIFTH AMENDMENT

INTRODUCTION

In April 2012, the City of Lakewood requested $2,888,000 under Section 108 of the Housing and Community Development Act of 1974, as amended, to establish a loan pool to assist with economic and community development activities. The loan pool will be used as gap financing for development and as business loans to facilitate development projects that will have positive economic and community benefits, including job creation. The City’s application was approved by the Department of Housing and Urban Development (HUD) on July 27, 2012.

The Fifth Amendment to the FY 2013 Consolidated Annual Action Plan involves the application of $700,000 in Section 108 assistance for the Curbside Motors project as described below. This Amendment was prepared in accordance with requirements established by the Department of Housing and Urban Development for local jurisdictions receiving assistance through Section 108 of the Housing and Community Development Act of 1974, as amended, and the Community Development Block Grant funding through the provisions of the National Affordable Housing Act of 1990, as amended.

PURPOSE

The purpose of this Chapter is to describe the amendment to the FY 2013 Consolidated Annual Action Plan for Housing and Community Development.

CITIZEN PARTICIPATION PROCESS

In accordance with Lakewood’s Citizens Participation Plan, projects that are substantially changed are submitted to the CDBG Citizens Advisory Board for comments or recommendations prior to implementation by the City Council. On April 9, 2014, the CDBG Citizens Advisory Board reviewed the Fifth Amendment to the FY 2013 Consolidated Annual Action Plan to apply for $700,000 in Section 108 assistance to support the Curbside Motors project. Notification of the proposed amendment to the FY 2013 Consolidated Annual Action Plan was published in THE NEWS TRIBUNE, a paper of general circulation, on March 12, 2014. The notification provides for a 30-day citizen comment period (March 13, 2014 – April 11, 2014). An opportunity for citizens, general public, local agencies and other interested parties to provide public comment was afforded at the CDBG Citizens Advisory Board meeting of April 9, 2014.

FY 2013 PROJECT ACTIVITIES AMENDMENT

The amendment to the FY 2013 Consolidated Annual Action Plan provides for the City of Lakewood to apply to the Department of Housing and Urban Development for a Section 108 loan in the amount of $700,000 for the Curbside Motors project located at 9915 -10005 South Tacoma Way, Lakewood, WA. The project proposes the redevelopment of multiple parcels along South Tacoma Way for the purpose of constructing an automotive dealership and associated service and detailing shop. The project will meet a national objective of 570.208(a)(4) Job Creation or Retention through the creation of job opportunities for low and moderate income individuals.
II. CITIZEN COMMENTS ON FY 2013 ANNUAL ACTION PLAN
FIFTH AMENDMENT

The following comments were received as part of the Fiscal Year 2013 Annual Action Plan
Fifth Amendment citizen participation process. The public comment period includes the 30-
day comment period from March 13, 2014 – April 11, 2014 and the public hearing held by the
CDBG Citizens Advisory Board on April 9, 2014.

CDBG Citizens Advisory Board Public Hearing – April 9, 2014:

No public comments were provided.

30-day Public Comment Period (March 13, 2014 – April 11, 2014):

No public comments were provided.
III. NOTICE OF PUBLICATION

City of Lakewood
2013 Consolidated Annual Action Plan Amendment
Section 108 Loan Guarantee Program

Notice of Public Hearing and Comment Period

The City of Lakewood is proposing to amend its Fiscal Year 2013 Consolidated Annual Action Plan (AAP) to allow for the application and approval of a Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development (HUD) up to $700,000 for the following activity:

FY 2013 Curbside Motors

A public hearing will be conducted to provide citizens and agencies opportunity to provide testimony on the activity described above. The public hearing will be held on Wednesday, April 9, 2014 at 5:30 p.m. in Conference Room 3A of Lakewood City Hall, 6000 Main St. SW, Lakewood, WA.

Persons requiring special accommodations during the hearing are requested to call 253-589-2489 before 5:00 p.m., April 1, 2014.

The Draft FY 2013 AAP Amendment for the Section 108 application will be available for public review for a period of 30 days from March 13, 2014 to April 11, 2014. Copies of the amendment and application are available for review at the City of Lakewood Community Development Department or on the City’s website at https://www.cityoflakewood.us/government/departments/community-development/community-development-block-grant.

