

SETTLEMENT AGREEMENT AND RELEASE

This settlement agreement and release is made and entered into by and between Yakima Neighborhood Health Services, a Washington nonprofit corporation ("YNHS"), and the City of Yakima, a Washington municipal corporation (the "City"). The parties hereby agree to settle all of the disputes between them relating to litigation filed in the United States District Court for the Eastern District of Washington as cause number 1:16-cv-03030-TOR, and also filed in Superior Court of the State of Washington in and for Yakima County as cause number 15-2-02724-6 (consolidated) in consideration of the following terms and conditions.

RECITALS

A. YNHS owns property in the City located at 201 S. 6th Street, for which YNHS filed land use applications in October 2014 and November 2014, as supplemented with additional materials filed in March 2015 (the "prior applications").

B. The prior applications were the subject of various proceedings, including an unclassified use interpretation that resulted in a hearing before the City hearing examiner and an interpretation decision dated May 12, 2015. The interpretation was appealed to the Yakima City Council, which affirmed in part and reversed in part. The decision of the Yakima City Council was reflected in Resolution No. R-2015-113. This resolution was appealed to superior court, which lawsuit remains pending.

C. During 2015, the City's Planning Commission conducted a series of public meetings and hearings regarding the City's development regulations pertaining to "mission uses" and, after consideration of all comments and public testimony, the Planning Commission recommended adoption of an ordinance relating to the same. This recommendation was accepted by the Yakima City Council and enacted into law as Ordinance No. 2015-022. This ordinance was appealed to superior court, which lawsuit remains pending.

D. In February 2016, YNHS filed a lawsuit against the City that claimed that the resolution and ordinance were in violation of the federal Fair Housing Amendments Act, 42 U.S.C. § 3604, the Civil Rights Act, 42 U.S.C. § 1983, and other law. The lawsuit was removed to federal court and remains pending. The lawsuit also alleges that the City failed to make reasonable accommodation for a proposed use of YNHS at the subject location.

E. During 2016, YNHS revised its proposed use at the subject location. As revised, the YNHS proposal differs from that described in the prior applications. The City and YNHS have discussed the wish of YNHS to submit applications to the City for land use entitlements that would support the revised proposal, as the same has been generally described to the City by YNHS. The City has considered its development regulations and has indicated to YNHS the review processes that would likely apply to the revised proposal.

F. The parties agree that by resolving disputed issues through this agreement, they will derive substantial benefits from not fully prosecuting or defending the pending litigation. The parties agree that these benefits constitute sufficient mutual consideration to support this agreement.

G. The parties desire to enter into this agreement in order to provide for the full settlement and discharge of all claims by YNHS which are or might have been made against the City in any of the pending litigation upon the terms and conditions set forth herein.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties mutually agree as follows:

1. YNHS Revised Applications.

A. Within ninety (90) days of execution of this agreement, YNHS will submit applications necessary for YNHS to request land use entitlements, including as may be required under the State Environmental Policy Act, Ch. 43.21C RCW ("SEPA"), to construct and operate a facility at the subject location comprised of a multi-unit demised residential dwelling, a laundromat, and a combined coffee shop and delicatessen. Upon filing with the City, the applications (the "revised applications") will be consistent with the following terms and YNHS will thereby acknowledge that the prior applications were returned to YNHS. The demised residences will be associated with housing of anticipated durations ranging from thirty (30) days to twenty-four (24) months. The demised residences will be subject to Washington's Residential Landlord-Tenant Act, Ch. 59.18 RCW, and will be inclusive of all genders and family status. The demised residences will have en-suite cooking and restroom facilities. The revised applications will be designed to support, and will support, the housing needs of not more than forty (40) persons at any one time. The revised applications will have, in addition to the residential component, a laundromat available for use by the public at large. The revised applications will have, in addition to the residential component, a coffee shop and delicatessen in restaurant-type facilities available for use by the public at large. The facility will not provide clinical services (e.g., mental health services, alcohol and drug addiction treatment, general health services) on site. The facility will not be designed as, and will not be operated as, a place of temporary sojourn, a mission as defined under the Yakima Municipal Code, or a warming shelter.

