

November 6, 1997
m255

Introduced By:

MAGGI FRIA
PETE VON REICHERT
ROB MCKENNA
LARRY PHILLIPS
Cynthia Sullivan

Proposed No.:

97-699

MOTION NO. **103624**

1
2 A MOTION authorizing the King County executive to enter
3 into an interlocal cooperation agreement with the King County
4 Housing Authority in order to implement a low-income
5 housing project funded with King County Housing
6 Opportunity Funds.
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8 WHEREAS, the King County Housing Opportunity Fund was established in 1990 to
9 assist with the development and preservation of affordable housing for the county's
10 homeless, displaced, and special needs groups, and

11 WHEREAS, a proposal by the King County Housing Authority (KCHA) has been
12 selected for funding with Housing Opportunity Funds in accordance with council-approved
13 guidelines, and

14 WHEREAS, an interlocal cooperation agreement will regulate the use of property
15 improved by KCHA with funds from the Housing Opportunity Fund for the useful life of
16 such property, and

17 WHEREAS, King County and KCHA are authorized to enter into such an interlocal
18 cooperation agreement pursuant to chapter 39.34 RCW;
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NOW, THEREFORE BE IT MOVED by the Council of King County:

The King County executive is hereby authorized to enter into an interlocal cooperation agreement with the KCHA for a Housing Opportunity Fund project which has been selected in 1995 in accordance with the policies and procedures specified in Ordinance 9369, as amended. The interlocal cooperation agreement will be substantially in the form of Attachment A and will reflect the nature of the project and the specific amount of funding.

PASSED by a vote of 13 to 0 this 8th day of December,
1997

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Jane Hoque
Chair

ATTEST:

[Signature]
Clerk of the Council

Attachments:
A. Interlocal Cooperation Agreement

KING COUNTY HOUSING OPPORTUNITY FUND
INTERLOCAL COOPERATION AGREEMENT

This Agreement is entered into this ____ day of _____, 1997 by and between King County, Washington ("County") and the King County Housing Authority ("KCHA").

WHEREAS the County established the King County Housing Opportunity Fund ("HOF") by Ordinance No. 9368, as amended, and appropriated funds thereto to be distributed according to policies and procedures established by the King County Housing and Community Development Division and adopted by the King County Council by King County Ordinance No. 9369, as amended from time to time.

WHEREAS the County is desirous of ordering certain local improvements within King County pursuant to RCW Chapter 82.46.

WHEREAS the County and KCHA are authorized and empowered to enter into this Agreement pursuant to RCW 39.34 to share the responsibilities for the **preservation of permanent housing for low-income families and individuals** to the mutual advantage of the parties hereto and the benefit of the residents of King County.

WHEREAS the County and KCHA are desirous of acquiring and improving certain real property in order to house low-income families and individuals and who are residents of unincorporated King County.

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree as follows:

I. **GENERAL AGREEMENT**

A. The parties agree to cooperate to acquire and improve 29436 21st Ave. S., Federal Way WA, 98003. The real property and improvements (hereinafter called the "Premises") to be acquired under this Agreement is described in Exhibit A, attached hereto and incorporated herein.

B. The parties further agree that KCHA shall acquire and improve the Premises under this Agreement in compliance with the terms of the Project Description, the Project Budget and the Implementation Schedule set forth in Exhibits B, C, and D respectively, attached hereto and incorporated herein by this reference. The improved Premises shall be fully occupied during the term of this Agreement beginning no later than May 31, 1998. Full occupancy is achieved at less than or equal to 7% vacancy.

C. The King County Executive shall serve as the Administrator of the HOF and shall administer and disburse HOF funds pursuant to the terms of this Agreement.

D. The policies set forth in King County Ordinance 9369, as amended from time to time shall govern the project selection process, the identification of eligible activities, and special needs groups and income levels for people to be housed pursuant to this Agreement.

