

April 8, 1987

INTRODUCED BY AUDREY GRUGER

PROPOSED NO. 87-300

ORDINANCE NO. 18059

1
2 AN ORDINANCE relating to interim use of the Community
3 Development Block Grant (CDBG) fund for economic develop-
4 ment projects and authorizing the King County executive
to enter into loan agreements necessary to effect the
project.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 SECTION 1. Definitions. Unless the context otherwise requires, the
7 terms defined in this section shall, for all purposes of this ordinance and of
8 any ordinance supplemental hereto, have the meanings specific; words import-
9 ing the singular number include the plural number and vice versa:

10 "County" means King County, Washington.

11 "Council" means the county council of King County, Washington.

12 "Community Development (CD) Float Financing" shall mean the making of
13 short term interim financing loans to assist in the development of Community
14 Development Block Grant eligible economic development projects.

15 "Community Development Block Grant (CDBG) funds" shall be those entitle-
16 ment monies King County receives through the United States Department of
17 Housing and Urban Development and are dedicated to the CDBG fund.

18 SECTION 2. It is found and determined that it is in the best interests
19 of the county to make a CD Float Loan to the Robert S. and Marjorie E.
20 Wilcoxon Trust. The loan will be used for the development of Woodinville
21 West, an economic development project which will create jobs with primary
22 benefit to lower income persons and enhance the CDBG fund by earning interest
23 for economic development and other CDBG eligible activities.

24 SECTION 3. In accordance with regulations of the United States Depart-
25 ment of Housing and Urban Development and in accordance with Motion 6659 the
26 King County executive is hereby authorized to extend a CD Float Loan to the
27 Robert S. and Marjorie E. Wilcoxon Trust such unexpended balances as may
28 become available in the King County CDBG Letter of Credit on deposit with the
29 United States Department of the Treasury in an amount not to exceed three
30 million five hundred thousand dollars for use in development of the Woodin-
31 ville West economic development project. The loan shall be repaid to King
32

1 County in accordance with the terms and conditions of the agreement between
2 the Robert S. and Marjorie E. Wilcoxon Trust and King County. The King County
3 executive is hereby authorized to execute the above referenced agreements on
4 behalf of the county.

5 SECTION 4. For the purpose of making this CD Float Loan the sum of three
6 million five hundred thousand dollars or so much thereof as may be necessary
7 to fund Woodinville West shall be disbursed from the King County CDBG Letter
8 of Credit on deposit with the United States Department of the Treasury.

9 SECTION 5. The cost of administration of the CD Float Loan shall be paid
10 with interest earned on the loan. Up to six thousand dollars in administra-
11 tive costs may be expended during 1987.

12 INTRODUCED AND READ for the first time this 27th day of
13 April, 1987.

14 PASSED THIS 11th day of May, 1987.

16 KING COUNTY COUNCIL
17 KING COUNTY, WASHINGTON

18 Gary Grant
19 Chair

21 ATTEST:

22
23 Bonnie M. Owens
24 Clerk of the Council

25 APPROVED this 21st day of May, 1987.

26
27 Jim Hill
28 King County Executive

30
31
32

LOAN AGREEMENT

THIS AGREEMENT dated as of _____, 1987, is entered into by and between ROBERT S. & MARJORIE E. WILCOXON TRUST, a Washington trust, hereinafter called "Borrower," and KING COUNTY, a Washington municipal corporation, hereinafter called "Lender."

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

A. Borrower now owns, or will own prior to the first disbursement, the real property (the "Property") described in Exhibit "A" attached hereto and made a part hereof.

B. Borrower proposes to develop that certain project upon the Property known as Woodinville West, which project is generally described in Exhibit "B" attached hereto and made a part hereof (hereinafter called the "Project").

C. The Planning and Community Development Division of Lender is responsible within King County for the receipt and disbursement of Community Development Block Grant monies made available to Lender by the United States Department of Housing and Development (hereinafter called "HUD"), pursuant to the Housing and Community Development Act of 1974, as amended, and the federal regulations promulgated thereunder (hereinafter collectively called the "Act"). Lender seeks to maximize the use of such monies consistent with both Lender's and block grant program objectives.

D. The development of the Project will create jobs and provide other public benefits and qualify for Community Development Block Grant monies under 24 CFR § 570.203. Lender has agreed to lend Community Development Block Grant monies to Borrower (the "Loan") for all Project costs incurred by Borrower which are eligible under the Act (the "Project Components"). The Loan from Lender to Borrower for the Project Components will assist in the earlier development of the Project, thus creating jobs and other public benefits at an earlier date.

