

ORDINANCE NO. **9963**

1
2 AN ORDINANCE authorizing the King County
3 executive to enter into a lease agreement
4 with AIDS Housing of Washington which has
5 been awarded County Housing Opportunity
6 Funds (HOF), pursuant to Ordinances 9368
7 and 9369, as amended.

8 PREAMBLE:

9 In accordance with K.C.C. 4.56.160, K.C.C. 4.56.180
10 and K.C.C. 4.56.190, the King County council may
11 adopt an ordinance permitting the county executive to
12 lease without bidding, upon reasons submitted by the
13 real property division to the county executive. It
14 is proposed to grant authorization to the county
15 executive to negotiate for thirty-five years, a lease
16 with AIDS Housing of Washington who has been selected
17 and funded in accordance with King County Ordinances
18 9368 and 9369, as amended. It has been determined
19 that a lease term of thirty-five years for this
20 project is in the best interests of the people of
21 King County.

22 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

23 SECTION 1. Findings. The King County Council finds that
24 a long-term leasehold is sufficient to acquire a significant
25 ownership interest in the improvements made pursuant to said
26 lease agreement entered into by the county and is sufficient
27 for the purpose of establishing the improvements as local
28 improvements pursuant to R.C.W. Chapter 82.46. The county
29 council further finds that the leasehold of 35 years is
30 sufficient to amortize the county's ownership interest therein,
31 and for the purpose of providing services and/or housing to
32 citizens of unincorporated King County with special needs. The
33 County Council further finds that the value of improvements
34 made to the property pursuant to said lease shall be at least
35 equal to the value of the property.

36 SECTION 2. The King County executive is hereby authorized
37 to enter into a lease agreement for a term of 35 years with
38 AIDS Housing of Washington in accordance with the attached

1 Agreement. This nonprofit organization has been selected and
2 funded in accordance with Ordinances 9368, as amended, and
3 9369, as amended.

4 INTRODUCED AND READ for the first time this 4th day
5 of February, 1991.

6 PASSED this 3rd day of June, 1991.

7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9 Lois North
10 Chair

11 ATTEST:

12 Gerald A. Peterson
13 Clerk of the Council

14 APPROVED this 14th day of June, 1991.

15 Russ Keith
16 King County Executive

KING COUNTY HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this _____ day of _____, 19____, between AIDS Housing of Washington and King County ("the County").

RECITALS:

A. On March 27, 1991, the King County Council established the Housing Opportunity Fund by Ordinance No. 9368, as amended, and appropriated \$2,759,000 to the Fund to be distributed according to policies adopted by the King County Council by Ordinance 9369, as amended.

B. The Housing Opportunity Fund is a multi-year capital improvement project fund and is carried over automatically year to year.

C. AIDS Housing of Washington is a nonprofit corporation organized and existing under the laws of the State of Washington.

D. The County is a municipal corporation and a political subdivision of the State of Washington.

E. AIDS Housing of Washington owns certain real property located at 2720 East Madison Street, Seattle, Washington.

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

G. AIDS Housing of Washington and the County are desirous of improving said real property in order to house and serve residents of unincorporated King County with HIV infections/AIDS.

H. AIDS Housing of Washington and the County are entering into an agreement to improve real property and the value of the improvement will be at least equal to the value of the property.

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

1. LEASE AGREEMENT I. AIDS Housing of Washington agrees to enter into a lease with the County for a term of 35 years, beginning on _____, 19____ and ending on _____, 20____, thereby leasing floors two and three (hereinafter called the "Premises") of the building to be constructed on the real property described in Exhibit A, which is attached hereto and incorporated herein as if fully set forth. AIDS Housing of Washington agrees to lease the Premises to the County according to the terms specified in "Lease Agreement I" which is attached hereto as Exhibit B. Either party may record this lease.

2. CONSIDERATION BY THE COUNTY. In consideration of Lease Agreement I, the County, as lessee of the Premises, shall pay a lump sum rent of \$262,500 to AIDS Housing of Washington. Such rent shall be paid to cover the cost of making improvements to the Premises and shall be due as part of the final construction draw exclusive of retainage.