E. The term of this Agreement shall be for thirty-five years and shall begin on the 31st day of October 1997 and terminate on the 31st day of October, 2032.

II. USE OF HOF FUNDS

A. The County shall disburse to KCHA, pursuant to the terms of this Agreement not more than \$195,000.00 of HOF funds to be used according to the Project Description, the Project Budget and the Implementation Schedule set forth on Exhibits B, C, and D respectively, attached hereto and incorporated herein by this reference.

B. HOF Funds disbursed by the County shall be used by KCHA exclusively to assist in the acquisition of the 92-unit multifamily housing described in exhibit B to preserve as permanent housing for low-income families and individuals for the term of this Agreement and the associated project management costs.

C. KCHA shall not use more than \$9,750 of HOF Funds for project management associated with the development of this project.

D. KCHA shall not use HOF Funds for tenant relocation or other tenant assistance.

E. Disbursement of HOF Funds for acquisition and for the project management costs associated with the development of the 92-unit multifamily housing complex, known as Lauralwood Gardens, shall be made upon submission by KCHA of invoices on a form to be provided by the County. Such invoices shall be accompanied by supporting documentation as required by the County. HOF Funds shall be fully invoiced no later than December 31, 1997.

III. TENANTS AND CHARGES

A. KCHA shall operate the Premises as permanent affordable housing for low-income families and individuals (hereafter called "Tenants").

B. KCHA shall inform King County that it desires to negotiate with King County for the purpose of serving an alternative population within the Premises. King County may at its sole option agree to negotiate this matter with KCHA and all public agencies that have provided funding rather than exercising its rights and remedies set forth herein.

C. KCHA shall provide permanent housing at affordable rents for Tenants at the Premises. At the time of acquisition: 24 Tenants at the Premises have annual household incomes that do not exceed 30% of the annual median income for the Seattle-Everett Metropolitan Statistical Area (SMSA median income), adjusted for family size, as estimated by the U.S. Department of Housing and Urban Development (HUD); 36 Tenants have annual-household incomes that do not exceed 50% of the SMSA median income; 32 Tenants have annual household incomes that do not exceed 60% of the SMSA median income. If at any time, HUD no longer estimates SMSA median income, the benefit standard shall be based on a program selected by King County at its sole discretion.

As vacancies occur, KCHA shall maintain at least 24 of the household units at the Premises affordable at less than or equal to 30% of the SMSA median income and

36 of the household units at the Premises affordable at less than or equal to 50% of the SMSA median income.

KCHA shall verify Tenants' income only in accordance with methods prescribed by or agreed to by King County's Housing and Community Development Division.

D. KCHA shall establish rents for the Premises based on the SMSA median income. Such rent shall:

- not exceed 1/12 of 30% of 30% of the SMSA median income for at least 24 household units.
- not exceed 1/12 of 30% of 50% of the SMSA median income for not more than 36 household units

Rent shall include a utility allowance. Rents shall not be increased more than once every twelve months. Rent may be reduced at any time on a temporary or permanent basis if there is a loss of household income. Changes in the method of determining Tenant rent or modifications in the rent schedule for the Premises must be approved in advance of implementation by King County Housing and Community Development Program.

E. KCHA shall make every reasonable attempt to insure that 3% of the Tenants each year during the term of this Agreement shall be residents of unincorporated King County. KCHA shall engage in outreach efforts to meet this obligation; provided, however, that in the event that there is a decrease in the population of unincorporated King County such that it becomes impracticable for KCHA to meet this obligation, King County and KCHA shall meet to discuss other ways of satisfying King County's requirements.

F. Upon execution of this Agreement and before release of funds for the Premises, KCHA shall provide the County with a copy of the comprehensive management plan (the "Plan") for the management of the Premises. The Plan shall not conflict with the policies and procedures of the HOF as contained in King County Ordinance 9369, as amended from time to time and shall address, but not be limited to, a description of tenant rights and responsibilities, tenant selection policies, maintenance plans and schedules, and support services provided.