E. The Loan from Lender to Borrower will have no negative effect on any project approved in Lender's 1983, 1983 Jobs' Bill, 1984 and 1985 Community Development Block Grants as detailed in Ordinance Numbers: 6369, 6454, 6762 and 85-150 (proposed).

F. The Loan shall be evidenced by this Agreement and by Borrower's Promissory Note ("Note") in the form attached hereto as Exhibit "C" and secured by an unconditional irrevocable letter of credit, payable upon demand ("Letter of Credit") in the form attached hereto as Exhibit "D." (The Note and this Agreement are collectively referred to herein as the "Loan Documents").

G. Lender is willing to make the Loan to Borrower for the purposes hereinabove set forth, all upon the terms and conditions herein set forth.

H. Lender makes no commitment to future support and assumes no obligation for future support of the activities contracted for herein, except as expressly set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I

THE LOAN

1.1 The Loan. In reliance upon Borrower's representations and warranties, and subject to the terms and conditions herein and in the Loan Documents, Lender hereby agrees to loan Borrower a sum of money not to exceed THREE MILLION FIVE HUNDRED THOUSAND and NO, 100 DOLLARS (\$3,500,000.00) for the purposes set forth herein, which funds shall be received by Lender from HUD and from no other source. Borrower shall have the right to receive Loan funds from Lender only pursuant to the terms and conditions of this Agreement and in accordance with the Act, and then, only to the extent Community Development Block Grant funds are made available to Lender by HUD. Should anticipated sources of revenue become unavailable to Lender for use in the Planning and Community Development Program, Lender shall immediately notify Borrower in writing and Lender will be released from all contracted liability for that portion of the Agreement covered by funds not yet received by Lender.

1.2 Interim Financing Only. The Loan is only to provide a portion of the interim financing for the Project Components. The Promissory Note evidencing the Loan is to be paid off on or before its maturity date from such sources as may be necessary to pay the Loan in full, including, without limitation, from the Letter of Credit.

1.3 Loan Documentation and Security. The Loan will be evidenced by this Agreement and by the Note. The Loan will be secured by the Letter of Credit.

ARTICLE II

BORROWER'S REPRESENTATIONS AND WARRANTIES

In order to induce Lender to make the Loan, Borrower represents and warrants as follows, which representations and warranties shall be true and correct as of the execution hereof and shall survive the execution and delivery of this Agreement, the Note and the Letter of Credit:

2.1 Organization of Borrower; Authority to Enter into Agreement. Borrower is a trust duly formed and validly in existence pursuant to the laws of the State of Washington. Borrower has the right and power to purchase, occupy and develop the Property, and Borrower has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and carry out the provisions of the Loan Documents. The execution, delivery and performance of this Agreement and the Loan Documents have been duly authorized by all necessary trust action, and no other action of Borrower is required for the execution, delivery and performance of this Agreement or the Loan Documents.

This Agreement and the Note constitute, or, if not yet executed or delivered, will when so executed and delivered, constitute valid and binding obligations of Borrower, each enforceable in accordance with their respective terms.

2.2 Nondiscrimination.

A. During the performance of this Loan Agreement, neither Borrower nor any party contracting with Borrower who would be paid with Loan Funds under this Loan Agreement shall discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any other benefits under this Loan Agreement.

The Borrower 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, Chapter 49.60 of the Revised Code of Washington, and Titles VI and VII of the Civil Rights Act of 1964.

B. If Borrower fails to comply with King County Ordinance 4528 (as amended by 7788), such failure shall be deemed a violation of the Ordinance and a material breach of this Loan Agreement. Such breach shall be grounds for cancellation, termination or suspension of this Contract, in whole or in part, and shall be grounds for Lender to demand full repayment of the Loan.

2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Property in any court at law or in equity, or before or by any governmental or municipal authority which might adversely affect the ability of Borrower to perform its obligations hereunder or under any of the Loan Documents to which Borrower is a party.

2.4 Title. Borrower has, or will have, an interest in the Property sufficient to enable Borrower to develop the Project thereon.

