

SPECIAL VALUATION AGREEMENT

THIS SPECIAL VALUATION AGREEMENT, hereinafter referred to as “AGREEMENT”, is entered into by and between **Urban Olympia 8, LLC**, (“APPLICANT”), and the **City of Olympia**, (“CITY”).

WHEREAS, the APPLICANT is the owner of record of the historic property located at **222 Capitol Way North, Olympia, Washington**, (“PROPERTY”); and

WHEREAS, the APPLICANT has requested special valuation of the PROPERTY pursuant to Chapter 84.26.030 RCW and Olympia Municipal Code (“OMC”) 3.60.010; and

WHEREAS, pursuant to OMC 3.60.020(B), the Heritage Commission has reviewed the application and made a unanimous recommendation for approval at its meeting on August 22, 2018; and

WHEREAS, the recommendation is required to be forwarded to the Olympia City Council, who acts as the local review board pursuant to OMC 3.60.020(A), who decides whether or not to approve the application for special property tax valuation;

NOW, THEREFORE, in consideration for the mutual covenants contained herein, the APPLICANT and the Olympia City Council (“Local Review Board”) agree as follows:

1. The Local Review Board hereby determines that the property described on the attached **Exhibit A** qualifies for special property tax valuation under Chapter 84.26 RCW and 3.60 OMC because it meets the following criteria:
 - A. The PROPERTY has been substantially rehabilitated within the two-year period preceding the date of application; and
 - B. The rehabilitation work has not altered the property in any way which adversely affects those elements which qualify it as historically significant based on the U.S. Secretary of the Interior’s Standards for Rehabilitation set forth in **Exhibit B**; and
 - C. The approved costs of the rehabilitation are One Million, Two Hundred Sixty-One Thousand, Eight Hundred Thirty-Three and 25/100 Dollars (**\$1,261,833.25**) equaling or exceeding twenty-

five percent (25%) of the assessed valuation of the PROPERTY prior to the improvements and such building meets the criteria in OMC 3.60.010; and

- D. The PROPERTY is an historic property which falls within a class of properties determined eligible for special valuation by local ordinance or administrative rule.
2. The APPLICANT agrees that in order to receive the special property tax valuation, APPLICANT MUST comply with the following:
- A. The PROPERTY must not be altered without the prior written consent of the local review board. No construction, alteration or remodeling or any other action shall be undertaken which would affect the historic character of the PROPERTY which classifies it as eligible for special valuation, or which would affect the appearance of the PROPERTY as depicted in the photographs attached hereto and incorporated herein by this reference as **Exhibit C** or which would adversely affect the structural soundness of the property; provided, however, that the reconstruction, repair, repainting or refinishing of presently existing parts or elements of the PROPERTY subject to this AGREEMENT, damage to which has resulted from casualty loss, deterioration or wear and tear, shall be permitted without the prior approval of the local review board, provided that such reconstruction, repair, repainting, or refinishing is performed in a manner which will not alter the appearance of those elements of the PROPERTY subject to this AGREEMENT as they are as of this date. Exterior changes which shall require the consent of the local review board shall include, but not be limited to, any substantial structural change or any change in design, color or materials; and
- B. There shall be no changes in standards of maintenance, public access, alteration, or report requirements, or any other provisions of this AGREEMENT during the period of the classification without the prior written approval of all parties to this AGREEMENT.
- C. The PROPERTY must not be demolished without the prior written consent of the local review board; and
- D. The APPLICANT shall make historic aspects of the PROPERTY accessible to the public one day each year if the PROPERTY is not visible from a public right-of-way; and
- E. The APPLICANT shall monitor the PROPERTY for its continued qualification for special valuation and notify the Thurston County Assessor within thirty (30) days of PROPERTY disqualification because of:
- i. a loss of historic integrity,
 - ii. sale or transfer to new ownership exempt from taxation, or
 - iii. sale or transfer to new ownership who refuses to agree to the terms of this AGREEMENT and fails to file a Notice of Compliance form with the Thurston County Assessor; or
3. Terms of the Agreement. This AGREEMENT shall take effect immediately upon signature and remain in effect until the property is no longer eligible for special valuation either through disqualification under

RCW 84.26.080 or upon expiration of the ten-year period of special valuation commencing **January 1, 2019** and ending **December 31, 2028**.

4. Hold Harmless. The APPLICANT and its successors or assigns shall hold the State and City of Olympia, its officers, officials, and employees harmless from any and all liability and claims which may be asserted against the State or City as a result of this AGREEMENT or the participation by the APPLICANT in the Special Valuation Program.

5. Governing Law. The terms of this AGREEMENT shall be construed in accordance with the laws of the State of Washington.

I certify that I am duly authorized to sign this Agreement, which is legally binding, on behalf of **Urban Olympia 8, LLC**.

Urban Olympia 8, LLC:

Signature(s) of Owner(s)/Applicant(s)

Print Name of Signatory

CITY OF OLYMPIA:

Steven R. Hall, City Manager

Approved as to Form:



Deputy City Attorney

Attachments:

- Exhibit A: Property Description
- Exhibit B: U.S. Secretary of the Interior's Standards for Rehabilitation
- Exhibit C: Contemporary Photographs (4 pages)
Historical Photograph (1 page)

EXHIBIT A

Property Description

Property description for 222 Capitol Way North Olympia, Washington, individually listed on the Olympia Heritage Register:

The site on which Historical Downtown Square was built was the site where Governor Isaac I. Stevens convened the first Territorial Legislature of Washington on February 28th, 1854.

On December 11, 1852, this site was also the original meeting place of Olympia Lodge No. 1 F.&A.M.

As well, the Pacific House, which was directly to the south of the site, was established by Rebecca Howard, the first African American to open a business in Washington. Currently, a mural to memorialize Ms. Howard and the Pacific House, as it might have appeared in 1874, is painted on the south wall of our building.

Immediately after World War 2, the current building was constructed as the Packard Automobile Dealership. In the early sixties it became a Volkswagen Dealership and then in the late Sixties it became a Dodge Dealership. In the 1980s the car dealerships moved out of downtown to the Auto Mall.

The building was remodeled into offices, and was the offices of a number of financial enterprises until 2015, when the last financial company left.

In 2005, Andre LeRest started a French Bakery and Cafe, the Bread Peddler, which gradually expanded to include the south one-third of the building.

Starting in 2015, and completed in November of 2016, the interior of the building was converted into 222 Market, an Artisan Food Hall.

Although the interior of the building has been repurposed on several occasions, the original exterior has remained largely intact.

EXHIBIT B

U.S. Secretary of the Interior's Standards for Rehabilitation

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

EXHIBIT C

(5 pages)

**Historical Downtown Square (222 Capitol Way N)
Register Application Photos**

Olympia Avenue (North) Elevation:



Capitol Way (West) Elevation:

