

MOTION NO. **7790**

A MOTION to authorize the signing of a lease with Lake Wilderness Conference Center, Inc., in Council District No. 9 at Lake Wilderness.

WHEREAS, King County's financial resources are too limited to pay for the renovation, operation and maintenance of the Lake Wilderness Conference Center, and

WHEREAS, the public will benefit from the use of the Conference Center under the terms of a proposed lease, and

WHEREAS, the property to be leased is temporarily surplused to King County Parks needs;

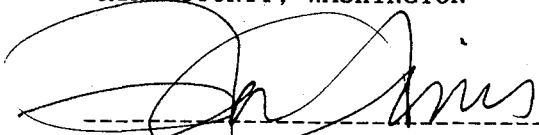
NOW THEREFORE, BE IT MOVED by the Council of King County:

1. The King County executive is hereby authorized to execute a lease, for a term of up to thirty-five years, with Lake Wilderness Conference Center, Inc., for two buildings and some related personal property located at Lake Wilderness. The lease will provide for no less than twenty-four days including four nights of public use. The lease will not give the lessee exclusive use of the unimproved land. The lease revenues will be placed in a park and recreation fund to be reserved for capital purposes specifically, including a possible buy out of the lease at the end of ten years. The lessee will have an option to purchase the leased personal property as set forth in the lease.

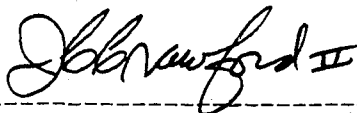
2. If the lessee needs to construct additional buildings on the site, King County will take the responsibility for seeking the approval of the State of Washington Interagency Committee for Outdoor Recreation, for the conversion of land area up to and including 10,000 square feet.

PASSED this 18th day of December, 19 89.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Chairman

ATTEST:



Clerk of the Council

1. PARTIES. This Lease dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, is between King County, a municipal corporation and a political subdivision of the State of Washington, and Lake Wilderness Conference Center, Inc., a Washington corporation, herein called "Lessee".

2. PREMISES. King County hereby leases to Lessee, upon the following terms and conditions, premises located in King County, Washington, legally described in Exhibit A and depicted in Exhibit B, which exhibits are attached hereto and incorporated herein, provided that the Lessee shall only have exclusive use of buildings presently located on the premises or to be constructed on the premises. The public will have the same access to and use of the land as at any other King County Parks property, subject to the rules and regulations of the King County Parks, including but not restricted to King County Code Chapter 7.12. The consideration for this lease, however, will provide for the occasional exclusive use of parking on these premises when needed for lessee's utilization of the buildings. Included within the meaning of premises are the trade fixtures and personal property listed in Exhibit C, which exhibit is attached hereto and incorporated herein. King County hereby agrees to grant to Lessee a Special Use Permit to use land adjacent or convenient to the leased premises in conjunction with the leased premises under the terms and conditions set forth in King County Special Terms and Conditions Provision Four (4).

3. TERM.

- A. This lease shall be for THIRTY-FIVE (35) years, and shall begin on the first (1st) day of September, 1989 and end on the first (1st) day of September, 2024, subject to Provisions 3C, 3D and 7C.
- B. If King County is unable to deliver possession of the premises by the date specified for the commencement of the term as a result of causes beyond King County's reasonable control, King County shall not be liable for any damage caused for failing to deliver possession, and this lease shall not be void or voidable. Lessee shall not be liable for rent until King County delivers possession of the premises to Lessee, but the term shall not be extended by the delay. If King County does not deliver possession of the premises to Lessee WITHIN SIXTY (60) days after commencement of the term, Lessee can elect to terminate this lease by giving notice to King County at any time before the date King County delivers possession of the premises to Lessee.
- C. Lessee shall exercise due diligence and good faith in seeking such approval and permits as may be necessary to occupy the premises for its intended use. If, through no fault, omission or delay by Lessee, such approval and permits are not issued by March 1, 1990 or if the Lessee estimate of the cost to construct new structures exceeds the \$500,000 maximum specified in Section 11, Special Conditions, then Lessee may cancel this lease without penalty or further obligation, provided that Lessee gives King County not less than THIRTY (30) days prior written notice.
- D. At any time after September 1, 1999, Lessee may cancel this Lease without penalty or further obligation, provided that Lessee gives King County not less than ONE (1) year prior notice of its intent to cancel.

4. RENT.

- A. Between September 1, 1989 and March 1, 1990, Lessee shall pay to King County an interim rent of ONE DOLLAR (\$1.00) per month, payable in advance, on or before the first (1st) day of each month, and shall be responsible for and pay for such routine care, maintenance and utilities as the premises may require subject to Provision 7A.; provided, however, that if Lessee uses the premises during this interim period then Lessee shall pay an additional rent of EIGHTY-FIVE AND NO/100 DOLLARS (\$85.00) per day for each and every day of usage,

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and in addition ONE AND NO/100 DOLLAR (\$1.00) per person per night of overnight accommodation, the sum of such additional rent to be paid on or before the first (1st) day of the month next following the night(s) of usage. During this interim period, Lessee shall also pay a Leasehold Excise Tax at the then appropriate rate.

- B. Commencing March 1, 1990, and thereafter for the balance of the Lease term, Lessee shall pay to King County a base rent of TWO THOUSAND SIX HUNDRED AND NO/100 DOLLARS (\$2,600.00), deemed to be fair market rental value, payable in advance on or before the fourteenth (14th) day of each and every calendar month of the Lease term. During the same time period, the Lessee shall pay as additional rent ONE AND NO/100 DOLLAR (\$1.00) per person per night of overnight accommodation up to 42 persons per night regardless of whether the persons sleep in rooms existing at the commencement of the lease or in rooms constructed by the Lessee after the commencement of the lease term. Lessee shall also pay a Leasehold Excise Tax on the base rent plus the above described additional rent, at the rate established by the State of Washington, the current rate being 12.84%. The Leasehold Excise Tax shall be paid with the rent.
- C. Commencing March 1, 1990, and thereafter until September 1, 1999, the Lessee shall pay to King County One Hundred Forty and No/100 DOLLARS (\$140.00) per month payable in advance or on or before the fourteenth (14th) day of each and every calendar month as rent for the use of the personalty and fixtures on the premises as described in the inventory in Exhibit C, which exhibit is attached hereto and incorporated herein, provided, however, that Lessee may exercise its option to purchase the personalty pursuant to Provision 5 of the Special Terms and Conditions.
- D. All rents and tax shall be made payable to the KING COUNTY FINANCE OFFICE and are to be received in the office of the:

King County Real Property Division  
500A King County Administration Building  
500 Fourth Avenue  
Seattle, Washington 98104

Said rental is exclusive of any other sale, franchise, business or occupation, or other tax based on rents. Should any such taxes apply during the life of this lease the rent shall be increased by such amount.

- E. It is further agreed that Lessee will allow the use of the leased premises for the benefit of King County departments and agencies and community groups on no more than twenty-four days each calendar year and no more than four nights each calendar year with no charge being made to King County for the use of the facilities, provided that the Lessee shall be entitled to charge its normal rates for food and beverage service and any out of pocket expenses incurred by Lessee such as for staffing or lodging provided pursuant to this paragraph. Such use shall not exceed four days per month except by mutual agreement of the parties. Such use may occur on four separate days, four consecutive days or any combination of consecutive and single days totaling four or less days per month. Such use shall be subject to the approval of the Lessee, which approval shall not be unreasonably withheld. King County must give Lessee at least sixty (60) days advance written notice of its intent to use the facility provided that Lessee may at Lessee's sole option, accept shorter notice. Pursuant to this paragraph, King County may, at its discretion, use the property for its own conferences, meetings and retreats or for public, community purposes. All such use shall be scheduled by the Natural Resources and Parks Division.

To the greatest extent possible, the Natural Resources and Parks Division will provide the Lessee with its schedule of proposed use, in December of each year, for the following calendar year.

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5. SECURITY DEPOSIT. At the time of the signing of this lease, Lessee shall deposit with King County the sum of FIVE THOUSAND EIGHT HUNDRED SIXTY-SEVEN AND 68/100 DOLLARS (\$5,867.68) as a security deposit for the rent and tax. The security deposit is the only sum to be credited toward payment of the last month's rent upon Lessee's termination of the Lease. The return of this deposit, or any portion thereof, shall be conditioned on the performance of all of Lessee's duties. Within SIXTY (60) days after termination of the tenancy and vacation of the premises, King County will return any sum due Lessee from this deposit retained by King County. The deposits need not be held in any special account and no interest will be paid thereon.

6. USE. Lessee shall use said premises for the following purposes and no others without prior written consent of King County:

Receptions, meetings, seminars, self-improvement programs, and conferences, which may include overnight lodging, meal and beverage service.

It is understood that the buildings presently located on the premises and to be constructed on the premises will be made available for public rental for receptions, community and other similar functions.

7. LESSEE IMPROVEMENTS.

A. Lessee shall submit to King County detailed plans and specifications for the following improvements to be completed in phases as set forth in Exhibit D which is attached hereto and incorporated herein. "Phase I" improvements shall consist of renovations of existing buildings and structures and shall be completed by March 1, 1991. "Phase II" improvements shall consist of new construction, including the addition of new structures and/or utility and site improvements, and shall be completed by September 1, 1999. "Phase III" improvements may consist of new construction, including the addition of new structures and/or utility and site improvements; provided, however, that these improvements shall be made at the option of the Lessee. All improvements and alterations require the prior written approval of the Natural Resources and Parks Division, which approval shall not be unreasonably withheld. Prior to applying for any permit the plans and specifications, in the same level of detail necessary to apply for the permit, shall be submitted to the Natural Resources and Parks Division. Such plans and specifications shall be deemed approved if the Natural Resources and Parks Division has not responded within 15 days of Lessee submitting the plans and specifications. It is recognized and understood that certain improvements in "Phase I", as defined in this paragraph, must be made immediately to preserve and to maintain the quality of the premises. Should Lessee cancel this Lease pursuant to Paragraph 3.C. of this Lease Agreement, King County shall reimburse Lessee for all costs Lessee incurs to make these certain improvements.

Lessee is solely responsible for securing necessary land use approval, environmental approval, building permits and any other required approvals and permits. This lease does not infer or imply approval.

B. The combined out of pocket cost of Lessee's improvements in "Phases I and II" must exceed THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00), which may consist of a combination of major repairs and replacements (including, but not limited to, the roof, water and sewer systems), site and access road improvements (including, but not limited to, paving, landscaping and fencing), remodeling of existing structures and additions of new structures. Routine maintenance shall not be counted toward the \$350,000 cost requirement.

C. If Lessee substantially fails to make the improvements or alterations required by this Lease in "Phase I" by March 1, 1991, this lease may be terminated and all rentals paid and Lessee's improvements shall be forfeited to King County. If Lessee substantially fails to make the improvements or alterations required by this Lease in "Phase II" by September 1, 1999, this lease shall be terminated by King County and all rentals paid and Lessee's improvements shall be forfeited to King County.

8. GENERAL TERMS AND CONDITIONS. Attached hereto and incorporated herein by reference are King County General Terms and Conditions. Prior to signing this Lease Agreement, the parties modified paragraph(s) 1A & 23, and deleted paragraph(s) 2A., 5., 9., 10., 11., 12. and 22. therein.

9. SPECIAL TERMS AND CONDITIONS. Attached hereto and incorporated herein by reference are Special Terms and Conditions.

10. ENTIRE AGREEMENT - AMENDMENTS. This printed lease together with the attached Terms and Conditions and any and all exhibits expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

11. NOTICES. Required notices except legal notices shall be given in writing to the following respective address:

To King County: Manager, Real Property Division  
500A King County Administration Building  
500 Fourth Avenue  
Seattle, WA 98104

To Lessee: Lake Wilderness Conference Center, Inc.  
83 South King Street, Suite 713  
Seattle, WA 98104

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

12. PERSONAL GUARANTEE. Performance and payment of all obligations of Lessee are jointly and severally guaranteed by the corporate officers, stockholders, or directors who sign this agreement; provided, however, that such guarantee shall not exceed the amount of one year's base rent. Said guarantors are acting in their individual capacity, on behalf of themselves and of their marital communities consisting of themselves and their respective spouses.

IN WITNESS WHEREOF, the parties hereto have subscribed their names as of the \_\_\_\_\_ of \_\_\_\_\_, 19\_\_\_\_\_.

LESSEE:  
LAKE WILDERNESS  
CONFERENCE CENTER, INC.

LESSOR:  
KING COUNTY, WASHINGTON

BY \_\_\_\_\_  
Chris Majer, President

BY \_\_\_\_\_  
Tim Hill, County Executive

DATE \_\_\_\_\_

DATE \_\_\_\_\_

APPROVED AS TO FORM:

BY A. Kasehny  
Deputy Prosecuting Attorney

DATE 9.13-89

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9.13.89

STATE OF WASHINGTON)  
  )ss  
COUNTY OF KING                  )

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On this day personally appeared before me Chris Majer, to me known to be the President of Lake Wilderness Conference Center Inc., who executed the foregoing lease, and acknowledged to me that he signed the same as his free and voluntary act and deed, for the uses and purposes therein stated and that he was so authorized to sign.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at\_\_\_\_\_.

STATE OF WASHINGTON)  
  )ss  
COUNTY OF KING                  )

On this day personally appeared before me \_\_\_\_\_ to me known to be the \_\_\_\_\_ County Executive of King County, Washington, the person who signed the above and foregoing instrument for King County for the uses and purposes therein stated and acknowledged to me that he signed the same as the free and voluntary act and deed of King County and that he was so authorized to sign.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at\_\_\_\_\_.

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1. LATE PAYMENT, TAXES AND LICENSES.

A. LATE PAYMENTS. There will be a late collection charge of five percent (5%) or THIRTY AND NO/100 (\$30.00) DOLLARS, whichever is greater, plus one percent (1%) per month interest for any delinquent rental not delivered to King County by the tenth (10th) day of the month.

fourteenth (14th)

B. LEASEHOLD TAX. A leasehold excise tax is levied pursuant to the Revised Code of Washington (R.C.W.) Chapter 82.29A. The Lessee agrees to pay this tax to King County. If the State of Washington or King County changes the Leasehold Excise Tax, the tax payable shall be correspondingly changed.

C. LICENSE AND TAXES. Lessee shall pay throughout the term of this lease, all applicable taxes, and all license and excise fees covering the business conducted on the premises.

D. OTHER CONSIDERATION. No offset, reduction, or credit toward rent shall be allowed unless it is in writing and signed by the Manager of the Real Property Division of King County.

2. RENT ADJUSTMENT.

To ensure a fair rent based upon the fair market value of the premises, King County may adjust the rent to the then current fair market rental value every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this lease.

~~A. FAIR MARKET RENTAL VALUE DEFINED. For all purposes required under this lease, "Fair Market Rental Value" is defined as: An amount in the competitive market that a well-informed and willing Lessor, who desires but is not required to lease, would accept, and which a well-informed and willing Lessee, who desires but is not required to lease, would pay for the use of the premises, after due consideration of all the elements reasonably affecting value.~~

See SPECIAL TERMS AND CONDITIONS -

Provision 6.

B. NOTICE OF RENTAL ADJUSTMENT. When it elects to adjust the rent, King County will give Lessee written notice of the adjusted rent. Within thirty (30) days following receipt of notice from King County, Lessee will give King County written notice of its acceptance or rejection of the adjusted rent. If Lessee does not notify King County within the thirty (30) day period, the rent as adjusted by King County will become the rent.

C. ARBITRATION. If Lessee and King County cannot agree upon the rent adjustment, the rent for the period will be adjusted by arbitration. Lessee and King County will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selection of the two, either Lessee or King County will apply to the presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body. If in the future, a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator shall be licensed. The three arbitrators will determine the Fair Market Rental Value for the premises; but the arbitrators may not reduce the rent below the sum fixed for the last preceding period. The decision of a majority of the arbitrators will bind both Lessee and King County. At the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and King County, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion.

D. COST OF ARBITRATION. The cost of the arbitration will be divided **7790** equally between Lessee and King County.

E. RENT PENDING ADJUSTMENT. In the event resolution of the rental adjustment is not completed prior to the commencement of the term being considered, Lessee shall, pending resolution of such rental adjustment, continue to pay King County the rental then in effect; and King County, at its option, may elect to require that interest in the amount of twelve percent (12%) per annum be payable on any sum due as a result of a retroactive rental increase determined under the terms of this lease.

3. COMPLIANCE WITH ALL LAWS AND REGULATIONS.

In using the premises, Lessee will comply with all applicable laws, ordinances and regulations, from any and all authorities having jurisdiction. The Lessee specifically agrees to comply and pay all costs associated with achieving such compliance without any notice of requirement or requirements from King County, and that King County does not waive this section by giving notice of demand for compliance in any instance.