2.5 Covenants, Zoning and Codes. Borrower has complied to date and will continue to comply with all applicable environmental statutes and regulations to be complied with in connection with the development of the Project. All permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or presently necessary for the development of the Project, have been obtained, are valid, adequate and in full force and effect or will be obtained prior to the commencement of any development activities for which a permit, consent, approval or authorization is necessary. Development of the Project will in all respects conform to and comply with all covenants, conditions, restrictions and reservations affecting the Property and with all applicable zoning, environmental protection, use and building codes, laws, regulations and ordinances.

2.6 Approval of Project. The description of the Project set forth in Exhibit "E" hereto is a general description of the

Project. The Project is satisfactory to Borrower and has been approved by Borrower, and has also been or will be approved as required by all governmental bodies or agencies having jurisdiction and by the beneficiary of any restrictive covenant affecting the Property.

2.7 Compliance With Documents. As of the date hereof and for so long as the Loan Documents remain in effect, Borrower is and will remain in full compliance with all of the terms and conditions of this Agreement, the Loan Documents, and no event of default has or shall have occurred or shall have occurred and be continuing, which, with the lapse of time or the giving of notice, or both, would constitute such an event of default under the foregoing.

2.8 Private Industry Council and Advertising. During the term of this Agreement Borrower agrees to distribute to purchasers and lessees of the Project a letter and background materials regarding the Seattle-King County Private Industry Council ("PIC") and encouraging them to advertise in local community newspapers, said letter and materials to be substantially in the form attached hereto as Exhibit "E" and by this reference made a part hereof.

2.9 Incorporation of Representations and Warranties. The request by the Borrower for any advance of Loan proceeds under this Agreement shall constitute a certification by the Borrower that the aforesaid representations and warranties are true and correct as of the date of such request.

ARTICLE III

CONDITIONS PRECEDENT TO LOAN CLOSING

Lender's obligation to enter into and perform its duties under this Agreement shall be subject to the full and complete satisfaction of the following conditions precedent:

3.1 Documents. Lender shall have received and approved fully executed originals of each of the following documents which shall have been duly authorized, executed (and, where appropriate, acknowledged), and delivered by the parties thereto: this Agreement, the Promissory Note, the Letter of Credit, and any and all other documents as Lender may deem reasonably necessary with respect to the Loan.

3.2 Evidence of Authority. Lender shall have received evidence satisfactory to it that Borrower and the persons signing on behalf of Borrower have the capacity and authority to execute and deliver Loan Documents on behalf of Borrower, including, but not limited to, a copy of Borrower's Articles of Trust certified as true, complete and in full force and effect by the trustees of the trust.

3.3 Insurance.

(a) Borrower shall, at all times during the term of this Agreement, at its cost and expense, carry and maintain fire and extended coverage casualty insurance insuring all improvements on the Property for their replacement cost. Borrower shall also carry and maintain general public liability insurance against claims for bodily injury, personal injury, death or property

damage occurring or arising out of services provided under this Agreement, which insurance shall cover such claims as may be occasioned by any act, omission, or negligence of the Borrower or its officers, agents, representatives, assigns or servants relating to the Project. The limits of liability insurance, which may be increased from time to time as deemed necessary by Lender, with the approval of Borrower which shall not be unreasonably withheld, shall not be less than One Million Dollars (\$1,000,000) combined single limit personal injury and property damage insurance. The insurance required above shall be issued by an insurance company or companies authorized to do business within the State of Washington and must be acceptable to Lender. Lender shall be specifically named as an additional insured on all such policies, and all such policy or policies shall be primary to any other valid and collectible insurance.

(b) Certificate or certificates or other evidence satisfactory to Lender evidencing the existence and terms and conditions of all insurance required above shall be delivered to Lender prior to the initial advance of Loan funds. The policy or policies of insurance required to be maintained in accordance with this Agreement shall not be cancelled or given notice of non-renewal nor shall the terms or conditions thereof be altered or amended without thirty (30) days' written notice being given to Lender.

ARTICLE IV

CONDITIONS PRECEDENT TO LOAN ADVANCES

4.1 Conditions Precedent to Initial Advance. Lender's obligation to make the initial advance of Loan funds pursuant to the terms hereof shall, in addition to compliance with the terms of Article III hereof, be subject to receipt of the following documents and satisfaction of the following conditions precedent:

(a) Receipt by Lender of any other documents and assurances as it may reasonably request which are required by HUD or any federal, state or county regulatory agency which requests Lender to provide such documents or assurances.

(b) Lender shall have received and have in its possession sufficient Community Development Block Grant funds to fund the draw request of Borrower.