B. In conjunction with the revised applications, YNHS will submit an operations plan. The operations plan will include details describing: the written lease relationship between YNHS and occupants of the facility; the terms of rent computation, whether in money or in-kind; the terms and length of occupancy; the right of residents to remain in or return to the facility during their stay; the right of residents to store personal belongings in the demised units; the right of residents to receive guests at the demised units; the right of residents to personalize their

particular demised units; and the right of residents to receive mail and telephone calls at the facility.

C. Upon receipt of the revised applications, the City agrees to process the same in accordance with its development regulations in effect as of the date of this agreement, which may include reasonable accommodation required by the law. The City will review the revised applications and make a SEPA threshold determination as required by Ch. 43.21C RCW and Ch. 197-11 WAC. The City will review the revised applications as required by Ch. 36.70B RCW. The City will review any other applications filed by YNHS for administrative permits (e.g., demolition permit, building permit, grading permit) in conjunction with the revised applications in accordance with the City's applicable code provisions relating thereto. YNHS agrees to pay any and all application, permit, development, mitigation, or other fees applicable to the revised applications.

D. The parties presently contemplate that the revised applications may constitute Class 1 and Class 2 uses within the zoning district of the subject property, Small Convenience Center (SCC). To provide opportunities for public review and comment, the parties recognize that the City's designated official may require Type 3 review of the revised applications, in accordance with Chs. 15.14 and 15.15 YMC. The City's review process may require concurrent or separate review of any reasonable accommodation requested by YNHS.

E. In addition to the foregoing, YNHS will assist and support the City with information necessary for satisfaction of City project permit and environmental review processes.

F. YNHS acknowledges and agrees that nothing herein is intended to, or will be construed to, circumscribe or limit the discretion of the City's staff, its hearings examiner, its City Council, or any of its other employees, officials, agents, or representatives, each of whom shall retain full authority and discretion, as may be provided for by Yakima Municipal Code or other applicable law, with respect to denials and/or conditions of approval regarding the revised applications or any other land use entitlement relating to the proposed YNHS use at the subject property.

G. In the event of any appeal of any land use entitlement obtained by YNHS pursuant to the revised applications and arising not later than twenty-one (21) days after the final date of issuance of any such entitlement and related to the subject property, the City agrees to defend the same to the extent consistent with any of its staff recommendations relating thereto.

H. In the event that: 1) the City approves the revised applications as submitted or with reasonable conditions of approval and at such time as any and all appeals of same have been concluded or 2) YNHS obtains approval of the revised applications as submitted or with reasonable conditions of approval through appeal of any City denial, and any further appeals of the same have been concluded, then within thirty (30) days of the conclusion of all such appeals

the parties will dismiss with prejudice and without costs to any party the pending litigation (with the City to dismiss its counterclaim in the pending state court litigation and the parties requesting vacation of the state court ruling on cross motions for summary judgment filed on or about March 24, 2016). Until such time, unless otherwise agreed, the parties will jointly support a continued and ongoing stay of the pending litigation. In the event neither of the foregoing conditions are satisfied, the parties agree that the stay of the pending litigation will be terminated, and the claims set forth in the pending litigation may be pursued in accordance with applicable law; provided that YNHS may also terminate the stay of the pending litigation in conjunction with appeal of any City denial of the revised applications.

2. Release and Discharge.

A. In consideration of the covenants contained herein, YNHS hereby releases and forever discharges the City from any and all past, present, or future claims, demands, obligations, actions, causes of action, claims, rights, damages, costs, attorneys' fees, consultants' fees, experts' fees, losses of services, expenses and compensation of any nature whatsoever, whether based on tort, contract, civil rights law, constitutional provisions, statutory rights, local laws, the common law, equity, or any other theory of recovery, which YNHS has or which may hereafter accrue or otherwise be acquired, which are, or might have been, the subject of the pending litigation, including but not limited to the adoption of the aforementioned ordinance and resolution and any prior claim of entitlement to reasonable accommodation. This release and discharge shall also apply to the City's past, present, and future officers, attorneys, agents, servants, representatives, employees, predecessors and successors in interest, and assigns, and all other persons, firms, or corporations with whom any of the former have been, are now, or may hereafter be affiliated.