G. If at any time during the term of this Agreement, KCHA determines that it is no longer feasible for it to serve and house Tenants within the Premises, KCHA may inform the County that it desires to negotiate for the purpose of serving an alternative population consisting of HOF-eligible beneficiaries. The County may at its sole option exercise its rights and remedies set forth under this agreement or negotiate this matter with KCHA. The purpose of the negotiation shall be to identify an alternative HOF-eligible population to be served within the Premises. Such negotiation period shall not exceed 180 days. If the parties are unable to reach an agreement regarding an alternative population, KCHA shall pay King County an amount equal to 3% of the appraised value of the Premises. The appraised value shall be determined by a standard MAI appraisal conducted by an independent, licensed appraiser. Upon such payment, this Agreement shall terminate and neither party shall have further liability hereunder.

IV. INDEMNITY AND HOLD HARMLESS

KCHA shall protect, defend, indemnify, and save harmless the County, its officers, employees, and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of KCHA, its officers, employees, and/or agents. KCHA agrees that its obligations under this subparagraph extend to

any claim, demand, and/or cause of action brought by or on behalf of any employees, or agents. For this purpose, KCHA, by mutual negotiation, hereby waives, as respects the County only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW. In the event the County incurs any judgment, award and/or cost arising therefrom including attorney's fees to enforce the provisions of this article, all such fees, expenses, and costs shall be recoverable from KCHA.

V. LIABILITY INSURANCE.

By date of execution of this agreement, KCHA 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 activities of KCHA, its agents, representatives, employees, and/or subcontractors. The cost of such insurance shall be paid by KCHA.

For All Coverages:

Each insurance policy shall be written on an "Occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval.

If coverage is approved and purchased on a "claims made" basis, the Agency warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of contract termination, and/or conversion from a "claims made" form to an "occurrence" coverage form.

A. MINIMUM SCOPE OF INSURANCE.

Coverage shall be at least as broad as:

1. General Liability

Insurance Services Office form number (CG 00 01 Ed. 11-88) covering
COMMERCIAL GENERAL LIABILITY.

2. Fire Insurance

Insurance Services Office form number (DP-3 Ed. 1-77) covering
SPECIAL FORM DWELLING PROPERTY INSURANCE (or project appropriate equivalent).

B. MINIMUM LIMITS OF INSURANCE.

KCHA shall maintain limits no less than, for:

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

2. Fire Insurance: 100% of replacement value.

C. INSURANCE DURING BUILDING CONSTRUCTION PERIOD.

Prior to commencement of building construction and until construction is complete and approved by KCHA, KCHA shall cause the construction contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. KCHA shall be a named or an additional insured on all policies. The cost of such insurance shall be paid by KCHA and/or any of KCHA's subcontractors.

For All Coverages: Each insurance policy shall be written on an "Occurrence" form.

1. MINIMUM SCOPE OF INSURANCE. Coverage shall be at least as broad as:

a. General Liability

Insurance Services Office form number (CG 00 01 Ed. 11-88) covering **COMMERCIAL GENERAL LIABILITY**:

b. Products and Completed Operations

The General Liability Policy required in this Section shall include during the life of this Agreement, Products and Completed Operations coverage for the protection against bodily injury and property damage claims arising from this hazard, at a limit acceptable to the County.

c. Automobile Liability

Insurance Services Office form number (CA 00 01 ed. 12-90) covering **BUSINESS AUTO COVERAGE**, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9.

d. Professional Liability, Errors and Omissions Coverage

In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided. "Professional Services" for the purposes of this section shall mean any services provided by a licensed professional.

e. Builder's Risk Insurance

KCHA will obtain or cause to be obtained a builder's risk policy (Insurance Services Offices form number (CP-00 02 Ed. 10-90) **BUILDER'S RISK COVERAGE FORM**) covering 100% of the replacement value of the building/structures.

f. Worker's Compensation

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

g. Stop Gap, Employers Contingent Liability

2. MINIMUM LIMITS OF INSURANCE. KCHA shall maintain limits no less than, for:

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

b. Products and Completed Operations: \$1,000,000.

c. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

d. Professional Liability, Errors & Omissions: \$1,000,000.

e. Builder's Risk Insurance: 100% replacement cost value.

f. Workers Compensation: Statutory requirements of the State of residency.

g. Stop Gap or Employers Liability Coverage: \$1,000,000.