(c) Receipt by Lender of a written acknowledgement from the issuer of the Letter of Credit adjusting the amount of the Letter of Credit upward by an amount sufficient to cover the disbursement, plus interest which will accrue on said disbursement.

(d) No condition to subsequent advances as set forth in Section 4.2 hereof shall be breached with respect to the first advance.

4.2 Conditions Precedent to Subsequent Advances. In addition to compliance with the conditions precedent set forth in Article III and Section 4.1 hereof, Lender's obligation to make any advance of Loan funds after the initial advance shall be subject to satisfaction of the following conditions precedent:

(a) Borrower shall be in full compliance and shall not be in default hereunder or under any of the Loan Documents, provided, however, that Lender may, in its discretion, elect to make advances notwithstanding the existence of a default, and any advance so made shall be deemed to have been made pursuant to this Agreement and shall be secured by the Letter of Credit.

(b) Neither the Project nor the Property nor any part thereof shall have been materially damaged, destroyed, condemned or threatened with condemnation unless Borrower shall show to Lender's satisfaction that the Project remains viable.

(c) No order or notice shall have been made by, or received from, any governmental agency having jurisdiction stating that the development of the Project is or will be in violation of any law, ordinance, code or regulation affecting the Property.

4.3 Borrower's Draw Requests. Borrower acknowledges that it has no right to the Loan proceeds other than to have them disbursed by Lender in accordance with the terms of this Agreement and in accordance with the Act and then only to the extent Lender has received Community Development Block Grant funds from HUD. Lender agrees that it will make every reasonable effort to disburse the Loan in installments within ten (10) days after receipt of each appropriate disbursement request from Borrower, with each disbursement to be in an amount equal to the total amount of each "appropriate draw request." An "appropriate draw request" shall consist of: a complete and accurate statement, verified by the trustees of Borrower, showing a complete and detailed breakdown of the total costs and expenses incurred by Borrower for the Project Components since the date of the preceding disbursement request, including, but not limited to, the total amount actually expended by Borrower for each Project Component and showing that portion of costs, if any, actually reimbursed to Borrower by other governmental agencies, whether federal, state or local.

ARTICLE V

BORROWER'S LOAN COVENANTS

Borrower covenants and agrees as follows:

5.1 General. From and after the date hereof and so long as any amount remains unpaid on the Promissory Note, or for so long as any commitment exists to extend credit hereunder, Borrower covenants and agrees that it will:

(a) Promptly pay principal and interest pursuant to the Note as and when the same becomes due and payable;

(b) Preserve and keep in full force and effect its existence as a trust and retain the Property;

(c) Maintain, preserve and keep its property and equipment in good repair, working order and condition and from time to time make all needful and proper repairs, renewals, replacements and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained;

(d) Obtain and maintain the insurance required herein.

5.2 Changes to Project. There shall be no material change of the Project without the prior written approval of Lender, and, to the extent that such approvals may be required, the appropriate governmental authorities.

5.3 Compliance with Laws. All work performed in connection with Borrower's development of the Project and Borrower's use of the proceeds of the Loan shall comply with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.

5.4 Call Provision. In addition to, and not in any way to be deemed any limitation upon, Lender's right to demand repayment of the Loan at any time, Lender may call the Loan immediately due and payable if at any time during the term of the Loan without Lender's prior written approval:

(a) Borrower sells, transfers or assigns all or substantially all of the Project, whether voluntarily or involuntarily, or by the operation of law;

(b) There occurs any default under the terms of the Promissory Note, this Loan Agreement or any of the Loan Documents, which is not remedied in full within any applicable curative period provided herein or therein.

Upon the occurrence of any of the foregoing, Lender may declare an Event of Default hereunder and exercise its rights and remedies pursuant to Article VI.

5.5 Inspections. Lender and its representatives shall have the right at all reasonable times during regular business hours (and at any time in the event of an emergency) to enter upon the Property and inspect the Project to determine that the same is in conformity with the Agreement and all laws, ordinances, rules and regulations applicable to Borrower's use of the Loan funds. Lender shall have the further right, from time to time, to inspect Borrower's books and records relating to Borrower's use of the Loan funds. Without limiting the foregoing, Borrower shall permit Lender to examine and copy all books, records and other papers relating to Borrower's use of the Loan funds to insure Borrower's compliance with the Act and applicable provisions of 24 CFR Part 570.