4. UTILITIES.

Lessee shall pay for all costs, expenses, fees, services and charges of all kinds for heat, light, water, gas and telephone and for all other public utilities used on said premises so that the same shall not become a lien against the leased premises.

~~5. IMPROVEMENTS AND ALTERATIONS.~~

~~A. Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from King County.~~

~~B. Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or earlier termination of this lease, belong to King County without compensation to the Lessee, however, King County shall have the option to be exercised on expiration or earlier termination of the lease, to require the Lessee, at Lessee's expense, to remove any or all such improvements or alterations.~~

~~See SPECIAL TERMS AND CONDITIONS - Provision 11A. and 11B.~~

6. CONDITION OF PREMISES.

The Lessee has inspected and knows the condition of the premises, and it is understood and agreed that the premises are leased on an "as is" basis without any obligation on the part of the King County to make any changes, improvements, or to incur any expenses whatsoever for the maintenance or repair of the premises.

7. CONSTRUCTION DEFECTS.

King County shall not be liable to the Lessee for claims or damages arising from any defect in the construction of or the present condition of the premises, whether known or unknown, or for damage by storm, rain or leakage or any other occurrence.

8. MAINTENANCE.

A. Lessee shall throughout the term of this lease, without cost or expense to King County, keep and maintain the leased premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean and sanitary condition, and shall except for reasonable wear and tear, at all times preserve the premises in good and safe repair. Upon the expiration or sooner termination of the lease, Lessee shall forthwith return the same in as good condition as that existing at the commencement of occupancy, ordinary wear and tear excepted.



B. If, after thirty (30) days' notice from King County, Lessee fails to maintain or repair any part of the leased premises or any improvement, landscaping, fixtures or equipment thereon, King County may, but shall not be obligated to, enter upon leased premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to King County upon receipt of a written demand. Any unpaid sums under this paragraph shall be payable as additional rent on the next rent payment date due following the written demand, and will bear interest at the maximum rate allowed by Washington State Law.

~~9. INDEMNITY AND HOLD HARMLESS. See SPECIAL TERMS AND CONDITIONS - Provision 9.~~

~~The Lessee agrees to indemnify and hold harmless King County as provided herein to the maximum extent possible under law. Accordingly, the Lessee agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof, for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Lessee's exercise of rights and privileges granted by this Lease Agreement. The Lessee's obligations under this section shall include:~~

~~(a) Indemnification for such claims whether or not they arise from the sole negligence of either the County or the Lessee, the concurrent negligence of both parties, or the negligence of one or more third parties.~~

~~(b) The duty to promptly accept tender of defense and provide defense to the County at the Lessee's own expense.~~

~~(c) Indemnification of claims made by the Lessee's own employees or agents.~~

~~(d) Waiver of the Lessee's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has been mutually negotiated by the parties.~~

~~In the event it is necessary for the County to incur attorney's fees, legal expenses, or other costs to enforce the provisions of this section, all such fees, expenses, and costs shall be recoverable from the Lessee.~~

~~In the event it is determined that RCW 4.24.115 applies to this Lease Agreement, the Lessee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County to the full extent of Lessee's negligence. Lessee agrees to defend, indemnify, and hold harmless the County for claims by Lessee's employees and agrees to waiver of its immunity under Title 51 RCW, which waiver has been mutually negotiated by the parties.~~

~~10. FIRE INSURANCE. See SPECIAL TERMS AND CONDITIONS - Provision 10A.~~

~~A. No use shall be made or permitted to be made of the premises, nor acts done, which will increase the existing rate of insurance upon the premises or cause the cancellation of any insurance policy covering the premises, or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold, in or about the premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall, at its sole cost and expense, comply with any and all requirements, pertaining to the premises. Lessee agrees to pay to King County as additional rent, any increase in premiums on policies which may be carried by King County on the premises covering damages and loss of rent caused by fire and the perils normally included in extended coverage above the rates for the least hazardous type of occupancy for industrial, warehousing, office and distribution operations.~~

See SPECIAL TERMS AND CONDITIONS - Provisions 10B., 10C., and 10D.

~~9. Lessee shall maintain in full force and effect on all of its fixtures and equipment in the premises a policy or policies of fire and extended coverage insurance with standard coverage endorsement to the extent of at least eighty per cent (80%) of their insurable value. During the term of this lease the proceeds from any such policy or policies of insurance shall be used for the repair or replacement of the fixtures and equipment so insured. King County shall have no interest in the insurance upon Lessee's equipment and fixtures and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Lessee. King County will not carry insurance on Lessee's property. Lessee shall furnish King County with a certificate of such policy and whenever required shall satisfy King County that such policy is in full force and effect within thirty (30) days of the commencement of this lease.~~

~~C. The Lessee will carry fire and extended coverage insurance, with rent interruption endorsement, in an amount equal to the full insurable value of all improvements, structures and buildings located on the premises. The policy shall include King County as an insured for its vested interest in the property. A certificate of insurance must be provided to King County.~~

~~D. In the event of the total or partial destruction by fire, regardless of origin, or otherwise of the building, structures or facilities currently on the premises or subsequently constructed by the Lessee, the Lessee shall have the obligation to reconstruct such facilities to their original condition within six (6) months after their destruction.~~

~~11. LIABILITY INSURANCE. See SPECIAL TERMS AND CONDITIONS - Provisions 11A. through 11F.~~

~~Tenant shall procure and maintain for the duration of this agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the tenant's operation and use of the rental premises.~~

~~A. Minimum Scope of Insurance~~

~~Coverage shall be at least as broad as:~~

~~1. Insurance Services Office form number GLO002 (ED. 1/73) covering Comprehensive General Liability and Insurance Services Office form Number GLO404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001).~~

~~B. Minimum Limits of Insurance~~

~~Lessee shall maintain limits no less than:~~

~~1. Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.~~

~~C. Deductibles and Self-Insured Retentions~~

~~Any deductibles or self-insured retentions must be declared to and approved by King County. At the option of King County, the insurer shall reduce or eliminate such deductibles or self-insured retentions. In no event shall the deductible or self-insured retention exceed \$5,000.~~

~~D. Other Insurance Provisions~~

~~The policy is to contain, or be endorsed to contain, the following provisions:~~

~~1. King County, its officers, officials, employees, and volunteers are to be covered as insureds as respects: liability arising out of premises rented or used by the tenant.~~

~~2. The tenant's insurance coverage shall be primary insurance as respects King County, its officers, employees, and volunteers. Any insurance or self-insurance maintained by King County, its officers, officials, employees, or volunteers shall be excess of the tenant's insurance and shall not contribute with it.~~

~~3. Any failure to comply with reporting provisions of the policy shall not affect coverage provided to King County, its officers, officials, employees, or volunteers.~~

~~4. Coverage shall state that the tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.~~

~~5. Insurance policy shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to King County.~~

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Bests' rating of no less than A:XI.

F. Verification of Coverage

Tenant shall furnish King County with certificate(s) of insurance and with original endorsement(s) effecting coverage required by this contract. The certificate and endorsement for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be provided by King County and are to be received and approved by King County before occupancy commences. King County reserves the right to require complete, certified copies of all required insurance policies at any time.

~~12. MUTUAL RELEASE AND WAIVER.~~

~~To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided, that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or the Lessee.~~

13. SURRENDER OF PREMISES.

At the expiration or earlier termination of this lease, Lessee shall promptly surrender possession of the premises to King County, and shall deliver to King County all keys that it may have to any and all parts of the premises.

14. DEFAULT AND RE-ENTRY.

If any rents above reserved, or other obligations provided herein, or any part thereof, shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default on any of the covenants and agreements herein contained, then King County may cancel this lease upon giving the notice required by law, and re-enter said premises, using such force as may be required. Notwithstanding such re-entry by King County, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this lease, and Lessee covenants and agrees to make good to King County any deficiency arising from a re-entry and reletting of the premises at a lesser rental than agreed to herein. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by King County. In the event it becomes reasonably necessary to make any changes, alterations or additions to the premises or any part thereof for the purpose of reletting said premises or any part thereof, Lessee shall also be responsible for such cost.

15. ASSURANCE OF PERFORMANCE.

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In the event a default in the performance of any obligation under this lease which remains uncured for more than ten (10) days after demand, King County may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to King County, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and King County may in its discretion terminate this lease.