D. DEDUCTIBLES AND SELF-INSURED RETENTIONS.

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

E. OTHER INSURANCE PROVISIONS.

The insurance policies required in this Agreement are to contain, or be endorsed to contain the following provisions:

1. General Liability Policy

a. the County, its officers, officials, employees and agents are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of KCHA in connection with this Agreement.

b. To the extent of KCHA's negligence, KCHA's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents shall not contribute with KCHA's insurance or benefit KCHA in any way.

c. KCHA's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

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2. Builder's Risk Policy.

The policy shall include the County and KCHA as insureds in the amount equal to their interests, as their interests may appear.

3. Fire Insurance Policy

The policy shall include the County as a loss payee in the amount equal to its interest, as its interest may appear.

4. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days prior written notice has been given to Lessor.

F. ACCEPTABILITY OF INSURERS.

Insurance is to be placed with insurers with a Best's rating of no less than A: VIII, or, if not rated with Best's, with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time of the foregoing policies shall be or become unsatisfactory to the County, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to the County, KCHA shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements, for approval.

G. VERIFICATION OF COVERAGE.

KCHA shall furnish the County with certificate(s) of insurance and endorsement(s) required by this Agreement. 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 approved by the County and are to be received and approved by the County prior to the commencement of activities associated with the Agreement. The County reserves the right to require complete, certified copies of all required insurance policies at any time.

H. PROVISION FOR INCREASE OF COVERAGE.

To ensure that appropriate insurance is carried by KCHA, the County at its sole option may adjust these insurance requirements every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this Agreement. Such adjustments shall not be greater than amounts customarily required by King County in agreements of similar character.

VI. MUTUAL RELEASE AND WAIVER.

To the extent a loss is covered by insurance in force, the County and KCHA 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 the County or the KCHA.

VII. COMPLIANCE WITH LAWS AND REGULATIONS, TAXES, AND FEES.

A. In carrying out this Agreement, KCHA shall comply with all applicable laws, ordinances, and regulations which have been or will be promulgated by any and all authorities having jurisdiction. KCHA specifically agrees to bear the risks of such laws, ordinances, and regulations, and to pay all costs associated with achieving compliance without notice from the County. KCHA shall pay all license fees and all federal and state taxes on the Premises, improvements and equipment, and all licensing fees for vehicles or other licensed equipment to the extent that the parties are subject to such taxes and fees. KCHA shall pay all permit fees, including but not limited to land use, building, construction, health, sanitation and business permit fees. The County shall not in any case be held liable for any taxes and/or fees owing to any person due to KCHA's ownership, operation, use and/or possession of the Premises. KCHA shall apply for all appropriate tax exemptions, and neither this paragraph nor any other provision of this Agreement shall be construed as a waiver or relinquishment by the parties of any tax exemption available to it.

B. KCHA shall at all times comply with all applicable federal, state, and local laws, statutes, rules and regulations relating to relocation of those persons and households residing within the Premises prior to occupancy by Tenants. KCHA shall be solely responsible for the cost of all relocation benefits required by law. At no time shall the County be responsible for the cost of such relocation.

VIII. RECORDKEEPING AND REPORTING

A. KCHA shall keep and maintain all records as the County may from time to time reasonably require, including, but not limited to, records pertaining to the improvements and operation of the Premises, the provision of services for residents and records pertaining to Tenants' annual income. The County shall have access upon reasonable notice to any and all of KCHA's records at any time during the course of the improvement and operation of the Premises.