5.6 Notify Lender of Litigation or Complaints. Borrower shall promptly notify Lender in writing of all litigation or possible litigation affecting Borrower or any part of the Project, and of all complaints or charges made by any governmental authority affecting the Project or Borrower which may require changes in the development of the Project.

5.7 Indemnify Lender. Borrower shall indemnify and hold Lender, its elected and appointed officials and any employees thereof, harmless from all liability for any actual or alleged damage or injury of whatsoever nature arising out of or in any way connected with the Loan for the Property and/or the development of the Project (except for action or inaction of Lender in its role as the issuer of permits for the Project) or arising out of Borrower's breach of the provisions of this Agreement, including the cost of defense thereof using counsel approved by Lender.

Lender may commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto, or the Property or the Project, and Borrower shall pay all of the Lender's costs and expenses incurred thereby on demand. This section shall survive execution, delivery and performance of this Agreement, the Note and the Loan Documents.

5.8 Further Assistance. Borrower will at any time and from time to time upon request of Lender take or cause to be taken any action, execute, acknowledge, deliver or record any further documents, opinions, or other instruments or obtain such additional insurance as Lender is required to do or obtain by HUD or other federal, state or county regulatory agency.

ARTICLE VI

DEFAULT AND REMEDIES

6.1 Event of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) Any default by Borrower in the repayment of any indebtedness owing to Lender for any purpose or reason, which indebtedness is not paid when due.

(b) Any breach by Borrower of any of the non-monetary covenants and conditions of this Agreement, which breach is not cured to Lender's satisfaction within ten (10) working days from the occurrence thereof, provided, that in the event of a non-monetary breach or default by Borrower which is outside of the control of Borrower and which cannot be cured within said ten (10) working days, Borrower shall have commenced to cure its breach or default within said ten (10) working days and thereafter diligently proceeds to cure its breach or default. Notwithstanding anything to the contrary contained herein, any breach or default by Borrower of any applicable laws, ordinances, rules, regulations or executive orders applicable to Lender, Borrower or Borrower's use of the Loan funds shall immediately constitute an Event of Default hereunder.

(c) Any representation, warranty or disclosure made to Lender by Borrower proves to be materially false or misleading as of the date when made, whether or not such representation or disclosure appears in this Agreement.

(d) Any material deviation in the development of the Project without the approval of Lender which deviation is not corrected or substantially corrected within ten (10) working days after receipt of written notice thereof from Lender to Borrower.

(e) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Borrower's property is filed by or against Borrower which is not dismissed within forty-five (45) days, or if Borrower makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Borrower and is not discharged within forty-five (45) days.

(f) There occurs any event which in Lender's judgment materially adversely affects (i) the ability of Borrower to perform any of its obligations hereunder or under any of the Loan Documents, including, without limitation, the occurrence of any event of dissolution or termination of Borrower; (ii) the business or financial condition of Borrower; (iii) the operations or value of the Property; or (iv) compliance with the Act.

(g) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law is filed by or against Borrower within ninety-one (91) days after Borrower has repaid the Loan in full. In such an event, Lender shall have the absolute right to draw upon the Letter of Credit to the extent of any payments made within ninety-one (91) days of filing a petition in bankruptcy or for reorganization or any arrangement under any bankruptcy or insolvency law, regardless of the fact that Borrower has previously paid the Loan in full, provided that within a reasonable time thereafter Lender shall pay over to the trustee or bankruptcy estate the funds previously paid to Lender by Borrower to the extent that the Letter of Credit is drawn upon under this subparagraph.

6.2 Remedies. Upon the occurrence of an Event of Default, Lender may, in addition to any other remedies which Lender may have hereunder or under the Loan Documents or by law, at its option and without prior demand or notice take any or all of the following actions:

(a) Immediately terminate any further advance of Loan funds hereunder.

(b) Declare the Note immediately due and payable and commence collection proceedings against the Letter of Credit.

All remedies of Lender provided for herein and in any other Loan Document are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice Lender in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, Lender realizes all amounts owed to it under such Loan Documents.

ARTICLE VII

MISCELLANEOUS

7.1 No Waiver. No waiver of any default or breach by Borrower hereunder shall be implied from any failure by Lender to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Lender to, or of, any act by Borrower requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

7.2 Successors and Assigns. This Agreement is made and entered into for the sole protection and benefit of Lender and Borrower, their successors and assigns, and no other person or persons shall have any right of action hereunder. The terms hereof shall inure to the benefit of the successors and assigns of the parties hereto; provided, however, that the Borrower's interest hereunder cannot be assigned or otherwise transferred without the prior consent of Lender.