The proposed amendment will be submitted to the Department of Housing and Urban Development for review and approval. Any citizen who wishes to submit written comments regarding this document may do so up to 5:00 pm, April 11, 2014 at:

City of Lakewood, Community Development Department,
Attn: Dave Bugher, Assistant City Manager for Development
6000 Main St. SW, Lakewood, WA 98499

Ad published in the Tacoma News Tribune on March 12, 2014
AFFIDAVIT OF PUBLICATION

Attention: BRIANA SCHUMACHER
CITY OF LAKEWOOD
6000 MAIN ST SW
LAKEWOOD, WA 98499-5027

KATIE CALHOUN, being duly sworn, deposes and says: That she is the Principal Clerk of The News Tribune, a daily newspaper printed and published in Tacoma, Pierce County, State of Washington, and having a general circulation therein, and which said newspaper has been continuously and uninterruptedly published in said County during a period of six months prior to the first publication of the notice, a copy of which is attached hereto, that said notice was published in The News Tribune, as annexed, for:

1 Insertions

Beginning issue of: 03/13/2014
Ending issue of: 03/12/2014

K. Calhoun
(Principal Clerk)

Subscribed and sworn on this 12th day of March in the year of 2014 before me, a Notary Public, personally appeared before me Katie Calhoun known or identified to me to be the person whose name subscribed to the within instrument, and being by first duly sworn, declared that the statements therein are true, and acknowledged to me that she executed the same.

Notary Public in and for the state of Washington
Commission Expires: 12/31/2015

STATE OF WASHINGTON

4
IV. CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the jurisdiction certifies that:

**Affirmatively Further Fair Housing** -- The jurisdiction will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

**Anti-displacement and Relocation Plan** -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

**Anti-Lobbying** -- To the best of the jurisdiction's knowledge and belief:
1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**Authority of Jurisdiction** -- The consolidated plan is authorized under State and local law (as applicable) and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

**Consistency with plan** -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

**Section 3** -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

_____________________________   _____________
Signature/Authorized Official    Date

Title:  City Manager
Specific CDBG Certifications

The Entitlement Community certifies that:

Citizen Participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low and moderate income. (See CFR 24 570.2 and CFR 24 part 570)

Following a Plan -- It is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

Use of Funds -- It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available);

2. Overall Benefit. The aggregate use of CDBG funds including section 108 guaranteed loans during program year 2013 shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.
**Excessive Force** -- It has adopted and is enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

**Compliance With Anti-discrimination laws** -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

**Lead-Based Paint** -- Its activities concerning lead-based paint will comply with the requirements of 24 CFR Part 35, subparts A, B, J, K and R;

_________________________________  _____________
Signature/Authorized Official    Date

Title: City Manager
APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.
ATTACHMENT 5

Approved Council Resolution and Council Meeting Minutes
RESOLUTION NO. 2014-13

A resolution of the City Council of the City of Lakewood, Washington, authorizing the submission of a project-specific application and subsequent execution of the Contract for Loan Guarantee Assistance and issuance of the related Note and other implementing documentation with the U.S. Department of Housing and Urban Development and as a condition pledges the City of Lakewood’s current and future Community Development Block Grant funds as additional collateral for a Section 108 loan up to the amount of $700,000 to develop the Curbside Motors project located at 9915 – 10005 South Tacoma Way.

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) has established the Section 108 Loan Guarantee Program (“Program”) in order to provide below-market rate loans for qualified projects that serve the needs of low and moderate income persons; and,

WHEREAS, the City of Lakewood meets the criteria to participate in the Program as an entitlement city, receiving funds through the Community Development Block Grant Program (“CDBG”); and,

WHEREAS, the City Council conducted a public hearing and approved Resolution 2012-07 authorizing application and participation in the Program on February 6, 2012 in order to provide a $2,888,000 loan pool to provide loan funding for eligible economic and community development activities which benefit low and moderate income persons in Lakewood; and,

WHEREAS, the City Council acknowledges the requirement that the City pledge current and future CDBG funds as additional collateral to guarantee loans provided through the Program; and,

WHEREAS, in connection with such application process, a project-specific amendment to the City of Lakewood FY 2013 Consolidated Annual Action Plan was made public on March
12, 2014, providing a 30-day citizen comment period on the proposed action; and,

WHEREAS, a public hearing was held on April 9, 2014, before the CDBG Citizens Advisory Board to discuss the Curbside Motors project Section 108 loan up to $700,000, which is eligible for funding under the Program in accordance with requirements set forth by the Program; and,

WHEREAS, the City Council acknowledges an unconditional pledge of current and future CDBG funds in the amount up to $700,000 in order to secure a loan for the Curbside Motors project; and,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON HEREBY RESOLVES, as Follows:

Section 1. That the City Manager or designee is authorized to submit a project-specific Section 108 application and Consolidated Annual Action Plan Amendment, to execute a HUD Contract for Loan Guarantee Assistance, Note, other implementing documentation, and take all other necessary acts associated with the U.S. Department of Housing and Urban Development Section 108 Loan up to $700,000 for the Curbside Motors project located at 9915 - 10005 South Tacoma Way.