B. KCHA shall submit an annual report to King County's Housing and Community Development Program within 60 days of the close of each calendar year. This annual report shall include information pertaining to the Tenants, including numbers served, age, ethnicity, gender, income; and information pertaining to KCHA, including KCHA's annual report of activities, an audited financial statement and federal tax return and a list of names and addresses of current board members and officers. KCHA shall also submit additional reports which the County may from time to time reasonably require.

IX. NONDISCRIMINATION

A. General

1. During the performance of this Agreement, neither KCHA nor any party subcontracting under authority of this Agreement shall discriminate on the basis of race, color, sex, religion, nationality, creed, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability in employment or application for employment or in the administration or delivery of services or any other benefits under this Agreement.

KCHA shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws

include, but are not limited to, RCW 49.60, Titles VI and VII of the Civil Rights Law of 1964, Section 504 of the Rehabilitation Act of 1973, as amended, Executive Order 11246 issued by the President of the United States and Executive Order 2001-R issued by the County Executive.

2. KCHA shall consult and cooperate fully with the County, the Washington State Human Rights Commission, the Equal Employment Opportunity Commission and other appropriate federal, state and local agencies in ensuring its full compliance with the laws against discrimination. KCHA shall consult the Compliance Unit of the King County Office of Civil Rights and Compliance for information and technical assistance and/or for referral to other agencies for assistance.

3. In the event of noncompliance by KCHA with any of the nondiscrimination provisions of this Agreement, the County shall have the right, at its option, to terminate this Agreement in whole or in part.

B. Employment

1. KCHA shall not discriminate against any employee or applicant for employment due to race, color, sex, religion, nationality, creed, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability in any employment practice including, but not limited to, hiring and firing, layoffs, upgrading, demotion or transfer, recruitment or recruitment advertising, rates of pay or other forms of compensation, training or any other term, condition or practice of employment.

2. KCHA shall give notice of its nondiscrimination policy and obligation in all solicitations or advertisements for employees, and will send to each labor union or representative of workers with which it has a collective bargaining agreement or other understanding a notice of the commitments under this section.

3. KCHA shall comply with all applicable federal, state and local laws and regulations regarding nondiscrimination in employment and shall develop and implement such affirmative action plans and reporting procedures as may be required, including those required by the County.

4. During the performance of this Agreement neither KCHA nor any party subcontracting under the authority of this Agreement shall engage in unfair employment practices as defined by King County Code (KCC), chapter 12.18. It is an unfair employment practice for any:

a. employer or labor organization to discriminate against any person with respect to referral, hiring, tenure, promotion terms, conditions, wages or other privileges of employment;

b. employment agency or labor organization to discriminate against any person with respect to membership rights and privileges, admission to or participation in any guidance program, apprenticeship training program, or other occupational training program;

c. employer, employment agency, or labor organization to print, circulate, or cause to be printed published or circulated, any statement, advertisement or publication relating to employment or membership, or to use any form or application therefor, which indicates any discrimination unless based upon a bona fide occupation qualification;

d. employment agency to discriminate against any person with respect to any reference for employment or assignment to a particular job classification;

e. employer, employment agency or a labor organization to retaliate against any person because this person opposed any practice forbidden by KCC, chapter 12.18 or because that person made a charge, testified or assisted in any manner in any investigation, proceeding or hearing initiated under the provisions of KCC, chapter 12.18;

f. publisher, firm corporation, organization or association printing, publishing or circulating any newspaper, magazine or other written publication to print or cause to be printed or circulated any advertisement with knowledge that the same is in violation of KCC, chapter 12.18.030 (c), or to segregate and separately designate advertisements as applying only to men and women unless such discrimination is reasonable necessary to the normal operation of the particular business, enterprise or employment, unless based upon a bona fide occupational qualification;

g. employer to prohibit any person from speaking in a language other than English in the workplace unless:

(1) the employer can show that requiring that employees speak English at certain times is justified by business necessity, and

(2) the employer informs employees of the requirement and the consequences of violating the rule.