B. This is a full and general release, with no claims reserved. This release and the terms of this agreement are fully binding and constitute a complete settlement by YNHS and the City, and the heirs, assigns, and successors of each.

C. This section 2 shall become effective on the date and in the event the pending litigation is dismissed consistent with section 1(H), above.

3. Denial of Liability.

The parties acknowledge and agree that this agreement is a compromise of disputed claims, and the covenants contained herein are not to be construed as an admission of liability on the part of the City, by whom liability is expressly denied. No concession or release made by either party in this agreement shall be construed or asserted as an admission of liability, wrongdoing, or fault by any party.

4. Attorneys' Fees.

The parties hereto shall bear all attorneys' fees and costs including fees of consultants and expert witnesses incurred by them arising from the subjects of this agreement and their own counsel in connection with this matter, this agreement, and the other matters, documents, and prior and revised applications referred to herein, including as may incurred in future proceedings in support of or defense of the revised applications or resulting land use entitlements consistent with the terms of this agreement.

5. Governing Law and Venue.

This agreement shall be construed and interpreted in accordance with the laws of the State of Washington. Venue for any action taken to enforce the terms of this agreement shall lie in a court of competent jurisdiction in Yakima County, Washington.

6. Additional Documents.

The parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this agreement.

7. No Third-Party Beneficiaries.

Except as may be expressly provided herein, this agreement is for the benefit of the parties hereto only and is not intended to benefit any other person or entity, and no other person or entity not a party to this agreement shall have any third-party beneficiary or other rights whatsoever hereunder.

8. Severability/Savings Clause.

Should any part of this agreement or any provision contained in this agreement be rendered or declared invalid, the invalidation of such part or portion of this agreement shall not invalidate the remaining portions thereof. The remaining parts and provisions of this agreement shall remain in full force and effect.

9. Modifications by Written Agreement Only.

The obligations in this agreement may be modified only by written agreement of the parties and signed by duly authorized representatives of each.

10. Entire Agreement.

This agreement constitutes the entire agreement between the parties. This agreement is fully integrated and constitutes the complete and final agreement between the parties. All previous agreements, offers, counteroffers, and negotiations are merged herein. There are no other or further agreements that modify the terms of this agreement.

11. Authority to Bind.

Each person signing this agreement on behalf of each party represents, covenants, and warrants that that such person has full right and authority to enter into this agreement and to bind the party for whom such person signs this agreement to the terms and provisions of this agreement. Each party further acknowledges that the person or persons signing this agreement are competent and of lawful age, have been fully advised by counsel in connection with the execution of this agreement, and that such persons do so freely and voluntarily.

12. Obligation of Good Faith and Fair Dealing.

The parties agree that each of the parties is giving up certain rights, claims, and defenses in executing this agreement and each party hereby agrees to act in good faith in carrying out their respective duties and obligations herein.

13. Headings Not Controlling.

The paragraph headings included herein are for reference only and are not a part of this agreement. The headings shall not control or alter the meaning of this agreement as set forth in the text.

14. Equal Participation in Drafting.

The parties have each participated and had an equal opportunity to participate in the drafting of this agreement. No ambiguity shall be construed against any party based on a claim that such party drafted the ambiguous language.

15. Effectiveness.

This agreement shall become effective immediately following execution by the latter of each of the parties.

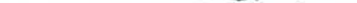
16. Counterparts.

This agreement may be executed in counterparts and each executed counterpart shall have the same force and effect as the original instrument and as if all of the parties to the counterparts had signed the same instrument. Electronic facsimile signatures and/or electronically scanned signatures will be deemed sufficient to demonstrate a party's assent to this agreement.

IN WITNESS WHEREOF, the parties have signed this agreement as set forth by the signatures appearing below.

YAKIMA NEIGHBORHOOD HEALTH SERVICES, a Washington non-profit corporation

Cliff Moore



Date: 9/20/16

Date: Sept. 21, 2016

Samyukta Chakra K...

CITY CONTRACT NO: 2016-180
RESOLUTION NO: n/a

STATE OF WASHINGTON)
) ss.
County of Yakima)

Print Name: _____
 Notary Public in and for the State of Washington,
 residing at _____.
 My commission expires: _____