Section 2. The City Council of the City of Lakewood approves the use of Community Development Block Grant funds as additional collateral to participate in the HUD Section 108 Loan Guarantee Program and authorizes the use of current and future Community Development Block Grant Funds as additional security and loan collateral in order to secure a loan for the Curbside Motors project.
Section 3. That this Resolution shall be in full force and effect upon passage and signatures hereon.

PASSED by the City Council this 19th day of May, 2014.

CITY OF LAKEWOOD

____________________________________
Don Anderson, Mayor

Attest:

_______________________________
Alice M. Bush, MMC, City Clerk

Approved as to Form:

_______________________________
Heidi Wachter, City Attorney
LAKewood CITY COUNCIL MINUTES
May 19, 2014
City of Lakewood
City Council Chambers
6000 Main Street SW
Lakewood, WA 98499

CALL TO ORDER
Mayor Anderson called the meeting to order at 7:01 p.m.

ROLL CALL
Councilmembers Present: 6 – Mayor Don Anderson; Deputy Mayor Jason Whalen; Councilmembers Mary Mose, Mike Brandstetter, John Simpson, and Marie Barth.

Councilmember Excused: 1 – Councilmember Paul Bocchi (arrived at 7:02 p.m.)

FLAG SALUTE
The Pledge of Allegiance was led by Mayor Anderson.

REPORTS BY THE CITY MANAGER
City Manager Caulfield deferred his report to later in the agenda under the Briefing by the City Manager.

PUBLIC COMMENTS
Speaking before the Council were:

Sydne Koonz, Ted Wier, and Charlie Maxwell, Partners for Parks, provided an update on the activities of Partners for Parks. Mr. Wier spoke about the restrooms at Ft. Steilacoom Park and some Springbrook Park improvements that were funded by Partners for Parks. Mr. Charlie Maxwell reported on dedicating fundraising efforts for Springbrook Park and the Vlahghop trail improvement project. Ms. Koonz then spoke about the Partners for Parks fundraising events which includes The Black Tie and Blue Jeans fundraiser and the car show at Summerfest.

Kurt Sample, Computer Clubhouse, spoke about an Americorp grant received by Pierce College to recruit students to be mentors. He announced that the Computer Clubhouse will be celebrating its 12th anniversary on May 22, 2014.
Don Rossea, Lakewood resident, spoke about using the $300,000 funds for the amphitheater project on the elimination of toxic algae blooms at Waughop Lake.

Dennis Haugen, Lakewood resident, spoke about the capacity of the American farmer and showed a video about harvesting machines for berries and potatoes.

Glen Spieth, Lakewood resident, spoke about the Lakewood Historical Society tour of Lakewold Gardens on May 20, 2014. He expressed concerns about the location of the proposed amphitheater at Ft. Steilacoom Park.

C O N S E N T A G E N D A

A. Approval of the minutes of the City Council Special meeting of May 3, 2014.

B. Approval of the minutes of the City Council meeting of May 5, 2014.

C. Approval of the minutes of the City Council Retreat of May 10, 2014.

D. Approval of the minutes of the City Council Study Session of May 12, 2014.

E. Items Filed in the Office of the City Clerk:
   1. Public Safety Advisory Committee meeting minutes of April 2, 2014.
   2. Redevelopment Advisory Board meeting minutes of April 8, 2014.

COUNCILMEMBER MOSS MOVED TO ADOPT THE CONSENT AGENDA AS PRESENTED. SECONDED BY DEPUTY MAYOR WHALEN. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

R E G U L A R A G E N D A

PUBLIC HEARINGS AND APPEALS

This is the date set for a public hearing by the City Council on a proposal to expand the existing Tax Incentive Urban Use Center and establishing a new Residential Target Area in the Springbrook Neighborhood.

Speaking before the Council were:

Dennis Haugen, Lakewood resident, spoke about properties in the residential target area and the perception that income from the property will determine the value. He spoke about having the market drive the value.
Lisa Klein, AHBL, Tacoma, representing the Fir Acres development company provided background information with regard to the type of development being proposed in the Springbrook residential target area.

Glen Spieth, Lakewood resident, spoke about the Lakewood Towne Center which started as a part of the tax incentive urban use center and expressed concern that the boundaries are now being expanded to Springbrook. He spoke about needing more owner-occupied units instead of apartments.

There being no further testimony, the hearing was declared closed.