3. LEASE AGREEMENT II. The County agrees to enter into a lease of the Premises to AIDS Housing of Washington, for a term of 35 years, beginning on _____, 19____ and ending on _____, 20____. Said term shall be one day less than the term of Lease Agreement I. The County agrees to lease the Premises to AIDS Housing of Washington according to the terms specified in "Lease Agreement II" which is attached hereto as Exhibit C and incorporated herein as if fully set forth. This lease may be recorded by either party.

3.1 LEASE CONSIDERATION. In lieu of payment of rent specified in Lease Agreement II, AIDS Housing of Washington shall improve the Premises and perform all services specified in the "Provision of Services," which is attached hereto as Exhibit D. AIDS Housing of Washington agrees to perform said services in lieu of payment of rent, each month for the duration of the leasehold. Such services shall be provided in a manner which fully complies with all applicable federal, state, and local law, statutes, rules and regulations, as now in effect or as may be hereafter amended.

4. APPROVAL OF LEASES BY THE KING COUNTY COUNCIL. The County's obligation to perform pursuant to the terms of this Agreement is contingent upon approval of both Lease Agreement I and Lease Agreement II by the King County Council pursuant to King County Code ("KCC") 4.56.190(c) and KCC 4.04.040(5), on or before _____, 19____.

5. COMPLIANCE WITH LAWS AND REGULATIONS, TAXES, AND FEES. In carrying out this Agreement, AIDS Housing of Washington shall comply with all applicable laws, ordinances, regulations which have been or will be promulgated by any and all authorities having jurisdiction. AIDS Housing of Washington specifically agrees to bear the risks of such laws, statutes, and regulations, and to pay all costs associated with achieving compliance without notice from the County. AIDS Housing of Washington 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. AIDS Housing of Washington 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 AIDS Housing of Washington's ownership, operation, use and/or possession of the Premises. AIDS Housing of Washington 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.

6. EFFECTIVE DATE. This Agreement shall be effective upon signature by both parties and approval by the King County Council.

7. SURVIVE CLOSING. The terms and conditions of this Agreement shall survive the execution of Lease Agreement I and Lease Agreement II.

8. ENTIRE AGREEMENT--AMENDMENTS--MEMORANDUM. This Agreement and Exhibits A through D attached hereto, constitute the entire agreement between the parties with regard to the subject matter thereof, superseding all prior negotiations. No modification or amendment to this Agreement shall be valid unless in writing signed by both parties.

9. ADDITIONAL DOCUMENTS. AIDS Housing of Washington 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.

10. ATTORNEY'S FEES. If, by reason of 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 connections therewith. It is agreed that the venue of any legal action brought under the terms of this lease shall be the county in which the Premises are situated.

11. NO THIRD PARTY BENEFICIARY. This Agreement and the Provision of Services which is attached hereto as Exhibit D are for the benefit of the named parties only and no third party shall have any rights hereunder.

IN WITNESS WHEREOF, the parties have signed this Agreement on _____, 19____, conditioned on approval of the King County Council, according to Ordinance No. _____.

AIDS HOUSING OF WASHINGTON

KING COUNTY, WASHINGTON

By _____
It's _____

By _____
Tim Hill, King County Executive

APPROVED AS TO FORM

By _____
Deputy Prosecuting Attorney

EXHIBITS

- A. Legal Description of the Premises
- B. Lease Agreement I (with Lease Agreement I General Terms and Conditions)
- C. Lease Agreement II (with Lease Agreement II General Terms and Conditions and Provision of Services)
- D. Provision of Services

EXHIBIT A

Legal Description of Premises

Lot 18, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County, Washington.

Lot 19, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County Washington.

Lots 20 and 21, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington.

Lots 22, 23 and 24, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington; except that portion thereto condemned for street.

LEASE AGREEMENT I

THIS LEASE, made this _____ day of _____, 19____, by and between AIDS Housing of Washington ("Lessor") and King County ("Lessee"):

WITNESSETH

1. PREMISES: Lessor does hereby lease to Lessee, floors two and three and reasonable access thereto (hereinafter called the "Premises") of the building to be constructed on the real property commonly known as 2720 East Madison Street, Seattle, Washington, legally described as follows:

Lot 18, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County, Washington.

Lot 19, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County Washington.

Lots 20 and 21, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington.

Lots 22, 23 and 24, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington; except that portion thereto condemned for street.