7.3 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service or registered or certified, first class mail, return receipt requested. The addresses may be changed by notice to the other party given in the same manner as provided above. If notice is given by mail, it shall be deemed received on the earlier of: (i) receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Borrower:	Robert S. and Margorie E. Wilcoxon Trust 3341 N.E. 185th Seattle, WA 98155
-----------------	---

If to Lender:	Planning and Community Development Division King County 600 Alaska Building 618 Second Avenue Seattle, Washington 98104 Attn: Manager
---------------	---

7.4 Time. Time is of the essence hereof.

7.5 Amendments. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by Lender and Borrower.

7.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

7.7 Number and Gender. When the context in which the words are used in this Agreement indicate that such is the intent, words in the singular number shall include the plural and vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances.

7.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the County of King, except to the extent federal law applies.

7.10 Survival of Warranties. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and of the Loan Documents and the

making of the Loan hereunder and continue in full force and effect until the obligations of Borrower hereunder and the indebtedness evidenced by the Promissory Note have been fully paid and satisfied.

7.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.

7.12 Attorneys' Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.

7.13 Conflict of Interest. No member, official or employee of Lender shall have any personal interest, direct or indirect, in the subject matter of this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is interested, whether directly or indirectly.

7.14 Duplicate Originals. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original, provided, that each original shall constitute one and the same agreement.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the date first written above by and through their duly authorized representatives.

LENDER

KING COUNTY, a Washington
municipal corporation

BORROWER

ROBERT S. AND MARJORIE E.
WILCOXON TRUST, a Washington
Trust

By: _____
Tim Hill
King County Executive

By: _____
Trustee

Approved as to form:

Norm Maleng, King County
Prosecuting Attorney

By: _____
Trustee

By: _____
Deputy Prosecuting Attorney

PROMISSORY NOTE

\$3,500,000.00

_____, 1987
Seattle, Washington.

FOR VALUE RECEIVED, the undersigned, ROBERT S. AND MARJORIE E. WILCOXON TRUST, a Washington trust, promises to pay to the order of KING COUNTY, a Washington municipal corporation, at 600 Alaska Building, 618 Second Avenue, Seattle, Washington 98104, or such other place as the holder of this Note may from time to time designate, the principal sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00) or so much thereof as may from time to time be outstanding hereunder, together with interest on the unpaid balance of principal at the initial rate of five and one-half percent (5.5%) per annum, calculated on the basis of a 365-day calendar year. Interest shall be calculated for each day all or any part of the principal balance hereof shall remain outstanding. Interest shall be payable upon maturity as set forth below.

The initial interest rate set forth above shall be adjusted on _____ 1, 1988 (hereinafter called the "Adjustment Date") as follows: On the Adjustment Date, the holder of this Note shall compute to the nearest one-hundredth the numerical average of the coupon equivalent yield for United States Six Month Treasury Bills, as published by the Wall Street Journal (or other financial newspaper of general circulation), for the last four (4) sales of said Treasury Bills immediately preceding the Adjustment Date. The holder of this Note shall then multiply said numerical average by .95, the resulting product of which shall be the interest rate from the Adjustment Date to the maturity date as set forth below.

The principal balance outstanding hereon, together with all accrued and unpaid interest and any other sums due hereunder, shall be due and payable in full on the earlier of (i) demand by the holder hereof (said demand to be made as set forth below), or (ii) _____, 1989. Notwithstanding the foregoing, the holder of this Note shall have the absolute right to demand partial repayments of the principal balance of this Note not more often than once per calendar week nor five (5) times per calendar month (said demands to be made as set forth below). Demands for partial repayment shall be made by the holder of this Note when funds are needed by the holder of this Note to pay for regular block grant activities.

Provided that the undersigned shall first give the holder of this Note thirty (30) calendar days' prior notice, the indebtedness evidenced hereby may be prepaid in whole or in part from time to time without premium or penalty.

Should default be made in any payment when due or in the performance or observance of any of the covenants and agreements of this Note, the whole sum of principal and interest shall become immediately due and payable at the option of the holder. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of a continuing or subsequent default.