16. ADVANCES BY KING COUNTY FOR LESSEE.

If Lessee fails to pay any fees or perform any of its obligations under this lease other than payment of rent, King County will mail notice to Lessee of its failure to pay or perform. Twenty (20) days after mailing notice, if Lessee's obligation remains unpaid or unperformed King County may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by King County under this paragraph, Lessee will reimburse King County within twenty (20) days.

17. NON-WAIVER.

It is hereby agreed that no waiver of any condition or covenant in this lease or any breach thereof, shall be taken to constitute waiver of any subsequent breach.

18. SIGNS.

No sign, advertisement, notice or other lettering will be exhibited, inscribed, painted or affixed by Lessee on any part of the outside of the premises without the prior written consent of King County; provided, that such consent shall not be unreasonably withheld. If Lessee violates this provision, King County may remove the sign without any liability, and may charge the expense incurred by such removal to the Lessee; provided, however, King County shall give Lessee written notice of Lessee's violation of this provision and Lessee shall have forty-eight (48) hours after receiving said notice to comply with the terms of this provision. All signs erected or installed by Lessee shall be subject to any federal, state or local statutes, ordinances or regulations applicable to signs.

19. INSPECTION AND "FOR RENT" SIGNS.

King County reserves the right to inspect the premises at any and all reasonable times throughout the term of this lease; provided, that King County shall not interfere unduly with Lessee's operations. The right of inspection reserved to King County hereunder shall impose no obligation on King County to make inspections to ascertain the condition of the premises, and shall impose no liability upon King County for failure to make such inspections. King County shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises for thirty (30) days prior to the expiration or sooner termination of this lease.

20. LIENS.

It is understood and agreed that this lease is executed and delivered upon the express condition that the Lessee will not and cannot contract any debt or debts for labor, materials services or otherwise which will or may become a lien against the interest of King County in the premises and King County hereby denies to Lessee any right, power or authority to do any act or contract any obligation or liability which would in any way subject the interest of King County in the premises to any lien, claim or demand whatsoever.

21. ASSIGNMENT OR SUBLEASE.

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- A. Lessee shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of King County first had and obtained, which consent shall not be unreasonably withheld. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this lease one-half (1/2) or more of the outstanding shares of any class of stock of Lessee's corporation shall belong to any stockholders other than those who own one-half or more of the outstanding shares of that class of stock at the time of the execution of this lease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this lease within the meaning of this paragraph. If King County shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the County's consent.
- B. If Lessee desires to assign, transfer, or sublease any portion of this lease or any interest therein, it shall notify King County in writing of said desire to assign or transfer and the details of the proposed agreement, at least thirty (30) days prior to the proposed date of assignment, transfer, or sublease to a third party. The notification shall include, but not be limited to a financial statement of the proposed assignee, including but not limited to a full disclosure of the monetary payment or any other considerations involved, and an affidavit from the proposed assignee stating he has examined this lease, understands this lease, agrees to assume and be bound by all of the Lessee's obligations and covenants under this lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or sub-lease.
- C. King County will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date. Disapproval of any such request shall be final and binding on the Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld. King County shall charge to the Lessee a reasonable fee for administrative costs in reviewing and processing any assignment or sublease. Lessee may assign this lease to any wholly owned subsidiary without obtaining King County's consent or payment of fees.

~~22. CONDEMNATION.~~

See Special Terms and Conditions - Provision 14.A through 14.F.

- ~~A. King County and Lessee will give to the other immediate written notice of the receipt of notice of any proceedings with respect to a condemnation and of any intention of any authority to exercise the power of eminent domain.~~
- ~~B. If all of the premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, this lease terminates as of the date condemnor takes possession, and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvement taken by the condemnor made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.~~
- ~~C. If part of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this lease, King County or Lessee may choose to terminate this lease as of the date the condemnor takes possession. If neither King County nor Lessee elects to terminate this lease, the rent will be reduced in the same~~

CONDEMNATION (continued)

proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemnor takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in the part taken by the condemnor of any improvements made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

- D. If temporary use of all or a portion of the premises is taken by any lawful authority for a period, which would reduce the leasehold and consequently, would cause the premises to be untenable for the use by Lessee for the purposes set forth in the section of this lease titled "Use," at Lessee's determination, then King County or Lessee may choose to terminate this lease. If King County or Lessee elect to terminate the lease, the lease will terminate the date the condemnor takes possession and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvements made to the premises by the Lessee. If neither King County or Lessee elects to terminate this lease, the lease will continue in full force and Lessee will be entitled to receive any award from the condemnor for the use of all or part of the premises, EXCEPT that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event the Lessee shall not be entitled to any portion of the award attributable to said use.
- E. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

23. ANTI-DISCRIMINATION.

In all services or activities, and all hiring or employment made possible by or resulting from this lease there shall be no discrimination against any employee or applicant for employment because of sex, <sup>sexual</sup> age (except <sup>orientatio</sup> minimum age and retirement provisions), race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964, or any other applicable federal, state, or local law or regulations regarding non-discrimination. Any violation of this provision shall be considered a violation of a material provision of this lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the lease by the County and may result in ineligibility for further County agreements. The Lessee will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

24. HEIRS, AGENTS AND ASSIGNS.

Without limiting any provisions of this lease pertaining to assignment and subletting, the provisions of this lease bind the heirs, legal representatives, successors, agents and assigns of any of the parties to this lease.

25. CAPTIONS.

The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.

26. TIME IS OF THE ESSENCE.

Time is of the essence of this lease, and in the event of the failure of Lessee to pay any charges at the time in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

27. CUMULATIVE REMEDIES.

No provision of this lease precludes King County from pursuing any other remedies for Lessee's failure to perform his obligations.

28. ATTORNEY'S FEES/COLLECTION CHARGES.

In the event legal action is brought by either party to enforce any of the terms, conditions or provisions of this lease, the prevailing party shall recover against the other party, in addition to the costs allowed by law, such sum as the court may adjudge to be a reasonable attorney's fee. In addition to all other charges, Lessee shall pay a charge of \$150.00 to King County for preparation of a demand for delinquent rent or a notice of default.

29. HOLDING OVER.

If the Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rent in effect upon the date of such expiration (prorated on a daily basis), and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease nor affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender and together with interest, attorney's fees and costs.

30. HAZARDOUS SUBSTANCES.

Tenant shall not, without first obtaining Landlord's prior written approval, generate, release, spill, store, deposit, transport, or dispose of (collectively "Release") any hazardous substances, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants or substances defined as hazardous or toxic in accordance with applicable federal, state, and local laws and regulations in any reportable quantities ("Hazardous Substances") in, on or about the Premises. In the event, and only in the event, Landlord approves such Release of Hazardous Substances on the Premises, Tenant agrees that such Release shall occur safely and in compliance with all applicable federal, state, and local laws and regulations. Tenant shall indemnify, hold harmless and defend Landlord from any and all claims, liabilities, losses, damages, cleanup costs, response costs, and expenses, including reasonable attorneys' fees arising out of or in any way related to the Release by Tenant, or any of its agents, representatives, or employees or the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the Commencement Date to the full extent of Tenant's liability therefore.

31. SEVERABILITY.

If any term or provision of this lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and will continue in full force.

END OF GENERAL TERMS AND CONDITIONS

KING COUNTY SPECIAL TERMS AND CONDITIONS/RENTAL AGREEMENT

1. **SURETY.** With regard to the security and damage deposit, a surety bond may be used. In the event a bond is submitted, said bond shall be executed in a form satisfactory to King County by a surety company licensed to do business in the State of Washington, subject to the jurisdiction of the King County Superior Court and acceptable to King County. Any surety shall be bound by an attorney-in-fact, resident in the State of Washington. The seal of the bonding company is required on the bond. Said surety shall be delivered to and approved by King County no later than the commencement date of this Lease or this Lease shall be null and void and King County shall have the right to re-enter and repossess the premises immediately and without further notice. The applicability of rental surety required pursuant to this paragraph shall be reviewed at each three year anniversary.

2. **CONSTRUCTION BONDS.** Lessee shall provide King County with a payment bond and a performance bond, in an amount equal to the estimated cost of Phase I improvements at least 30 days prior to the beginning of construction, in an amount equal to Phase II improvements at least 30 days prior to the beginning of construction, and in an amount equal to the estimated cost of Phase III improvements at least 30 days prior to the beginning of construction.