2. TERM: The term of this Lease shall be for 35 years commencing the _____ day of _____, 19____, and shall terminate on the _____ day of _____, 20____.

3. RENT: Lessee covenants and agrees to pay Lessor, at Lessor's address, AIDS Housing of Washington, 93 Pike Street, Suite 312, Seattle, WA 98101, rent in the amount of Two Hundred Sixty-Two Thousand Five Hundred Dollars (\$262,500), as part of the final construction draw exclusive of retainage and upon submission by Lessor of an invoice on a form to be provided by Lessee.

4. COSTS AND ATTORNEY'S FEES: If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Lease, 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 Lease may be in the county in which the premises are situated.

5. SUBORDINATION: This Lease shall be subordinate to all other financing including the financing as described in the Priority Agreement to be executed by Lessor, Lessee, the City of Seattle and Security Pacific Bank Washington.

6. NON-DISTURBANCE: Lessee shall reserve the rights to occupy the Premises in accordance with the terms and conditions of this lease, without regard to mortgage default of Lessor so long as Lessee is not in default of this lease, except as otherwise agreed to in the Priority Agreement.

7. NO WAIVER OF COVENANTS: Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future similar breach. There shall be no modification of Lease Agreement I except by written instrument.

8. **BINDING ON HEIRS, SUCCESSORS AND ASSIGNS:** The covenants and agreements of Lease Agreement I shall be binding upon the heirs, executors, administrators, successors and assigns of both parties hereto, except as hereinabove provided.

9. **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 Lessor at AIDS Housing of Washington, 93 Pike Street, Suite 312, Seattle, WA 98101, or to Lessee at King County Planning and Community Development Division, 707 Smith Tower Building, 506 Second Avenue, Seattle, WA 98104, or at such other address as either party may designate to the other in writing from time to time.

10. **DEFAULT:** Upon either party's failure to observe or perform any of the provisions of Lease Agreement I, that failure having continued for thirty days after the non-defaulting party gives written notice to cure such failure to the other party, such party shall be deemed in default of Lease Agreement I; provided, however, that if the nature of the default is such that more than thirty days are reasonably required for its cure, then such party shall not be deemed in default if it commences such cure within such thirty-day period and thereafter diligently pursues such cure to completion within one hundred eighty (180) days. In the case of default, Lessor and Lessee shall be willing to meet and confer for the purpose of curing such default.

11. **TERMINATION:** In the event that AIDS Housing of Washington or its successor in interest is in default of Lease Agreement II and such default has not been cured as provided for in Lease Agreement II and King County elects to terminate Lease Agreement II, Lessee, at its sole discretion and upon providing thirty days written notice to Lessor, may terminate Lease Agreement I. In the event that either Lessor or Lessee is in default of Lease Agreement I and such default has not been cured as provided for in paragraph 10 above and upon thirty days written notice to the party in default, the non-defaulting party may terminate Lease Agreement I or pursue any other remedies permitted at law.

12. **ASSIGNMENT:** Lessee may assign, transfer, or sublet this lease or any interest therein, either in whole or part, only with the written consent of Lessor, which consent shall not be unreasonably withheld. However, in the event Lessor or any successor-in-interest is in default of Lease Agreement II, Lessee may terminate Lease Agreement II, and Lessee need not procure Lessor's consent to assign or transfer this Lease or any interest therein or to sublet the whole or part of the Premises.

13. **NONINTERFERENCE:** As long as this lease and Lease Agreement II remain in full force and effect, Lessee agrees not to interfere in the maintenance and operation of the Premises. This provision shall not be construed to limit Lessee's right to access the Premises or right to receive and/or examine records pertaining to the construction and ongoing operation of the Premises as described in Lease Agreement II, and the "Provision of Services" which is attached to the Housing Opportunity Fund Agreement as Exhibit D.

14. **LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS:** Upon default of Lease Agreement II by AIDS Housing of Washington or its successor in interest, and only in the event that Lessee chooses not to terminate Lease Agreement I, Lessee agrees to perform the obligations of the "Lessee" under the Lease Agreement I General Terms and Conditions attached hereto.

15. **TIME IS OF THE ESSENCE OF THIS LEASE.**

16. **NO THIRD PARTY BENEFICIARY:** This lease and the Provision of Services which is attached to the Housing Opportunity Fund Agreement as Exhibit D, are for the benefit of the named parties only and no third party shall have any rights hereunder.

