

March 25, 1988

INTRODUCED BY GREG NICKELS

PROPOSED NO. 88 - 300

ORDINANCE NO. **8483**

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

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

"County" means King County, Washington.

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

"Community Development (CD) Interim Loan" shall mean the making of short-term financing loans to assist in the development of Community Development Block Grant eligible economic development project.

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

SECTION 2. It is found and determined that it is in the best interests of the county to make a CD Interim Loan to Seattle Steel, Inc. The loan will be used to refinance existing debt which threatens an otherwise healthy company. This is an economic development project which will create jobs with primary benefit to lower income persons and enhance the CDBG fund by earning interest for economic development and other CDBG eligible activities.

SECTION 3. In accordance with regulations of the United States Department of Housing and Urban Development, the King County executive is hereby authorized to extend a CD Interim Loan to Seattle Steel, Inc. such unexpended balances as may become available in the King County CDBG Letter of Credit on deposit with the United States Department of the Treasury in an amount

LOAN AGREEMENT

THIS AGREEMENT dated as of \_\_\_\_\_, 1988, is entered into by and between SEATTLE STEEL INCORPORATED, a Washington corporation, 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 owns the real property (the "Property") described in Exhibit "A" attached hereto and made a part hereof.

B. Borrower operates that certain business upon the Property which 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 continued operation of the Project will provide employment for low and moderate income families and will provide other public benefits and qualify for Community Development Block Grant monies under 24 CFR § 570. Lender has agreed to lend Community Development Block Grant monies to Borrower (the "Loan") for refinance of Borrower's existing indebtedness.

E. The Loan from Lender to Borrower will have no negative effect on any projects approved in the Lender's Community Development Block Grants as detailed in Ordinance Numbers: 8047 and 8078.

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 and NO/100 DOLLARS (\$3,000,000.00) 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.

1.2 Interim Financing Only. The Loan is only to provide interim term financing for the Project. 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.

1.4 Maximum Loan Amount. The maximum amount of the Loan (not to exceed \$3,000,000.00) shall be determined by the parties prior to disbursement and after disbursement Borrower shall not be entitled to, nor shall Lender be under any obligation thereafter to disburse, additional Loan funds.

## 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 Washington corporation, duly formed and validly in existence pursuant to the laws of the State of Washington. Borrower has the right and power to own the Property and to operate the Project thereon, 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 corporate 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 Loan Agreement, 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 an interest in the Property sufficient to enable Borrower to operate 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 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 operation of the Project, have been obtained, are valid, adequate and in full force and effect. Development of the Project has in all respects conformed to and complied 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 "B" hereto is a general description of the Project. The Project is satisfactory to Borrower and has been approved by Borrower, and has also been 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. Prior to the disbursement of Loan funds and at all times during the term of this Loan, Borrower shall contract with the Seattle-King County Private Industry Council for referral of employees from low and moderate income families. Borrower shall use its best efforts to hire and employ in the operation of the Project employees from low and moderate income families so that fifty-one percent (51%) or more of its employees are from low and moderate income families.

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 and as of the date of the advance.

### 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 Certificate of Good Standing from the Washington State Secretary of State and copies of Borrower's Articles of Incorporation, Bylaws and corporate

resolution, all certified as true, complete and in full force and effect by the secretary of Borrower.

### 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, 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 ADVANCE

Lender's obligation to advance 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 Loan to 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.

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 corporation and retain the Property and Project;

(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. 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 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, 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 operation 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 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: Seattle Steel Incorporated

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Lender: Planning and Community  
Development Division  
King County  
707 Smith Tower  
506 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

BORROWER

KING COUNTY, a Washington municipal corporation

SEATTLE STEEL INCORPORATED, a Washington corporation

By: \_\_\_\_\_  
Tim Hill  
King County Executive

By: \_\_\_\_\_  
President

Approved as to form:

By: \_\_\_\_\_  
Secretary

Norm Maleng, King County Prosecuting Attorney

By: \_\_\_\_\_  
Deputy Prosecuting Attorney

STATE OF WASHINGTON )  
 ) ss:  
COUNTY OF K I N G )

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1988, before me personally appeared \_\_\_\_\_ and \_\_\_\_\_, to me known to be the President and Secretary, respectively, of SEATTLE STEEL INCORPORATED, a Washington corporation, the corporation that executed the within and 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 they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

\_\_\_\_\_  
NOTARY PUBLIC in and for the  
State of Washington, residing  
at \_\_\_\_\_  
My commission expires \_\_\_\_\_

PROMISSORY NOTE

\$3,000,000.00

\_\_\_\_\_, 1988  
Seattle, Washington

FOR VALUE RECEIVED, the undersigned, SEATTLE STEEL INCORPORATED, a Washington corporation, promises to pay to the order of KING COUNTY, a Washington municipal corporation, at Room 707, Smith Tower, 506 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 and No/100 Dollars (\$3,000,000.00), or so much thereof as may from time to time be outstanding hereunder, together with interest on the unpaid balance of principal at the rate of five percent (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. Commencing on the first day of July, 1988 and on the first day of each third calendar month thereafter (i.e., quarterly payments due on January 1, April 1, July 1 and October 1 of each year) the undersigned shall pay all interest which has accrued under this Note. In the event interest is not paid when due, the undersigned shall be in default and the interest that has not been paid when due shall be compounded by adding said unpaid interest to the principal balance hereof and thereafter said unpaid interest shall bear interest at the same rate as the unpaid balance hereof.

Notwithstanding the foregoing payment provisions to the contrary, 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) April 1, 1990. 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 approved by 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.

SEATTLE STEEL INCORPORATED,  
a Washington corporation

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary





1 not to exceed three million dollars for use in the operation of the Seattle  
 2 Steel, Inc. economic development project. The loan shall be repaid to  
 3 King County in accordance with the terms and conditions of the agreement  
 4 between Seattle Steel, Inc. and King County. The King County executive  
 5 is hereby authorized to execute the referenced agreements on behalf of  
 6 the county.

7 SECTION 4. For the purpose of making this CD Interim Loan the sum  
 8 of three million dollars or so much thereof as may be necessary to fund  
 9 Seattle Steel, Inc. shall be disbursed from the King County CDBG Letter  
 10 of Credit on deposit with the United States Department of the Treasury.

11 INTRODUCED AND READ for the first time this 11<sup>th</sup> of  
 12 April, 1988.

13 PASSED this 18<sup>th</sup> day of April, 1988.

15 KING COUNTY COUNCIL  
 16 KING COUNTY, WASHINGTON

17 *Ray Grant*  
 18 Chairman

19 ATTEST:

20  
 21 *Quincy M. Owens*  
 22 Clerk of the Council

23 APPROVED this 28<sup>th</sup> day of April, 1988.

24  
 25 *Don Hill*  
 26 King County Executive

27 m/105

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