The performance bond shall name both Lessee and, if Lessee is not itself constructing the improvements, Lessee's contractor, as principal(s) and King County shall be named as obligee. The surety or sureties on the bond shall bind themselves, their heirs, executors, administrators, successors and assigns, along jointly and severally with Lessee and Lessee's contractor, to King County, a political subdivision of the State of Washington for payment on the bond. The aforesaid bond shall remain in effect until the principal(s) has promptly and faithfully performed all obligations and duties contained in this lease referring to the construction of improvements. The bond shall be available to claimants for labor and materials in the event principal(s) fail to pay for such labor and materials in addition to the payment bond, however such claims shall be subject and junior to damage claims of the obligee for defects or failures in performance of all obligations and duties contained in this agreement regarding construction of improvements.

A payment bond, pursuant to R.C.W. 39.08, shall be executed by Lessee and/or Lessee's contractor to assure payment for labor, materials and supplies required for performance of the lease obligations. This bond is in addition to the performance bond mentioned above.

In any action on the bond for the recovery of any claim or defect, each party shall pay its own costs and attorney's fees.

Surety or sureties on the payment and performance bonds shall waive any notice requirements for any modifications to this lease consented to by King County. King County shall notify the surety or sureties in writing of any defects in performance. The surety's or sureties' right of subrogation to the position of Lessee shall be subject to the written consent of King County though not unreasonably withheld.

3. **ASBESTOS REMOVAL, HOT WATER IMPROVEMENT, AND RENT CREDIT.**

A. Lessee shall remove asbestos insulation on the premises, remove and replace the hot water storage tank, and reinsulate the hot water system. The Lessee shall submit cost estimate, name of contractor, and specifications for the work to King County for approval prior to commencement of the work. Such approval shall not be unreasonably withheld. Upon approval, the Lessee will then have the work completed and submit documentation of the cost to King County. King County will waive the monthly rent otherwise payable by the Lessee up to the aggregate amount of such costs or SIXTY THOUSAND DOLLARS (\$60,000), whichever is less.

B. In the Request For Proposal ("RFP") issued by Lessor in connection with the lease for this property, there was no provision for free King County or public use of the facilities and there was a limit of up to \$25,000 in rent rebates the County could credit the lessee for asbestos removal, reinsulation, and installation of a new hot water tank. In paragraph 4.E. of the Lease Agreement, Lessee has agreed to make the Premises available to the County and the public for no more than 24 days and no more than 4 nights on a rent-free

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basis. In consideration for those concessions by Lessee contained in paragraph 4.E. and in recognition that the costs of and requirements concerning asbestos removal have changed in the last two years since the RFP was issued, Lessor agrees to raise the limit contained in paragraph 3.A. from \$25,000, contained in the RFP, to \$60,000.

4. LICENSE TO USE ADDITIONAL AREA. In addition to the premises defined in Paragraph Two (2) ("Premises") of this Lease, Lessee may, from time to time, go upon a portion of Lake Wilderness Park land adjacent to or convenient to the leased premises, and use portions of such land pursuant to a Special Use Permit for a "ropes course" or similar activity. During the term of this Lease, King County agrees to designate an area suitable to the Lessee for use as a "ropes course" or similar activity, provided that King County may from time to time relocate the area for the "ropes course" or similar activity, with the mutual agreement of the Lessee, and further provided that such ropes course relocation, if any, shall not occur with unreasonable frequency.

5. OWNERSHIP OF PERSONAL PROPERTY AND FIXTURES. King County owns certain personal property and fixtures located in the leased premises, including furniture, equipment, utensils and other items, all of which are listed in the inventory contained in Exhibit C attached hereto and incorporated herein. Lessee shall have the right to supplement and/or replace any of the items listed in Exhibit C, in which event Lessee shall store or dispose of such items of King County's property as King County shall direct. Lessee shall retain ownership of all additions which are provided at Lessee's expense with the right to remove them during the lease term or at the expiration thereof. Lessee shall have the option to purchase the personalty at any time during the first 10 years of this lease for \$19,585.76.

6. FAIR MARKET RENTAL VALUE DEFINED. For all purposes required under this Lease, "Fair Market Rental Value" is defined as: an amount in the competitive market that a well-informed and willing Lessor, who desires but is not required to lease, would accept, and which a well-informed and willing Lessee, who desires but is not required to lease, would pay for the use of the premises, after due consideration of all the elements reasonably affecting value; provided, however, that any increases in property value due to the improvements actually paid for by the Lessee pursuant to Paragraph Seven (7) ("Lessee Improvements") of this Lease shall be excluded from consideration in determining rental value. In determining future rental value the Fair Market Rental Value for the entire property, including any new buildings constructed by Lessee, shall first be determined. The actual future rent will then be calculated by the following formula:

Actual Future Rent =	Future Fair Market	\$350,000	
	Rental Value for the	-----	
	entire property inclu-	\$350,000 plus Lessee's actual	
	ding any new buildings	cost pursuant to provisions 7.A.	
	constructed by Lessee.	and 7.B. (Lessee Improvements)	
		but excluding any costs up to	
		\$60,000 spent pursuant to	
		Provision 3 of these Special	
		Terms and Conditions.	

Provided that future rents will not be reduced, unless the appraised "Future Fair Market Rental Value" goes down prior to applying the above formula.

7. SEWER AND WATER SYSTEMS. It is anticipated that the premises will be served by new sewer and water systems early in the lease term. The Lessee's share in the cost of these systems is agreed to be \$120,000, plus the difference in cost between an 8-inch and 12-inch water pipe from S.E. 248th St. and Witte Road S.E. to the leased property. Such difference in actual cost between an 8-inch and 12-inch pipe is not known at the writing of this lease but is estimated to be \$12,600. Lessee agrees to pay these amounts either in cash at the time the systems are available to the Lessee, or at Lessee's option, Lessee may amortize the \$120,000 plus the difference in costs between the 8-inch and 12-inch pipes over a ten (10) year period, on the diminishing balance's principal, at an interest rate equal to King County's bond rate for 10 year bonds at the time of the sewer and water systems' activation plus 1%. Amortization shall be by equal quarterly payments, including interest, the first payment to be due ninety (90) days following activation of the water and sewer systems. It is agreed, that if Lessee constructs new structures pursuant to Provision 7.A. or 7.B. of the Lease,

Lessee shall be responsible for any additional costs attendant to having the new structures served by the sewer and water systems. If future off-site developer extension agreements for water service result in reimbursement to King County (Lessor) said reimbursement will be shared with Lessee on a pro-rata basis determined by their percentage share of actual construction costs. The cost of the sewer and water systems will be applicable to the costs pursuant to Provision 7.B of the Lease.

8. INDEMNITY AND HOLD HARMLESS. Lessee agrees to indemnify and hold harmless King County as provided herein. Lessee agrees for itself, its successors, and assigns, to defend, indemnify and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits and judgments, including costs of defense thereof, for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Lessee's exercise of rights and privileges granted by this Lease Agreement. Lessee's obligations under this section shall include:

(a) Indemnification for such claims which arise from the negligence of Lessee or the negligence of one or more third parties.

(b) Indemnification of claims made by Lessee's own employees or agents.

(c) The duty to promptly accept tender of defense and provide defense to King County at Lessee's own expense in cases arising under subparagraphs (a) and (b) of this paragraph.

In the event it is necessary for King County to incur attorney's fees, legal expenses, or other costs to enforce the provisions of this section, all such fees, expenses and costs shall be recoverable from Lessee.

In the event it is determined that RCW 4.24.115 applies to this Lease Agreement, Lessee agrees to defend, hold harmless and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County only to the full extent of Lessee's negligence.

9. FIRE INSURANCE.

A. No use shall be made or permitted to be made of the premises, nor acts done, which will increase the existing rate of insurance upon the premises or cause the cancellation of any insurance policy covering the premises, or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold, in or about the premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall, at its sole cost and expense, comply with any and all requirements, pertaining to the premises.

B. Lessee shall maintain in full force and effect on all of its fixtures and equipment in the premises a policy or policies of fire and extended coverage insurance with standard coverage endorsement to the extent of at least eighty percent (80%) of their insurable value. During the term of this Lease the proceeds from any such policy or policies of insurance shall be used for the repair or replacement of the fixtures and equipment so insured, provided, however, that such repair or replacement shall not be required in the event Lessee elects not to reconstruct facilities pursuant to Subparagraph D of this paragraph. King County shall have no interest in the insurance upon Lessee's equipment and fixtures and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Lessee. King County will not carry insurance on Lessee's property. The Lessee will carry fire and extended coverage insurance, in an amount equal to the full market value of all personal property pursuant to Exhibit C. The policy shall include King County as an insured for its vested interest in the property. A certificate of insurance and endorsement as evidence of compliance with this section must be provided to King County.