APPOINTMENTS

Motion No. 2014-26 reappointing Elvin Bucu, Judy Weldy and Ellie Wilson to serve on the Lakewood’s Promise Advisory Board through May 21, 2017.

COUNCILMEMBER BOCCHI MOVED TO CONFIRM THE REAPPOINTMENT OF ELVIN BUCU, JUDY WELDY AND ELLIE WILSON TO SERVE ON THE LAKWOOD’S PROMISE ADVISORY BOARD THROUGH MAY 21, 2017. SECONDED BY COUNCILMEMBER BARTH. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-27 appointing Barbara Vest to serve on the Lakewood Arts Commission through October 15, 2016.

COUNCILMEMBER BOCCHI MOVED TO CONFIRM THE APPOINTMENT OF BARBARA VEST TO SERVE ON THE LAKewood ARTS COMMISSION THROUGH OCTOBER 15, 2016. SECONDED BY COUNCILMEMBER SIMPSON. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

RESOLUTIONS

Resolution No. 2014-13 authorizing the execution of a Section 108 loan agreement with Curbside Motors, in the amount of $700,000, for the acquisition of property and construction of an automotive dealership in the 9915-10035 block of South Tacoma Way.

COUNCILMEMBER BOCCHI MOVED TO ADOPT RESOLUTION NO. 2014-13. SECONDED BY COUNCILMEMBER BRANDSTETTER. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Resolution No. 2014-14 expressing the intent to amend the 2014 Comprehensive Plan and zoning classifications.

DEPUTY MAYOR WHALEN MOVED TO ADOPT RESOLUTION NO. 2014-14. SECONDED BY COUNCILMEMBER BARTH. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.
UNFINISHED BUSINESS

None.

NEW BUSINESS

Motion No. 2014-28 authorizing the execution of an amendment to the interlocal agreement with West Pierce Fire & Rescue, in the amount of $12,284.50, for emergency management coordinator services.

COUNCILMEMBER SIMPSON MOVED TO AUTHORIZE THE EXECUTION OF AN AMENDMENT TO THE INTERLOCAL AGREEMENT WITH WEST PIERCE FIRE & RESCUE, IN THE AMOUNT OF $12,284.50, FOR EMERGENCY MANAGEMENT COORDINATOR SERVICES. SECONDED BY COUNCILMEMBER MOSS. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-29 awarding a bid to Lincoln Construction, Inc., in the amount of $154,994.64, for the Lakewood Traffic Signal Upgrades Phase 4A - Traffic Management Center project.

COUNCILMEMBER BRANDSTETTER MOVED TO AWARD A BID TO LINCOLN CONSTRUCTION, INC., IN THE AMOUNT OF $154,994.64, FOR THE LAKWOOD TRAFFIC SIGNAL UPGRADES PHASE 4A - TRAFFIC MANAGEMENT CENTER PROJECT. SECONDED BY COUNCILMEMBER MOSS. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-30 authorizing the execution of an agreement with Transpo Group, in an amount not to exceed $55,143, for railroad crossing design relative to the Madigan access improvement project.

COUNCILMEMBER SIMPSON MOVED TO AUTHORIZE THE EXECUTION OF AN AGREEMENT WITH TRANSPRO GROUP, IN AN AMOUNT NOT TO EXCEED $55,143, FOR RAILROAD CROSSING DESIGN RELATIVE TO THE MADIGAN ACCESS IMPROVEMENT PROJECT. SECONDED BY DEPUTY MAYOR WHALEN. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-31 authorizing the execution of an agreement with Transpo Group, in an amount not to exceed $59,305, for traffic engineering and planning services relative to the transportation element of the Comprehensive Plan.

COUNCILMEMBER BOCCHI MOVED TO AUTHORIZE THE EXECUTION OF AN AGREEMENT WITH TRANSPRO GROUP, IN AN AMOUNT NOT TO EXCEED $59,305, FOR TRAFFIC ENGINEERING AND PLANNING SERVICES RELATIVE TO THE TRANSPORTATION ELEMENT OF THE COMPREHENSIVE PLAN.
PLAN. SECONDED BY COUNCILMEMBER BARTH. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-32 authorizing the execution of an agreement with Central Puget Sound Regional Transit Authority, in the amount of $100,000, for the design and right-of-way acquisition phase for the 112th/111th Street between Bridgeport Way and Kendrick Street improvement project.

COUNCILMEMBER SIMPSON MOVED TO AUTHORIZE THE EXECUTION OF AN AGREEMENT WITH CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY, IN THE AMOUNT OF $100,000, FOR THE DESIGN AND RIGHT-OF-WAY ACQUISITION PHASE FOR THE 112TH/111TH STREET BETWEEN BRIDGEPORT WAY AND KENDRICK STREET IMPROVEMENT PROJECT. SECONDED BY DEPUTY MAYOR WHALEN. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

Motion No. 2014-33 approving a Lodging Tax Advisory Committee guideline for lodging taxes.