STATE OF WASHINGTON)
) SS
COUNTY OF KING)

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

GIVEN under my hand and official seal this _____ day of
_____, 19____.

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

LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS

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

2. COMPLIANCE WITH ALL LAWS AND REGULATIONS.

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

3. UTILITIES.

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

4. MAINTENANCE.

A. Lessee shall throughout the term of this lease, without cost or expense to Lessor, keep and maintain the leased Premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean and sanitary condition, and shall except for reasonable wear and tear, at all times preserve the Premises in good and safe repair. Upon the expiration or sooner termination of the lease, Lessee shall forthwith return the same in as good condition as that existing at the commencement of occupancy, ordinary wear and tear excepted. Notwithstanding the foregoing, Lessor shall have the obligation to make all capital improvements and to keep in good repair the structural components of the Premises including the roof, exterior walls, foundation and HVAC system.

B. If, after thirty (30) days notice from Lessor, Lessee fails to maintain or repair any part of the leased Premises or any improvement, landscaping, fixtures or equipment thereon, Lessor may, but shall not be obligated to, enter upon leased Premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to Lessor upon receipt of a written demand. Provided that if such maintenance or repair requires more than 30 days to accomplish, then Lessor shall not undertake the required work if Lessee commences the required work within such 30-day period and thereafter diligently pursues such maintenance or repair work to completion. Any unpaid sums under this paragraph shall be payable following the written demand, and will bear interest at the maximum rate allowed by Washington State Law.

5. HOLD HARMLESS AND INDEMNIFICATION.

Lessee shall indemnify and hold Lessor, its agents, employees and officers harmless from and shall process and defend at its own expense any and all claims, demands, suits, penalties, losses, damages or costs of any kind whatsoever (hereinafter "claims") brought against Lessor arising out of or incident to the execution of, performance of, or failure to perform any provisions of this lease; provided, however, that if such claims are caused by or

LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS

result from the concurrent negligence of Lessee, its agents, employees and/or officers and Lessor, its agents, employees and/or officers, this section shall be valid and enforceable only to the extent of the negligence of Lessee, its agents, employees and/or officers; and provided further that nothing in this section shall require the Lessee to indemnify, hold harmless, or defend Lessor, its agents, employees and/or officers from any claims caused by or resulting from the sole negligence of Lessor, its agents, employees and/or officers. In the event Lessor is forced to incur attorneys fees, legal expenses, or other costs to enforce the provisions of the section, all such fees, expenses and costs shall be recoverable from Lessee.

6. INSURANCE.

Upon AIDS Housing of Washington's default of Lease Agreement II and upon King County's termination of Lease Agreement II, and further in the event that King County chooses not to terminate Lease Agreement I, King County shall ensure that appropriate property and general liability insurance are provided for the Premises either through its self-funded insurance program, by purchasing coverage from a private insurance company, or by requiring a successor lessee to purchase appropriate property and general liability insurance.

Such insurance shall include:

- a. Fire and extended coverage insurance in an amount equal to the full insurable value of all improvements, structures, and buildings located on the Premises. The policy shall include AIDS Housing of Washington as an insured for its vested interest in the property and shall provide for a thirty (30) day notification of cancellation. A certificate of insurance and, if an insurance policy is purchased, an endorsement as evidence of compliance with this section must be provided to AIDS Housing of Washington.
- b. Comprehensive General liability insurance with limits of not less than \$1 million. Such policy shall name AIDS Housing of Washington as an additional insured and shall provide for a thirty (30) day notification of cancellation. A certificate of insurance and, if an insurance policy is purchased, an endorsement as evidence of compliance with this section must be provided to AIDS Housing of Washington.

7. MUTUAL RELEASE AND WAIVER.

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

8. ASSURANCE OF PERFORMANCE.

In the event a default in the performance of any obligation under this lease which remains uncured for more than thirty (30) days after notice, Lessor may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the

County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to Lessor, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and Lessor may in its discretion terminate this lease.

9. ADVANCES BY LESSOR FOR LESSEE.

If Lessee fails to pay any fees or perform any of its obligations under this lease other than payment of rent, Lessor will mail notice to Lessee of its failure to pay or perform. Thirty (30) days after mailing notice, if Lessee's obligation remains unpaid or unperformed Lessor may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by Lessor under this paragraph, Lessee will reimburse Lessor within sixty (60) days.