C. The Lessee will carry fire and extended coverage insurance, with rent interruption endorsement, in an amount equal to the full insurable value of all improvements, structures and buildings located on the premises. The policy shall include King County as an insured for its vested interest in the property. A certificate of insurance must be provided to King County. In the event of an insured loss, the policy proceeds shall be allocated as follows:

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- i. For buildings and structures constructed and paid for by the Lessee after the commencement of the term of the Lease, all of the proceeds shall be paid to the Lessee.
- ii. For the Conference Center/Lodge Building and the cabanas which are in existence at the commencement of the term of this Lease, which are destroyed and not rebuilt, the insurance proceeds will be allocated as follows:
  - a. If destroyed prior to the Lessee constructing any new structures on the premises then King County will first receive the amount or amounts agreed below to be King County's monetary interest in the buildings and then the Lessee shall be reimbursed for the Lessee's actual costs in making repairs or improvements, other than routine maintenance, and for planning, permit application and preparation and related reasonable overhead applicable to the building or buildings, and the balance, if any, of the insurance proceeds will go to King County.
  - b. If destroyed after the Lessee has constructed new structures on the premises, then King County will first receive the amount or amounts agreed below to be King County's monetary interest in the existing buildings and the entire balance, if any, of the insurance proceeds multiplied by a factor calculated by dividing the year and/or portions of years remaining until September 1, 2024, by 35, will go to the Lessee in exchange for Lessee conveying to King County the title, without liens or mortgages, to any new structures on the premises, providing that the new structures have not also been destroyed.

King County and Lessee agree that, for purposes of insurance only, King County's monetary interest in the buildings existing on the premises prior to the commencement of the term of this lease are:

The "Conference Center/Lodge Building" - \$260,000 (exclusive of land)

The "Cabanas" - \$40,000 (exclusive of land)

It is further agreed that as the rent payable pursuant to Provision 4.B. of the Lease is from time to time adjusted, the above referenced values will be adjusted by multiplying these values by a factor calculated by dividing the future base rent by \$2,600.

(Future building value =  
 current building value x  $\frac{\text{Future Base Rent}}{\$2,600}$ )

D. In the event of the total or partial destruction by fire, regardless of origin, or otherwise of the building, structures or facilities currently on the premises or subsequently constructed by Lessee, the Lessee may with the help of all insurance proceeds, reconstruct such facilities to their original condition within six (6) months after their destruction, but shall not be required to do so. In the event that Lessee elects not to reconstruct such facilities, Lessee may cancel this Lease upon thirty (30) days' notice to King County.

10. LIABILITY INSURANCE. Lessee shall procure and maintain for the duration of this lease, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the Lessee's operation and use of the rental premises. Insurance requirements for outdoor recreation activities shall also apply to any contractor hired by the Lessee. To ensure that appropriate insurance is carried by the Lessee, King County may adjust these requirements every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this lease. Such adjustments shall not be greater than the amounts customarily required by King County in leases of a similar character.

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## A. Insurance Requirements for Outdoor Recreation Activities

1. Minimum Scope of Insurance

- a. Insurance Services Office form number GL0002 (ED. 1/73) covering Comprehensive General Liability and Insurance Services Office form number GL0404 (ED. 5/81) covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001) (ED. 11/85) or equivalent forms including coverage for outdoor recreation activities including ropes courses.
- b. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

2. Minimum Limits of Insurance

The Lessee and contractor hired by the Lessee shall maintain limits no less than:

- a. Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.

3. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by King County. The deductible and/or self-insured retentions of the policies shall not limit or apply to the Lessee's or contractor's liability to the County and shall be the sole responsibility of the Lessee or contractor.

4. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

- a. King County, its officers, officials, employees and agents are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Lessee or contractor.
- b. To the extent of Lessee or contractor's negligence, the Lessee or contractor's insurance coverage shall be primary insurance as respects King County, its officers, employees, and agents. Any insurance or self insurance maintained by King County, its officers, officials, employees, or agents shall be excess of the Lessee's insurance and shall not contribute with it.
- c. The Lessee or contractor's insurance shall apply separately to each insured against whom claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.
- d. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice, return receipt requested, has been given to King County.

5. Acceptability of Insurers

Insurance is to be placed with insurers with a Bests' rating of no less than A:VII, or, if not rated by Bests', with minimum surpluses the equivalent of Bests' VII rating. Any exceptions to this requirement must be approved by King County.

6. Verification of Coverage

Lessee and contractor shall furnish King County with certificates of insurance and endorsements required by this Lease. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on

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its behalf. The certificates and endorsements for each insurance policy are to be on forms provided or approved by King County and are to be received and approved by King County before possession of the premises to Lessee. King County reserves the right to require complete, certified copies of all required insurance policies at any time.

B. Insurance Requirements for Operation of the Premises

1. Minimum Scope of Insurance

- a. Insurance Services Office form number GL0002 (Ed. 1-73) covering Comprehensive General Liability and Insurance Services Office form number GL0404 (Ed. 5-81) covering Broad Form Comprehensive General Liability: or Insurance Services Office Commercial General Liability coverage "occurrence" form CG 0001 (ED. 11-85) or equivalent forms without Products Liability exclusions and including Liquor Liability, if liquor is to be served on the premises; with coverage for all operations including but not limited to lodging, food service and food products.
- b. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

2. Minimum Limits of Insurance

The Lessee shall maintain limits no less than:

- a. Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury personal injury and property damage, and for those policies where aggregate limits apply, a \$2,000,000 aggregate limit.

3. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by King County. The deductible and/or self-insured retentions of the policies shall not limit or apply to the lessee's liability to the County and shall be the sole responsibility of the Lessee.

4. Other Insurance Provisions

The policy is to contain, or be endorsed to contain, the following provisions:

- a. King County, its officers, officials, employees and agents are to be covered as insureds as respects: Liability arising out of activities performed by or on behalf of the Lessee.
- b. To the extent of Lessee negligence, the Lessee insurance coverage shall be primary insurance as respects King County, its officers, employees and agents. Any insurance or self-insurance maintained by King County, its officers, officials, employees or agents shall be excess of the Lessee's insurance and shall not contribute with it.
- c. The Lessee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.
- d. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice, return receipt requested, has been given to King County.

5. Acceptability of Insurers

Insurance is to be placed with insurers with a Bests' rating of no less than A:VII, or, if not rated by Bests', with minimum surpluses the equivalent of Bests' VII rating. Any exceptions to this requirement must be approved by King County.

6. Verification of Coverage

Lessee shall furnish King County with certificates of insurance and endorsements required by this lease. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each Insurance policy are to be on forms provided or approved by King County and are to be received and approved by King County before the Lessee takes possession of the premises. King County reserves the right to require complete, certified copies of all required insurance policies at any time.

11. IMPROVEMENTS AND ALTERATIONS

A. Lessee shall make no alterations or improvements to or upon the premises or install any fixtures (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from King County; provided, however, that the improvements listed in Exhibit D are deemed to have been approved, in concept by King County, subject to review and approval of plans and specifications pursuant to Lease Agreement Provision 7A. King County will not reimburse the Lessee for Phase II and Phase III improvements which exceed \$500,000.

B. Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or earlier termination of this Lease, belong to King County without compensation to the Lessee except for that provided for in Provision 12. below; however, King County shall have the option to be exercised on expiration or earlier termination of the Lease, to require Lessee, at Lessee's expense, to remove any or all such improvements or alterations unless King County terminates the Lease pursuant to Provision 12 below. It is stipulated and agreed that King County will not require Lessee to remove, at Lessee's expense, any buildings or fixtures in existence at the commencement of the Lease term, or any improvements thereto.

12. TERMINATION BY KING COUNTY. King County reserves the right to cancel this Lease at any time after the first ten (10) years of the term of this Lease upon twelve (12) months notice in writing to the Lessee if the premises are required by King County for the improvement or development of Lake Wilderness Park for park uses and purposes, and under such cancellation the Lessee shall be reimbursed by King County for:

A. The actual cost less depreciation of any improvements, repairs and remodeling, including utility and site improvements, placed on or paid for by the Lessee, except for asbestos removal and replacements pursuant to Provision 3. of the SPECIAL TERMS AND CONDITIONS Section for which rent credit has been received. Depreciation shall be calculated by multiplying the above described cost by a factor calculated by dividing the number of years or portions of years since the cost was incurred by the typical economic life of the repair, remodeling or improvement including utility and site improvements. The maximum economic life of Phase I projects shall not exceed ten years. In no case shall the maximum economic life of a project exceed 20 years.