If the KCHA fails to comply with KCC, chapter 12.18, then KCHA shall be subject to the procedures and penalties set forth therein.

C. Program and Services

1. KCHA, or any subcontracting authority under this Agreement, agrees not to discriminate on the basis of race, color, sex, religion, nationality, creed, sexual orientation, marital status, age, or the presence of any mental, physical or sensory disability in the access to, or in the provision and administration of, any program or activity under this Agreement.

2. "Discrimination" includes but may not be limited to 1) denial of services or benefits, 2) segregation, separate or different treatment or benefits, 3) utilization of administrative criteria or methods that have the effect of discriminatory treatment. This obligation includes taking affirmative steps to make programs and services available and accessible to the disabled.

D. Minority/Women's Businesses

Unless waived, KCHA shall fully comply with the provisions of KCC, chapter 4.18 in conducting the improvement of the properties of the Project described in this Agreement. Failure by KCHA to comply with any requirements of this Chapter shall be a breach of this Agreement.

E. Subcontracts and Purchases

KCHA shall include this Section IX in every subcontract or purchase order for goods or services which are the subject of this Agreement.

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X. ASSIGNMENT

KCHA shall not assign this Agreement in whole or in part or subcontract any of the terms of this Agreement without the prior written consent of the County. Any request for assignment, transfer, or subcontract shall be made in writing, shall state the party to whom such transfer shall be made and the purpose of such transfer.

XI. BREACH/DEFAULT

A. No waiver of a breach of any provision hereof shall be deemed a modification of the terms of this Agreement, nor shall such waiver be deemed to waive any other or subsequent breach of this Agreement.

B. In the event KCHA fails to observe or perform any of the provisions of this Agreement, that failure having continued for thirty days after the County gives written notice to cure such failure to KCHA, KCHA shall be deemed in default of this Agreement; provided however that if the nature of the default is such that more than thirty days are reasonably required for its cure, then KCHA shall not be deemed in default if it commences such cure within such thirty-day period and diligently pursues such cure to completion within 180 days.

C. Notwithstanding anything herein to the contrary, in the event of a default by KCHA under this Agreement, the County shall be entitled, upon notice, to liquidated damages as defined in Section XII, below.

D. The remedies set forth herein shall not be the exclusive remedies available to the parties. Each party shall retain all rights which they otherwise would have at law or in equity.

E. The remedies set forth herein shall be cumulative and the parties may exercise one or more of the said remedies and shall not be deemed to have elected any remedy to the exclusion of other remedies.

XII. LIQUIDATED DAMAGES.

Default of KCHA or any failure of KCHA to perform any conditions of this Agreement that are not cured as provided herein shall result in the limitation of the availability of housing and services for homeless families to the loss and damage of the County. Because it would be impracticable to fix the actual damages sustained in the event of such failure to perform, the County and KCHA, therefore, agree that in the event of KCHA's failure to perform, the damages incurred by the County shall be 3% of the appraised value of the Premises. The appraised value shall be determined at KCHA's expense by an appraiser satisfactory to the County ("a Market Value Appraisal"). County and KCHA agree that KCHA shall pay such amount to the County as liquidated damages arising from all causes including but not limited to causes beyond its reasonable control and without the fault or negligence of KCHA. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of any government body acting in its sovereign capacity, war, explosions, fires, floods, epidemics, quarantine, restrictions, strikes, freight embargoes and unusually severe weather. Upon payment of such sum, neither party shall have any further liability hereunder.