10. NON-WAIVER.

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

11. INSPECTION.

Lessor reserves the right to inspect the Premises at any and all reasonable times and upon reasonable notice throughout the term of this lease; provided, that Lessor shall not interfere unduly with Lessee's operations. The right of inspection reserved to Lessor hereunder shall impose no obligation on Lessor to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Lessor for failure to make such inspections.

12. LIENS.

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

13. ANTI-DISCRIMINATION.

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

14. CAPTIONS.

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

15. CUMULATIVE REMEDIES.

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

16. HAZARDOUS SUBSTANCES.

Lessee shall not, without first obtaining Lessor's prior written approval, generate, release, spill, store, deposit, transport, or dispose of (collectively "Release") any hazardous substances, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants, or substances defined as hazardous or toxic in accordance with applicable federal, state, and local laws and regulations in any reportable quantities ("Hazardous Substances") in or about the Premises except for recognized medical waste and commercial cleaning supplies which shall be handled in accordance with all applicable federal, state, and local laws and regulations. In the event, and only in the event, Lessor approves such Release of Hazardous Substances on the Premises, Lessee agrees that such Release shall occur safely and in compliance with all applicable federal, state, and local laws and regulations. Lessee shall indemnify, hold harmless, and defend Lessor from any and all claims, liabilities, losses, damages, clean up costs, response costs, and expenses, including reasonable attorney's fees arising out of or in any way related to the Release by Lessee, or any of its agents, representatives, or employees, or the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the commencement date.

17. CASUALTY/CONDEMNATION

In the event of casualty or condemnation of a material portion of the Premises which is not repaired by either party within ninety (90) days after the casualty or condemnation then either party may terminate this lease on sixty (60) days notice.

EXHIBIT CLEASE AGREEMENT II

1. PARTIES. This Lease, dated the _____ day of _____, 19____, is between King County, ("Lessor"), a municipal corporation and a political subdivision of the State of Washington, and AIDS Housing of Washington, ("Lessee").

2. PREMISES. Lessor hereby leases to Lessee, upon the following terms and conditions, floors two and three and reasonable access thereto (hereafter referred to as the "Premises") of the building to be constructed on certain real property located in King County, legally described as follows:

Lot 18, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County, Washington

Lot 19, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County Washington

Lots 20 and 21, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington

Lots 22, 23 and 24, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington; except that portion thereto condemned for street.

Post Office Address: 2720 East Madison Street
Seattle, WA 98112

3. TERM. This lease term shall be for 35 years and shall begin on the _____ day of _____, 19____, and end on the _____ day of _____, 20____.

4. SERVICES IN LIEU OF RENT. In lieu of payment of rent, Lessee shall improve the Premises and perform all those services specified in the "Provision of Services," which is attached hereto as Attachment C1 and incorporated as if fully set forth. Lessee agrees to perform said services in lieu of payment of rent each month for the duration of the leasehold. Such services shall be provided in a manner which fully complies with all applicable federal, state and local laws, statutes, rules and regulations, as are now in effect or may be hereafter amended.

5. USE. Lessee shall use the Premises for the following purposes and no others without prior written consent of Lessor: long-term care residence for people with HIV infections/AIDS.

6. DEFAULT. Upon either party's failure to observe or perform any of the provisions of Lease Agreement II or the Provision of Services, that failure having continued for thirty days after the non-defaulting party's written notice to cure such failure to the other party, such party shall be deemed in default of Lease Agreement II; provided, however, that if the nature of the default is such that more than thirty days are reasonably required for its cure, then such party shall not be deemed in default if it commences such cure within such thirty-day period and thereafter diligently pursues such cure to completion within one hundred eighty (180) days. In the case of default, Lessor and Lessee shall be willing to meet and confer for the purpose of curing such default.

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

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

GIVEN under my hand and official seal this _____ day of
_____, 19____.

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

LEASE AGREEMENT II GENERAL TERMS AND CONDITIONS1. LATE PAYMENT, TAXES AND LICENSES.