This Note is issued pursuant to and is entitled to the benefits of that certain Loan Agreement (the "Loan Agreement") of even date between the undersigned and King County. An Event of Default under the Loan Agreement shall be deemed a default hereunder, whereupon the holder may at its option declare all sums as are then outstanding hereunder immediately due and payable. This Note shall be secured by an unconditional, irrevocable letter of credit, payable upon demand, issued by a banking institution mutually agreeable to the undersigned and the holder of this Note, all as more fully set forth in the Loan Agreement.

Upon the sale, transfer or assignment, whether voluntary, involuntary or by operation of law, of all or substantially all of of the "Project" described in the Loan Agreement, then at its sole option the holder hereof may, by written notice to the undersigned, declare all sums as are then outstanding hereunder to be immediately due and payable.

As set forth above, the holder of this Note may demand partial repayments of principal from the undersigned for regular block grant activities. The holder of this Note shall make demand for partial repayments of principal upon the undersigned, in writing, by delivering or mailing said demand to the undersigned in the manner and at the address set forth in Section 7.3 of the Loan Agreement. The partial repayment of principal shall be due and payable on or before ten (10) days, excluding Saturdays, Sundays and legal holidays, from the date the undersigned receives or is deemed to have received the demand.

As set forth above, this Note shall be due and payable in full upon demand. The holder of this Note shall make demand upon the undersigned, in writing, by delivering or mailing said demand to the undersigned in the manner and at the address set forth in Section 7.3 of the Loan Agreement. All principal, accrued interest and other charges due under this Note or the Loan Agreement shall be due and payable on or before ten (10) days, excluding Saturdays, Sundays and legal holidays, from the date the undersigned receives or is deemed to have received the demand.

In the event the holder of this Note fails to receive a payment within the applicable time period set forth in the preceding two (2) paragraphs, the holder of this Note shall have the right to draw upon the letter of credit without any further condition.

Except for the demands described above, the undersigned hereby waives diligence, demand, presentment for payment, and notice of whatever kind or nature. Without discharging or in any way affecting the liability of the undersigned, the undersigned hereby consents to any and all extensions of this Note as the holder hereof may in its sole discretion grant from time to time, to the release of all or any part of the security for the payment hereof and to the release of any party liable for repayment of the obligations hereunder.

All payments due on this Note shall be payable in lawful money of the United States of America at the time of payment, and shall be made to the holder at the address first hereinabove indicated, or such other address as the holder may hereafter designate.

This Note shall be governed by the laws of the State of Washington, except to the extent that Federal laws may preempt the laws of the State of Washington.

In the event that this Note is placed in the hands of an attorney at law for collection after maturity or upon default or in the event that proceedings at law or in equity are instituted in connection herewith, or in the event that this Note is placed in the hands of an attorney at law to enforce any of the rights or the agreements contained herein or in the Loan Agreement, the undersigned shall pay all costs of collecting or attempting to collect this Note or protecting or enforcing such rights including, without limitation, reasonable attorney's fees; and all such amounts shall be deemed to be secured by the letter of credit.

This Note and the Loan Agreement are by this reference subject to the limitation that in no event shall interest or any other amount paid or agreed to be paid to King County for the use, forbearance or detention of money to be advanced hereunder or pursuant to the Loan Agreement exceed the highest lawful rate permissible under applicable usury laws. If fulfillment of any provision hereof or of the Loan Agreement shall be deemed by a court of competent and final jurisdiction to violate any applicable usury restrictions, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and any amount received in excess of such limit shall be applied to reduce the unpaid principal balance hereof and not to the payment of interest.

Time is of the essence of this Note and of each and every provision hereof.

IN WITNESS WHEREOF, the undersigned have executed this Promissory Note as of the date first above written.

ROBERT S. AND MARJORIE E.
WILCOXON TRUST

By: _____
Trustee

By: _____
Trustee

EXHIBIT A

PROJECT: A OFFICE/INDUSTRIAL INCUBATOR DEVELOPMENT TO BE LOCATED ON TWO UNDEVELOPED PARCELS TOTALING 11.8 ACRES ON STATE ROUTE 218 COMMONLY KNOWN AS:

"NORTH PARCEL": 2.64 ACRES . Tax account 9042-07

That Portion of the N 385' of SE 1/4 of the SE 1/4 of S.09-T.26-R.05 Lying E of Snoqualmie Branch of Northern Pacific Railway Except that portion Lying east of the Centerline of Sammamish River.

"SOUTH PARCEL": 8.58 Acres. Tax Account 9084-06.