B. The actual and necessary costs and expenses in developing this project including, but not limited to, attorneys' and architects' fees and staff time. The costs and expense claimed by Lessee under this paragraph shall be evidenced by invoices or other documentation. These costs shall not exceed 20% of the capital project cost and will be depreciated using the same economic life as the project they are associated with, not to exceed twenty years.

In the event that King County and Lessee cannot agree upon the depreciated cost of said improvements or amount of said developing costs, King County and Lessee shall submit these issues to arbitration in the manner following, to-wit:

Lessee and King County will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selected of the two, either Lessee or King County will apply to the Presiding Judge of the Superior Court in King County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent body; but in the alternative, if in the future a licensing requirement for real estate appraisers is imposed by legislative body, each arbitrator will be licensed. The three arbitrators will determine a fair value of the improvements based upon the fair market value of the improvements. The decision of the majority of the arbitrators will bind both Lessee and King County. At the conclusion of the arbitration, the arbitrators will submit written reports to Lessee and Lessor, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion. The cost of the arbitration will be divided equally between Lessee and King County.

### 13. CONDEMNATION.

A. King County and Lessee will give to the other immediate written notice of the receipt of notice of any proceedings with respect to a condemnation and of any intention of any authority to exercise the power of eminent domain.

B. King County shall not exercise its power of eminent domain with regard to these premises during the term of this Lease.

C. If all of the premises are taken by any lawful authority other than King County under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, this Lease terminates as of the date condemnor takes possession, and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to the same amount it would be entitled to if King County exercises its right to termination pursuant to Paragraph 12 of this Lease.

D. If part of the premises is taken by any lawful authority other than King County under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, King County or Lessee may choose to terminate this Lease as of the date the condemnor takes possession. If neither King County nor Lessee elects to terminate this Lease, the rent will be reduced in the same proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemnor takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in the part taken by the condemnor of any improvements made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

E. If temporary use of all or a portion of the premises is taken by any lawful authority for a period, which would reduce the leasehold and consequently, would cause the premises to be untenable for the use by Lessee for the purposes set forth in the section of the Lease titled "Use," at Lessee's determination, then King County or Lessee may choose to terminate this Lease. If King County or Lessee elect to terminate the Lease, the Lease will terminate the date the condemnor takes possession and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvements made to the premises by the Lessee. If neither King County or Lessee elects to terminate this Lease, the Lease will continue in full force and Lessee will be entitled to receive any award from the condemnor for the use of all or part of the premises, EXCEPT that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event the Lessee shall not be entitled to any portion of the award attributable to said use.

F. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

## EXHIBIT A

LEASE WITH LAKE WILDERNESS CONFERENCE CENTER PARTNERS

7790

(Buildings Located on a Portion of the Following Described Land)

A portion of Government Lot 2 in Section 21, Township 22 North Range 6 East, W.M., King County, Washington, described as follows:

Beginning at the NW corner of said Government Lot 2; thence S 88° 51' 27" E, along the North line thereof, 1131.39 feet to an existing concrete witness corner monument and the TRUE POINT OF BEGINNING; thence S 50°39'29" W 168.99 feet; thence N 43°03'18" W 75.00 feet; thence S 46°56'42" W 206.54 feet; thence S 66°38'43" W 44.69 feet; thence N 88°31'10" W 43.37 feet; thence S 29°09'36" W 6.99 feet to a point on a curve concave to the Southwest having a radius of 280.34 feet and through which point a radial line bears N 29°09'36" E, said point being on the Northerly right of way margin of an existing road; thence Easterly and Southeasterly along said curve and the right of way margin of said road through a central angle of 19°33'37" an arc distance of 95.71 feet; thence S 41°16'47" E 46.76 feet; thence along a curve concave to the Southwest having a radius of 111.05 feet through a central angle of 45°13'05" an arc distance of 87.64 feet; thence S 3°56'18" W 39.22 feet to an existing fence; thence N 55°14' 57" E along said fence 136.84 feet to an angle in said fence; thence S 81°11'00" E along said fence and it's production 127 feet more or less to the water line of Lake Wilderness; thence Northeasterly along said water line 445 feet more or less to a point on the East Section line of said Section 21; thence N 0°40'20" E along said Section line 20 feet more or less to the East  $\frac{1}{2}$  corner of said Section; thence N 88°51'27" W 202.56 feet to the TRUE POINT OF BEGINNING.

TOGETHER WITH an easement for ingress and egress over a strip of land 30 feet in width 15 feet on each side of the following described centerline:

Beginning at a point on the Easterly right of way margin of 224th Avenue SE said point being S 0°38'46" W 26.25 feet and S 89°21'14" E 30.00 feet from the NW corner of Government Lot 2 of Section 21, Township 22 North Range 6 East, W.M., King County, Washington; thence S 58°47'49" E 138.97 feet; thence along a curve concave to the Northeast having a radius of 460.59 feet, through a central angle of 19° 42'24" an arc distance of 158.42 feet; thence S 78°30'13" E 338.24 feet; thence along a curve concave to the Southwest having a radius of 265.34 feet, through a central angle of 37°13'26" an arc distance of 172.39 feet; thence S 41°16'47" E 46.76 feet; thence along a curve concave to the Southwest having a radius of 96.05 feet through a central angle of 45°13'05" an arc distance of 75.80 feet; thence S 3°56'18" W 46.24 feet and the terminus of said centerline.

rG:ld



EXHIBIT B

0627

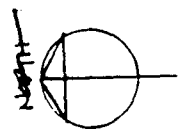
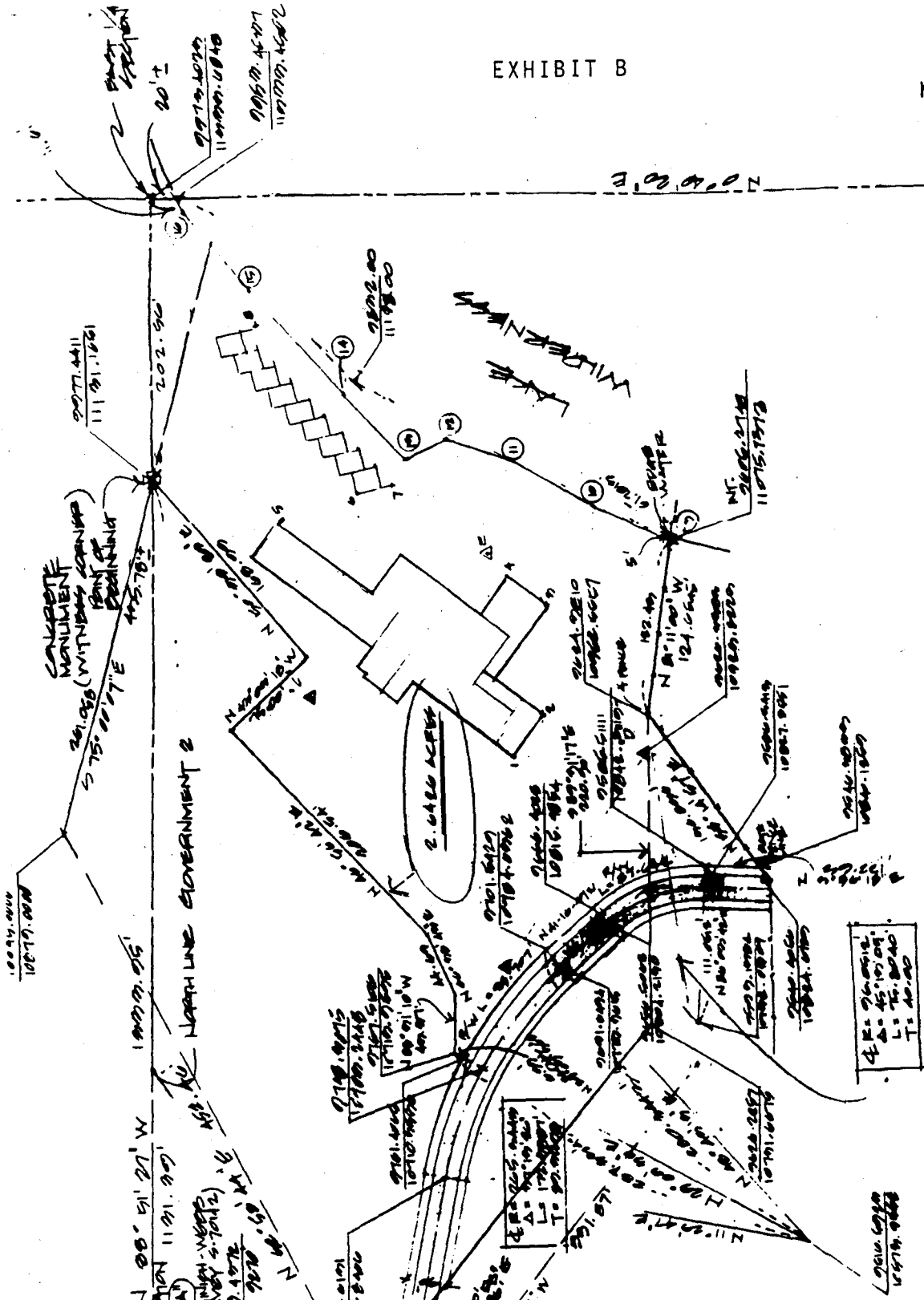