DEPUTY MAYOR WHALEN MOVED TO APPROVE A LODGING TAX ADVISORY COMMITTEE GUIDELINE FOR LODGING TAXES. SECONDED BY COUNCILMEMBER MOSS. VOICE VOTE WAS TAKEN AND CARRIED UNANIMOUSLY.

BRIEFING BY THE CITY MANAGER

City Manager Caufiled announced that Ms. Natalie Humphrey will be attending the June 2, 2014 meeting to receive a proclamation in remembrance of former Councilmember Larry Humphrey. He also noted that at the June 2, 2014 Council meeting the outgoing 2013-2014 Youth Council will be recognized. He reported that after the May 27, 2014 Study Session, the Transportation Benefit District Board meeting will be held to discuss transportation infrastructure improvements. He announced that on May 28, 2014, at 7:00 p.m., a Joint City Councils Briefing from Lakewood, Steilacoom, DuPont and Pierce County is scheduled at DuPont City Hall Council Chambers to discuss the I-5/JBLM corridor project. He noted that a Public Open House is scheduled for June 11, 2014. He then announced that on May 29, 2014, the Puget Sound Regional Council General Assembly will be held in Seattle. He also announced that a Task Force Raider Brigade event, will be held on May 22, 2014, at 2:30 p.m., at the 7th ID headquarters, JBLM North.

City Manager Caufiled asked if Council would provide staff an opportunity to review another tax incentive use center on the other side of Pacific Highway in the Pierce Transit area. Council concurred with proceeding.

Update on the proposed amphitheater project at Ft. Steilacoom Park
City Manager Caulfield called on Parks and Recreation Director Dodsworth who provided an overview of a community meeting held on May 8, 2014. She reported that there was a lot of concern about how this project might change the use and feel of the park. She explained that about 80-85 percent of those who attended were not in favor of the project. Discussion ensued on the amphitheater concept being in the Legacy Plan, citizens’ concerns of viewing Ft. Steilacoom park as a neighborhood park versus a regional park and areas of concern voiced by citizens; walking away from the project or should the project be scaled down; and what are the scoping analysis/options.

CITY COUNCIL COMMENTS

Councilmember Moss spoke about an awards luncheon she attended representing the City. She reported on the Housing Forum she attended on May 15, 2014. She also commented on the Armed Forces celebration at the Museum of Flight she attended on Saturday, May 17, and the Filipino American 43rd anniversary. She reported that she attended the Harborstone Credit Union opening at JBLM.

Councilmember Barth commented on the Housing Forum she attended on May 15, 2014. She asked about allocating $50,000 of CDBG funding for a first time homebuyer program.

Councilmember Brandsletta commented on the tax incentive urban use center public hearing and asked for staff feedback on what kind of restrictions and options can be placed on the type of housing units developed in such centers.

Deputy Mayor Whalen commented on the Housing Forum he attended. He also spoke about the Tacoma-Pierce County Economic Development Board meeting he attended. He asked that a Youth Council application be sent to him. He also asked for a copy of the Partridge Glen annexation study report.

Councilmember Brandsletta asked that the Youth Council be reminded to provide the Council with an answer on how to improve the participation of the Hispanic community at Summerfest.

Mayor Anderson commented on the Housing Forum he attended. He noted that he participated in Civic Week at Pierce College and commented on the engagement of the international students. He then commented on the Coffee with the Mayor meeting with Pierce County Councilmember Richardson as the guest speaker.

Councilmember Simpson commented on the Pierce College Civic Week event he attended.

************

Executive Session
Mayor Anderson announced that Council will recess into Executive Session for approximately 20 minutes to discuss pending and potential litigation.

Council recessed into Executive Session at 9:35 p.m. and reconvened at 9:55 p.m.

At 9:55 p.m. Mayor Anderson announced that Executive Session would be extended an additional 10 minutes.

At 10:05 p.m. Mayor Anderson announced Executive Session would be extended an additional 10 minutes. Council reconvened at 10:15 p.m.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:15 p.m.