That portion of the S.E. 1/4 of SE 1/4 of Section 9, T.26N., R.5E., W.M. situated in King County, Wash. lying East of the North Bend Branch of the Northern Pacific Railroad, except that portion East of the Center line of Sammamish River, and except the North 385 feet thereof, and except the South 250 feet of the East 165 feet thereof.

8059

WOODINVILLE WEST PROJECT DESCRIPTION

Phase I initially is to construct 80,000 square feet of buildings for office, warehousing and light manufacturing uses on an 11 acre parcel adjoining the west bank of the Sammamish Sough, approximately a half mile north of the Chateau Ste. Michelle Winery. Permanent job creation is estimated at 150 to 250 jobs plus 100 to 150 construction jobs. The project would provide an 82 foot wide recreation access and river maintenance easement, including a public trail and natural landscaping and buffer and utilities. A second phase of development is anticipated with total buildout at 150,000 square feet and 350 to 450 jobs.

e/304

MARCH 00, 1987

*****DRAFT*****

AMT OF L.C.
TO BE INCREASED
AS KING CO MAKE
ADVANCES.

M.J. ALVINE

BENEFICIARY
King County
600 Alaska Building
618 Second Avenue
Seattle Washington 98104

Attn: Housing and Community Development Manager

Dear Sirs;

We hereby issue our Irrevocable Letter of Credit number 1169-503230-73LC in your favor for account of Robert S. Wilcoxon and Marjorie E. Wilcoxon, 3341 N.E. 185th Street, Seattle Washington 98155, and hereby authorize you to draw on us at site up to the aggregate amount of US\$200,000.00 (Two Hundred Thousand and .no/100 dollars).

Drafts drawn under this Letter of Credit must specify the number of the Credit and be presented at this office no later than (two years from the date of issue).

This credit sets forth in full the terms of our obligation to you, and such understanding shall not in any way be modified or amplified by any agreement in which this Credit is referred to or to which this Credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

Our liability under this Letter of Credit will in no event exceed \$200,000.00 (Two Hundred Thousand and .no/100 dollars).

Partial drawings allowed.

Acceptance so far as otherwise expressly stated, this Documentary Credit is subject to the "Uniform Customs and Practice for Documentary Credit (1984 revision) International Chamber of Commerce Publication 290.

This Letter of Credit will expire on (two years from date of issue) at the counters of City Bank, Ballinger Office, currently located at 20255 Ballinger Road N. E., Seattle Washington 98155.

We hereby engage with you that drafts drawn under and in compliance with the terms of this Credit will be duly honored.

Sincerely,


Allen D. Anderson
Vice President

CITY BANK

Ballinger Office
20255 Ballinger Rd. N.E. / Seattle, WA 98155 / P.O. Box 7 / Mountlake Terrace, WA 98043 / (206) 363-7202

**WOODINVILLE WEST BUSINESS PARK
WOODINVILLE-REDMOND ROAD
WOODINVILLE, WASHINGTON**

A Robert S. & Marjorie E. Wilcoxon Trust Project

(new tenant/ new buyer)

Dear _____,

As the owners of the Woodinville West business park we would like you to know that its development was facilitated with the help of the King County Economic Development Office. We are interested in stimulating the local economy and creating jobs. We found their programs to be most helpful for our business efforts and think they could be of assistance to you as well. For this reason, we have enclosed some materials on training and job placement services available through the Seattle-King County Private Industry Council (PIC). The PIC offers a range of services including customized training to suit your particular skill needs, wage subsidies during the training period, and up to a \$1,500 tax credit.

We have also attached a listing of newspapers with circulation in the area as an aid to you in seeking applicants for job openings.

We encourage you to use the PIC to assist in meeting your employee needs. You may contact _____ at _____ who would be pleased to help.

Yours truly,

SEATTLE TIMES
P.O. Box 70
Seattle, WA 98111

SEATTLE P.I.
521 Wall Street
Seattle, WA 98121

NORTHSHORE CITIZEN
P.O. Box 706
Bothell, WA 98041

WOODINVILLE WEEKLY
P.O. Box 587
Woodinville, WA 98072

MEDIUM
P.O. Box 22047
Seattle, WA 98122

INTERNATIONAL EXAMINER
Room 127
318 Sixth Avenue South
Seattle, WA 98104

LA VOZ
Suite 210
107 Cherry Street
Seattle, WA 98104