EXHIBIT C  
LAKE WILDERNESS LODGE

Physical Inventory taken 6/23/89

FURNISHINGS AND MAINTENANCE EQUIPMENT

FIREPLACE ROOM

1 coffee table, oblong w/tiled top  
1 coffee table, round w/formica top  
2 couches, 7', dark grey  
4 armchairs, striped tweed  
5 standing lamps  
2 round tables, formica top, pedestal on casters  
11 chairs, or. uphl. seat and back w/arms  
1 chair w/o arms  
1 garbage can

FIREPLACE ROOM STORAGE AREA

52 chairs, formed wooden seat, tubular legs  
1 6' step ladder  
4 bookshelves, 4x5  
1 round tabletop  
1 table bottom  
2 umbrellas for patio tables  
1 patio table  
4 round patio tabletops, white  
2 wooden storage units w/shelves  
10 webbed lawn chairs, white and rust webbing  
1 stove/range  
1 square table  
2 chairs, upholstered  
1 serving cart  
1 painting  
1 couch, upholstered  
1 buffer machine  
1 chair dolly

PATIO

5 patio tables, white and round  
15 lawn chairs, white wire mesh type  
1 wheeled cart  
3 potted trees  
3 planter/pots

Lake Wilderness Lodge  
Page Two

OFFICE AREA

2 coat racks  
1 wooden desk  
1 floor cover for under chair  
1 swivel stool w/back  
1 cash box  
2 storage units

OFFICE STORAGE ROOM #1

2 vacuum cleaners - 1 upright Royal, 1 canister type Kenmore

DINING ROOM

12 tables, round pedestal type on casters  
2 serving carts for tablecloths, etc.  
69 captains chairs, wood  
2 5' folding tables  
1 table, 4'  
68 tablecloths  
4 candles in glass  
11 candle bowls  
10 votive candles in glass holders  
17 votive candles  
10 candles  
16 brass candleholders  
18 metal rings  
208 napkins (assorted)  
41 napkins - pink  
48 tablecloths (assorted)  
1 ashtray

OFFICE STORAGE ROOM #2

5 Hoover upright vacuum cleaners  
6 hand sweepers  
miscellaneous brooms and cleaning supplies

RECEPTION AREA

1 coffee table  
2 sofas  
1 lamps  
1 chair, padded seat and back with arms

Lake Wilderness Lodge  
Page Three

GAME ROOM

1 bar  
2 tables, round formica on pedestal w/casters  
2 chairs, or. naug. w/arms  
8 chairs, or. naug. w/o arms  
1 ping pong table  
1 pool table  
1 easel  
1 large garbage can  
13 wastebaskets  
29 mattresses  
1 Monopoly game  
12 pool cue sticks  
1 standing ashtray  
16 shuffleboard discs  
3 shuffleboard sticks  
1 ladder  
1 croquet set  
2 basketballs  
1 football  
4 badminton raquets  
1 dart board  
1 wood chair with arms  
7 wood chairs w/o arms  
4 desk lamps  
11 table lamps

Lake Wilderness Lodge  
Page Eight

KITCHEN EQUIPMENT

KITCHEN

1 chair w/o arms  
1 ice maker  
1 freezer  
2 tables in hallway  
1 upright lamp in hallway  
1 stool  
1 G.E. double oven SR CCA5038, MDL CN401  
1 Hobart food slicer  
3 compartment frigidaire  
2 compartment frigidaire  
1 deep fryer

KITCHEN APPLIANCES

1 three station portable steam table  
1 Hobart mixer  
1 Kitchenmaid mixer (small w/ attachments)  
1 Hobart mixer 0-200 and stand with attachment  
1 Frigidaire ice machine  
1 Traulsen 3-door freezer  
1 bug zapper  
1 Hobart single station dishwasher  
1 four station toastmaster toaster  
1 Sunbeam blender  
1 cart  
1 Titan movable worktable on coaster (36" x 48")  
2 Cres Cor plate warmers  
2 Wearever stack carts  
1 Traulsen 2-door refrigerator  
3 stainless steel chafing dishes w/cover

Lake Wilderness Lodge  
Page Nine

COOKING UTENSILS

30 sheet pans  
6 stainless soup inserts  
2 4-quart mixing bowls  
2 Volrath small dishpans  
3 Volrath large dishpans  
3 large sauce pans  
4 small sauce pans (2 3/4 quart)  
3 1-quart aluminum measuring cups  
8 2" hotel pans  
8 4" hotel pans  
5 2" half hotel pans  
3 4" half hotel pans  
2 8" half hotel pans  
2 colanders  
1 China cap  
2 20-quart stock pots  
miscellaneous lids  
4 wire sifters  
2 roast pans  
10 muffin tins  
6 Wearever pans  
8 Angel Food cake pans  
8 bread pans  
6 cheesecake spring pans  
2 pate pans (5 hole)  
5 cutting boards  
miscellaneous serving utensils

SILVER/GLASS/CHINA

122 water glasses  
38 8 oz. tumblers  
64 sherbet glasses  
19 glass sugar bowls  
7 glass creamers  
55 Chefware casserole  
14 ceramic tea pots  
113 coffee cups (Syrucure/Hub cups)  
20 stainless creamers  
5 stainless water pitchers  
100 approximately, China settings  
80 silver dinner forks  
80 silver dinner knives  
80 silver spoons  
40 dessert spoons  
41 stainless steak knives  
90 wooden handle steak knives  
4 wicker bread baskets  
15 plastic bread baskets

Lake Wilderness Lodge  
Page Ten

MISCELLANEOUS SERVICE ITEMS

10 coffee pot thermoses  
7 glass catering serving dishes  
10 3-hole condiment racks  
26 stainless catering trays  
96 woven type wood, small salad bowls  
2 glass punch bowls (1 small/1 large)  
8 large round plastic catering trays  
1 large plastic punch bowl  
11 oval large food trays  
40 cafeteria trays  
14 brass table candles w/glass shades  
11 tea warmers

MISCELLANEOUS CLEANING UTENSILS

1 mop bucket and wringer  
1 mop handle  
6 large bus buckets  
6 small bus buckets  
6 coffee cup racks  
11 glass racks  
2 silverware racks  
6 dish racks  
4 silverware sorters  
4 half size utility wire racks  
2 electric fans

**EXHIBIT D: LESSEE IMPROVEMENTS**  
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- \* Demolish Cabana Building
- \* Asbestos Removal (as specified in Section Three, Special Conditions)
- \* Repair concrete paving/suspended concrete decks per consultant report
- \* Replace Conference Center Roof with a minimum of a 10-year single membrane application
- \* Reglaze broken windows
- \* Install Fire Sprinkler at Stairway No. 2
- \* Service, Repair or Replace heating control valves
- \* Boiler Repair Including:
  - boiler cleaning
  - replace relief valves
  - replace hot water tank
  - add expansion tank
  - other modifications necessary to make boiler operational
- \* Electrical Improvement including:
  - replace circuit breakers used as service entrance equipment with new in order to interrupt higher fault currents.
  - provide automatic shutdown of kitchen equipment protected by kitchen hood suppression system
  - repair or replace all exterior light fixtures
  - replace defective ballasts
  - test, repair, recalibrate fire alarm system in conformance with NFPA standards
  - replace fusible links with magnetic hold open devices
- \* Paint Exterior including all necessary surface preparations
- \* Lessee is also responsible for any improvements required by code for uses proposed by the lessee