



City of Seattle
Mayor Edward B. Murray

**THE PAUL G. ALLEN
FAMILY FOUNDATION**



mercyHOUSING

April 25, 2017

Letter of Intent Regarding Innovative Housing Facility between the City of Seattle, the Paul G. Allen Family Foundation, and Mercy Housing Northwest

On behalf of the Paul G. Allen Family Foundation (the “Foundation”), I am pleased to provide this Letter of Intent (“LOI”) memorializing the mutual understandings between the Foundation and the City of Seattle (the “City”) regarding a shared undertaking to create, develop and operate a visionary and innovative facility that will provide housing and critically important services for homeless families and children (the “Program”). The Program will combine promising solutions, best practices and creativity in a distinctive manner that aligns with the City’s Pathways Home initiative. The Program will be located on a site within the City that has yet to be determined.

As we have discussed, the Foundation intends to provide up to \$30 million toward the Program, which would be applied to capital costs for the facility, including site acquisition, development and construction. The Foundation and the City intend for ownership, development and operation of the new facility to be undertaken by Mercy Housing Northwest (“Mercy”), a qualified and respected nonprofit currently active in providing housing solutions for families in our community. As indicated by Mercy’s execution of this LOI below, Mercy has conceptually agreed to undertake such ownership, development and operation, including the coordination of on-site services for residents which potentially could include education, employment training and health.

During the next few months, the Foundation will continue to play a material role in the planning of the Program and in structuring the requisite relationships among the Foundation, the City, and Mercy, with an eye toward achieving binding commitments to this shared Program. The Foundation, in coordination with Mercy, will take the lead in identifying and acquiring the Program site. Other Foundation-related entities also may provide in-kind services for the Program, as such services may be useful in the development and construction of the facility. The Foundation will lead efforts to encourage other potential funders from philanthropic, corporate, and private spheres to contribute additional funds to help cover operations, maintenance, and services.

In support of the Program, which will provide significant benefits to Seattle residents, the City intends to commit \$5 million toward Program capital costs, including those identified above. Capital funding from the City will be provided on a timely basis consistent with a mutually agreed-upon schedule for the Program’s development. In addition, the City intends to formally commit to Mercy sufficient funding to ensure that maintenance and operating costs will be adequately funded. Funding the type of support and services needed for the facility to realize its potential for transforming lives of Seattle residents will be a priority in the City’s procurement and allocation processes.

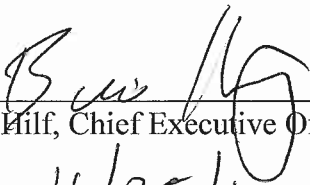
The respective commitments by the Foundation, City and Mercy reflected in this LOI are subject to confirmation in a more detailed, binding agreement, to be negotiated in good faith by all parties.

For purposes of third party communications, the Foundation, the City and Mercy each agree that any statements or responses to inquiries about the Program or about another party to this LOI will be discussed and approved in advance between contact persons identified by each party. The Foundation will inform the City and Mercy concerning how the Foundation is to be referenced in any public announcement, press release or joint statement regarding the Program.

We look forward to engaging each other's representatives concerning next steps, site selection and development of the detailed documentation that will be necessary for the Program to proceed.

CONFIRMED AND AGREED TO BY:

THE PAUL G. ALLEN FAMILY FOUNDATION



Bill Hilf, Chief Executive Officer

4/25/17

Date

CITY OF SEATTLE

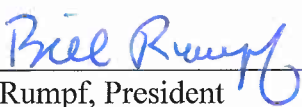


Hyeok Kim, Deputy Mayor, on behalf of the City of Seattle

4-25-17

Date

MERCY HOUSING NORTHWEST



Bill Rumpf, President

4-25-17

Date