DON ANDERSON, MAYOR

ATTEST:

ALICE M. BUSH, MMC
CITY CLERK
ATTACHMENT 6

Evidence of Compliance with Citizen Participation Requirements
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II. Attachments
   A. Objectives and Purpose of the Housing and Community Development Act of 1974
The CDBG/CAB will review all non-housing proposals and select and recommend proposals for funding to the City Council (CDBG proposals). The CDBG/CAB will review housing needs annually and recommend the allocation of blocks of funding to various housing categories (such as homeless shelter/special needs, rental, housing rehabilitation, home repairs, homeownership). Once the City Council has allocated funds to housing categories, citizens will be invited to submit housing applications to the TCRA. Housing applications will be reviewed by the TCRA, in consultation with the City of Lakewood, and funding decisions will be based on the lending criteria of the TCRA.

After the CDBG/CAB makes their recommendations prior to final City Council action, non-housing applicants submitting proposals will be notified in writing whether or not their proposals have been recommended for funding. This notice will include the date, time and place of the public hearing before the City Council and the reasons for action recommended by the Board. Housing applicants will be notified in writing whether or not their application has received approval for funding by the TCRA.

At least 30 days prior to adoption of the Consolidated Plan Five Year Strategic Plan or Annual Action Plan, the City will publish a summary of the draft plan in a newspaper of general circulation. Copies of the draft plan will be made available for citizen review in the Lakewood Library, the Tillicum Library, the General Services Department, and other public places. Free copies of the Plan will be available from the General Services Department. A summary of citizen comments will be incorporated in the final Consolidated Plan along with the reasons for accepting or rejecting comments.

D. Contingencies and Amendments

The CDBG/CAB and the City Council will select alternate non-housing projects which can be implemented if projects approved by the City Council are rejected by the Department of Housing and Urban Development or if approved activities subsequently are determined to be ineligible, illegal, or for other reasons cannot be implemented.

When projects are substantially changed, the CDBG/CAB will be notified and consulted for comments or recommendations prior to implementation of the amendment. Prior to City Council action on a substantial amendment to the Plan, a notice of the proposed change will be published in a newspaper of general circulation 30 days prior to implementation.

When a substantial amendment is proposed, the City Council will allow public comment before acting on the substantial amendment to an approved Consolidated Plan. (This public comment opportunity will take the place of a formal public hearing.) A summary of citizen comments and why the comments were accepted or rejected will be attached to the amendment.
A substantial amendment is defined as:

1. A change of 25 percent or more in project funding. Changes that are less than $25,000 are not considered substantial.

2. A change of 25 percent or more in project beneficiaries (i.e., income groups, limited clientele groups, residents of a targeted area) or a change in purpose, scope or location which would change the project beneficiaries by more than 25 percent, or

3. A determination by the City Manager, in consultation with the General Services Director, that the change is substantial even though it falls below the standards in Section 1 and 2 above.

TCRA project selection decisions that meet the approved criteria of an established loan program will not be considered substantial amendments. The TCRA, in consultation with the City of Lakewood, will select alternate Lakewood housing projects during each funding cycle which can be implemented if an approved Lakewood project does not achieve milestones set at the time of funding, the project is discontinued or postponed, or for whatever other reason an approved project is unable to perform in a timely manner.

E. Performance Report

The City will prepare an annual Performance Report for Consolidated Plan programs. The City will publish notice in a newspaper of general circulation at least 15 days prior to submission of the annual Performance Report to HUD that the report has been completed and is available for review. Citizens will be given at least 15 days to submit comments on the report. The City will consider any comments received and summarize the comments in the report along with the reasons for accepting or rejecting the comments.

F. Public Hearings

The City will hold two types of public hearings.

The first hearing or hearings will be held to allow citizens and applicants the opportunity to identify needs and priorities and comment on prior performance. Hearing(s) will be held in locations which are accessible to residents of areas where housing and community development activities are proposed and ongoing. Hearings will be held at times which are convenient to those affected by the Consolidated Plan programs.

A final hearing will be held by the City prior to the City Council’s adoption of the Consolidated Plan, giving citizens and applicants an opportunity to comment on the proposed plan and on program performance.
The General Services Department will notify citizens and applicants of the dates, times, places, and procedures of public hearings through newspaper advertisements.

Notices of public hearings will be provided to agencies serving non-English speaking residents of the city. Upon request, the City will have translation services available during the public hearings. Interested citizens must notify the General Services Department 72 hours in advance of the scheduled hearing of the type of translation services needed.

All public hearings and public meetings scheduled as part of the Consolidated Plan will be held in facilities which are accessible to individuals who are physically challenged.

G. Meetings

All public hearings, citizens advisory board meetings and other public meetings will be open to the public in accordance with the RCW Chapter 42.30 Open Public Meetings Act.

H. Availability of the Plan to the Public

Notice of the availability of the draft plan and any substantial amendments will be published prior to City Council action to allow time for citizen review and comment. Citizens and applicants will be notified of the availability of the draft Consolidated Plan for review by publication of a plan summary in a general circulation newspaper. Citizens will be given 30 days notice prior to adoption of the plan. Copies of the plan will be available in the General Services Department, the Lakewood Library, the Tillicum Library, and other public places. Citizens will be given 30 days notice prior to the implementation of any substantial amendments and copies of the amendments will be available from the General Services Department.

I. Access to Records

All public records, as defined by the State Public Disclosure Act, will be available for review in the office of the General Services Department during normal business hours. Requests for records will be handled in accordance with the City of Lakewood’s policy on review of public records. A reasonable fee may be charged for copying records for citizens.

J. Technical Assistance

Any citizen, public agency, housing developer or provider, or other funding applicant may contact the General Services Department for technical assistance. The General Services Department will help anyone who is interested in understanding Consolidated Plan programs and federal regulations, the Consolidated Plan, City Council policies, the procedures for submitting a proposal, the Citizen Participation Plan, and other program requirements so they can effectively participate in the Consolidated Plan development process. The General Services Department with assistance from the City of Tacoma Housing Programs Department will advise housing developers and providers, citizen groups representing low and moderate income persons and residents of lower income or blighted neighborhoods on how to formulate need statements and project proposals.
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CALL TO ORDER
Chair Edith Owen Wallace called the meeting to order at 5:35 p.m.

ATTENDANCE
Board Members Present: Chair Edith Owen Wallace, Michael Lacadie, Laurie Maus, Sharon Taylor, and Kathleen Lind

Board Members Not Excused: Helen Bloodsaw

Council Liaison Excused: Marie Barth

City Staff Present: Jeff Gumm, Martha Larkin

Guest Present: Michele Moran, National Development Council Director

APPROVAL OF FEBRUARY 26, 2014 MINUTES

LAURIE MAUS MADE A MOTION TO APPROVE THE FEBRUARY 26, 2014 CDBG CITIZENS ADVISORY BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY SHARON TAYLOR. VOICE VOTE WAS TAKEN AND THE MOTION CARRIED UNANIMOUSLY.

PUBLIC COMMENTS
There was no one present who wished to comment.

NEW BUSINESS
Discussion and review of Curbside Motors Section 108 project and funding sources

Mr. Gumm reviewed the proposed Section 108 Curbside Motors project which would be located on 5915 - 10005 South Tacoma Way. He introduced Ms. Moran who provided additional information about the project's eligibility, proposed loan structure, terms, and other funding provided through the Grow Pierce County Fund. Ms. Moran also described how the public would benefit through the creation of jobs.

PUBLIC HEARING
Public Hearing on the proposed FY 2013 Fifth Annual Action Plan Amendment for the proposed $700,000 Section 108 Loan Guarantee Application for the Curbside Motors project.

There was no one present who wished to comment.

MICHAEL LACADIE MADE A MOTION TO APPROVE THE FY 2013 FIFTH ANNUAL ACTION PLAN AMENDMENT FOR THE PROPOSED $700,000 SECTION 108 LOAN GUARANTEE APPLICATION FOR THE CURBSIDE MOTORS PROJECT. THE MOTION WAS SECONDED BY LAURIE MAUS. VOICE VOTE WAS TAKEN AND THE MOTION CARRIED UNANIMOUSLY.
OTHER
Mr. Gumm discussed the recent Habitat for Humanity open-house dedication of 14826 Portland Ave. SW for the Wakianda/Warzagata family. The Wakianda/Warzagata family recently took ownership of their newly constructed residence, a four bedroom, two bath home in the Tillicum neighborhood. Attendees included John Caulfield, Lakewood City Manager; Jack Peters, Director, Office of Community Planning and Development, Region X; Genny Matteson, NSP Program Manager, Washington State Department of Commerce; Edith Owen Wallace, CDBG Citizens Advisory Board Chair, and Maureen Fie, Director, Tacoma-Pierce County Habitat for Humanity.

NEXT MEETING
The next meeting will be a City Council Public Hearing on the FY 2014 Annual Action Plan, held on April 21, 2014 in the Lakewood City Hall Council Chambers at 7:00 pm.

ADJOURNMENT
There being no further business, the meeting adjourned at 6:28 p.m.

[Signature]
Edith Owen Wallace, Chair
[Date]
ATTACHMENT 6

Public Comments
II. CITIZEN COMMENTS ON FY 2013 ANNUAL ACTION PLAN
FIFTH AMENDMENT

The following comments were received as part of the Fiscal Year 2013 Annual Action Plan Fifth Amendment citizen participation process. The public comment period includes the 30-day comment period from March 13, 2014 – April 11, 2014 and the public hearing held by the CDBG Citizens Advisory Board on April 9, 2014.