XIII. NOTICE

Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to the King County Housing Authority at 15455 - 65th Avenue South, Seattle, WA 98188, or to the County at King County Housing and

Community Development Program, Key Tower, 700 5th Ave, Suite 3700, Seattle WA 98104-5037 or at such other address as either party may designate to the other in writing from time to time

XIV. STANDARDS OF CONDUCT

A. King County and KCHA agree that nepotism based on familial relationship is a conflict of interest and is inconsistent with the basic principles of ethics for public agencies. The Housing Authority agrees to apply the following definitions and rules to the conduct of its employees:

1. Nepotism occurs when a housing authority employee participates, directly or indirectly, in a housing authority action which affects the interests of a close relative. Such actions include employment decisions related to hiring, appointment, reappointment, classification, reclassification, evaluation, promotion, transfer, discipline, supervision, or pay increases.

2. Close relative includes husband, wife, father, father-in-law, mother, mother-in-law, brother, brother-in-law, sister, sister-in-law, son-in-law, daughter-in-law, niece, nephew, grandparent, grandchild, uncle, aunt, child, child of domestic partner, and domestic partner. In addition, the relatives of a domestic partner shall be considered close relatives to the same extent such relatives would be included in this paragraph if the employee and the domestic partner were married.

3. KCHA employees are responsible for identifying potential conflicts of interest based on nepotism and for notifying their supervisors or appointing authorities in writing of such potential conflicts. Supervisors and appointing authorities are responsible for disposing of these conflicts in writing or, in circumstances where it can be demonstrated that routine measures to dispose of the conflicts are not in KCHA's best interests, referring such cases to the Board of Commissioners of the Housing Authority for disposition.

B. KCHA agrees to establish a small works roster consistent with the provisions of RCW 35.82.075 for the purpose of increasing participation by minority and women-owned firms in Housing Authority construction, repair, and alteration projects.

C. KCHA agrees to prohibit employees from acquiring, either directly or indirectly, any Housing Authority property that is declared surplus and offered for sale unless sold at a public auction with sufficient notice to the general public.

D. KCHA agrees to prohibit its employees from performing private work for their respective supervisors.

XV. GENERAL TERMS

A. This Agreement shall be binding upon the parties hereto, their heirs, successors, and assigns.

B. KCHA hereby represents that the person signing below has full authority to execute this Agreement and to bind KCHA as set forth herein.

C. If any term or provision of this Agreement or the application of any term of this Agreement to any person or circumstance is invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue in full force and effect.

D. This Agreement shall be effective upon signature by both parties following approval by their governing bodies.

E. This Agreement and Exhibits A through D attached hereto, constitute the entire agreement between the parties with regard to the subject matter thereof. This Agreement supersedes all prior negotiations and no modification or amendment to this Agreement shall be valid unless in writing signed by both parties

F. KCHA and the County agree to execute such additional documents during the term of the Agreement as may be necessary to effectuate the intent of the parties and the purpose of this Agreement.

G. If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Agreement, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this Agreement shall be King County.

H. This Agreement is for the benefit of the named parties only and no third party shall have any rights thereunder.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the date first above written.

KING COUNTY HOUSING AUTHORITY

KING COUNTY, WASHINGTON

BY _____

BY _____

For Ron Sims
King County Executive

Its _____

APPROVED AS TO FORM:

BY _____

Deputy Prosecuting Attorney

10362

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this _____ day of _____, 19__ before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared _____ to me known to be the _____ of the _____ corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

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 designee of 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 she/he signed the same as the free and voluntary act and deed of King County and that she/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

EXHIBIT A

LEGAL DESCRIPTION

That portion of the Northwest quarter of Section 4, Township 21 North, Range 4 East, W.M., in King County, Washington, described as follows:

Beginning at the Southwest corner of the Southeast quarter of said Northwest quarter; Thence North $1^{\circ}29'58''$ East along the West line of said Southeast quarter a distance of 1,029.32 feet to intersect the arc of a curve at a point from which the center lies North $22^{\circ}22'01''$ East and 299.94 feet distant; Thence Easterly along said curve to the left through a central angle to $12^{\circ}21'49''$ an arc distance of 64.72 feet to a point of reverse curvature and the beginning of a curve to the right with a radius of 495.00 feet; Thence Southeasterly along said curve through a central angle of $30^{\circ}37'48''$ an arc distance of 264.62 feet to a point of tangency; Thence South $49^{\circ}22'00''$ East 351.09 feet to the beginning of a curve to the right with a radius of 1025.00 feet; Thence Southeasterly along said curve through a central angle of $9^{\circ}22'00''$ an arc distance of 167.57 feet to a point of tangency; Thence South $40^{\circ}00'00''$ East 447.00 feet to the beginning of a curve to the right with a radius of 175.00 feet; Thence Southerly along said curve through a central angle of $41^{\circ}42'00''$ an arc distance of 127.36 feet to a point of tangency; Thence South $1^{\circ}42'00''$ West 121.92 feet to the South line of the Northwest quarter of said section; Thence North $88^{\circ}18'00''$ West along said South line 1034.70 feet to the point of beginning; Except the South 30 feet and the West 30 feet of the South 988.27 feet conveyed to King County for road by deed recorded under Auditor's file No. 6307187.

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EXHIBIT B

PROJECT DESCRIPTION

The King County Housing Authority (KCHA) will acquire, rehabilitate and property manage a 92-unit apartment complex known as Laurelwood Gardens located in the city of Federal Way.

Laurelwood Gardens will be purchased from a private investor and rents are being subsidized through the Department of Housing and Urban Development's Section 221(d)(3) below market interest rate program. This federal subsidy contract is expiring and KCHA's assumption of ownership will preserve Laurelwood Gardens as existing affordable low and moderate income housing. Twenty four(24) units will remain affordable at or below 30% of the *SMSA median income, and twenty seven(27) units will remain affordable at or below 50% of the SMSA median income.

The scope of the rehabilitation will include but may not be limited to the following:

- Roof repair
- Repair of walks and railings
- Lighting
- Landscaping
- Drainage improvements
- Sinage
- New heating units
- Appliance replacement
- New floor coverings
- Substantial kitchen and bathroom work

King County Housing Opportunity Funds will be used for acquisition and development costs.

The King County Housing Authority will also establish a management board comprised of current residents, to assist in property management and tenant related issues.

**For the purposes of this Agreement, "SMSA median income" means annual median income for the Seattle-Everett Metropolitan Statistical Area, adjusted for family size, as estimated by the U.S. Department of Housing and Urban Development (HUD). If at any time, HUD no longer estimates SMSA median income, the benefit standard shall be based on a program selected by King County as its sole discretion.*

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EXHIBIT C

HOF PROJECT BUDGET

BUDGET SUMMARY

<u>Budget Categories</u>	<u>HOF</u>	<u>Other Funds</u>
Acquisition of Real Property	\$ 195,000	\$ 3,221,482
Construction/Rehabilitation	\$	\$ 1,155,000
Construction Contingency	\$	\$ 50,000
Development Costs	\$	\$ 1,171,518
Project Management	\$	\$ 622,000
TOTALS	\$ 195,000	\$ 6,220,000

Other Sources of Funds:

King County Housing Finance Program	\$ 195,000
Tax Credit Equity	\$ 2,600,000
Tax Exempt Bonds	\$ 2,345,000
Deferred Development Loan	\$ 525,000
Other Contributions	\$ 750,000

TOTAL OTHER SOURCES

\$6,415,000

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EXHIBIT D

IMPLEMENTATION SCHEDULE

<u>Milestones</u>	<u>Date</u>
Confirm commitments for previously reserved funds from HOF	Sept 97
Perform due diligence tasks and remove contingencies	Sept 97
Establish tax credit partnership and complete paperwork for bond financing	Oct 97
Select private management company	Sept 97
Close on property purchase	Nov 97
Begin rehabilitation	Dec 97
Introduce new rents and Section 8 assistance	Apr 98
Complete rehabilitation	Nov 98