CDBG Citizens Advisory Board Public Hearing – April 9, 2014:

No public comments were provided.

30-day Public Comment Period (March 13, 2014 – April 11, 2014):

No public comments were provided.
ATTACHMENT 7

Evidence of Compliance with Environmental Review
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The News Tribune

1909 South State Street, Tacoma, WA 98405-2660

Customer
CITY OF LAKESIDE

Customer Account 236556

Customer Address
800 MAIN ST SW,
LAKESIDE WA 98499-6927 USA

Customer Phone 253-456-1234

Sales Rep. couched@thenewstribune.com

Readership Report 2010

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NOTICE OF INTENT TO CEASE PUBLICATION OF HOMESTYLE AND SHORES OF ORCHARD PARK

P.O. Box 12345
Tacoma, WA 98401

1-800-123-4567

This notice shall serve as the agent's last notice to any interest of the recipient at the above address. Under the provisions of the applicable laws of Washington State, all claims for back issues must be filed within 90 days from the date of publication of this notice. Failure to file such claims in a timely manner shall result in the waiver of any such rights. Any questions or disputes relative to this notice may be directed to: The News Tribune, P.O. Box 12345, Tacoma, WA 98401.
Environmental Assessment

Responsible Entity (City, Town or County): City of Lakewood, WA

Responsible Entity Address: 6000 Main St. SW, Lakewood, WA 98409

Certifying Officer (Jurisdiction Chief Administrative Official): John J. Caulfield, City Manager or Dave Bugher, Assistant City Manager

Project Name: Curbside Motors

Project Location: 9615 and 10006 South Tacoma Way, Lakewood, WA

Estimated Total Project Cost: $2,922,050

Grant Recipient: Curbside Motors, Inc./Steve Gulberson, owner

Recipient Address: 5802 S. Tacoma Way, Tacoma, WA 98409

Project Representative: Steve Gulberson, owner

Telephone Number: (253) 906-1988 – contact, Craig Milton

Conditions for Approval:
(List all mitigation measures adopted by the responsible entity to eliminate or minimize adverse environmental impacts. These conditions must be included in project contracts or other relevant documents as requirements.) (pC rm 58.40E, 10 cn rm 160.2(6)

None

FINDING: [58.40(1)]

☐ Finding of No Significant Impact
  (The project will not result in a significant impact on the quality of the human environment)

☐ Finding of Significant Impact
  (The project may significantly affect the quality of the human environment)

Preparer Signature: [Signature] Date: 5/1/2014
Title/AAgency: Jeff Gann, Program Manager, City of Lakewood

Reviewer Signature: [Signature] Date: 5/1/2014
Name/AAgency: Dan Catron, Principal Planner, City of Lakewood

RE Approving Official Signature: [Signature] Date: 5/9/2014
Name/AAgency: David Bugher, Assistant City Manager for Development, City of Lakewood
SECTION 108 LOAN GUARANTEE
ENTITLEMENT

Public Entity Certifications

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b)(5), the public entity certifies that:

(3) It possesses the legal authority to make the pledge of grants required under §570.705(b)(2).
(4) It has made efforts to obtain financing for activities described in the application without the use of the loan guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (the "Act"), and with 24 CFR Part 570.704(b)(8), the public entity further certifies that:

(i) It possesses the legal authority to submit the application for assistance under this subpart and to use the guaranteed loan funds in accordance with the requirements of this subpart.
(ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action:
   (A) Authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances containing therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and
   (B) Authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph (B) may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)).
(iii) Before submission of its application to HUD, the public entity has:
   (A) Furnished citizens with information required by §570.704(a)(2)(i);
   (B) Held at least one public hearing to obtain the views of citizens on community development and housing needs;
   (C) Prepared its application in accordance with by §570.704(a)(1)(v) and made the application available to the public.
(iv) It is following a detailed citizen participation plan which meets the requirements described in by §570.704(a)(2).
(v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
   (A) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.); and
   (B) The Fair Housing Act (42 U.S.C. 3601-3619).
(vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at §570.3, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at §570.208(a).
(vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate income housing described in §570.806.
(viii) It will comply with the requirements of §570.200(c)(2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.
(ix) (Where applicable.) It lacks sufficient resources from funds provided under this subpart or program income to allow it to comply with the provisions of §570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds.
(x) It will comply with the other provisions of the Act and with other applicable laws.

Public Entity's Legal Name: City of Lakewood

Signature of Authorized Representative: 

Printed Name and Title: John J. Caulfield, City Manager

Date: 5/27/14