- A. LEASEHOLD TAX. A leasehold excise tax is levied pursuant to the Revised Code of Washington (RCW) Chapter 82.29A. If applicable, the Lessee agrees to pay this tax to King County. If the State of Washington or King County changes the Leasehold Excise Tax, the tax payable shall be correspondingly changed.
- B. LICENSE AND TAXES. Lessee shall pay throughout the term of this lease, all applicable taxes, and all license and excise fees covering the business conducted on the Premises.
- C. OTHER CONSIDERATION. No offset, reduction, or credit toward rent shall be allowed unless it is in writing and signed by the Manager of the Real Property Division of King County.

2. COMPLIANCE WITH ALL LAWS AND REGULATIONS.

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

3. UTILITIES.

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

4. CONSTRUCTION DEFECTS.

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

5. MAINTENANCE.

- A. Lessee shall throughout the term of this lease, without cost or expense to Lessor, keep and maintain the leased Premises and all improvements, landscaping, fixtures and equipment which may now or hereafter exist thereon, in a neat, clean and sanitary condition, and shall except for reasonable wear and tear, at all times preserve the Premises in good and safe repair. Upon the expiration or sooner termination of the lease, Lessee shall forthwith return the same in as good condition as that existing at the commencement of occupancy, ordinary wear and tear excepted.
- B. If, after thirty (30) days notice from Lessor, Lessee fails to maintain or repair any part of the leased Premises or any improvement, landscaping, fixtures or equipment thereon, Lessor may, but shall not be obligated to, enter upon leased Premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to Lessor upon receipt of a written demand. Provided that if such maintenance or repair requires more than 30 days to accomplish, then Lessor shall not undertake the required work if Lessee commences the required work within such 30-day period and thereafter diligently pursues such maintenance or repair work to completion. Any unpaid sums under this paragraph shall be payable following the written demand, and will bear interest at the maximum rate allowed by Washington State Law.

6. HOLD HARMLESS AND INDEMNIFICATION.

Lessee shall indemnify and hold Lessor, its agents, employees and officers harmless from and shall process and defend at its own expense any and all claims, demands, suits, penalties, losses, damages or costs of any kind whatsoever (hereinafter "claims") brought against Lessor arising out of or incident to the execution of, performance of, or failure to perform any provisions of this lease; provided, however, that if such claims are caused by or result from the concurrent negligence of Lessee, its agents, employees and/or officers and Lessor, its agents, employees and/or officers, this section shall be valid and enforceable only to the extent of the negligence of Lessee, its agents, employees and/or officers; and provided further that nothing in this section shall require the Lessee to indemnify, hold harmless, or defend Lessor, its agents, employees and/or officers from any claims caused by or resulting from the sole negligence of Lessor, its agents, employees and/or officers. In the event Lessor is forced to incur attorneys fees, legal expenses, or other costs to enforce the provisions of the section, all such fees, expenses and costs shall be recoverable from Lessee.

7. FIRE INSURANCE.

Lessee will carry fire and extended coverage insurance in an amount equal to the full insurable value of all improvements, structures, and buildings located on the Premises. The policy shall include Lessor as an insured for its interest in the Premises of \$262,500 less \$7,500 for each full year that this lease has been in full force and effect, and shall provide for a thirty (30) day notification of cancellation. A certificate of insurance and an endorsement as evidence of compliance with this section must be provided to Lessor.

8. LIABILITY INSURANCE.

Lessee 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 Lessee's operations and use of the rental Premises.

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

1. Insurance Services Office form number GL0002 (ED. 1/73) covering Comprehensive General Liability and Insurance Services Office form Number GL0404 covering Broad Form Comprehensive General Liability; or Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001).

B. MINIMUM LIMITS OF INSURANCE. Lessee shall maintain limits no less than:

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

C. DEDUCTIBLES AND SELF-INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to and approved by Lessor. At the option of Lessor, the insurer shall reduce or eliminate such deductibles or self-insured retentions. In no event shall the deductible or self-insured retention exceed \$5,000.

- D. OTHER INSURANCE PROVISIONS. The policy is to contain, or be endorsed to contain, the following provisions:
1. Lessor, its officers, officials, employees, and volunteers are to be covered as insured as respects: liability arising out of Premises rented or used by the Lessee.
 2. The Lessee's insurance coverage shall be primary insurance as respects Lessor, its officers, employees, and volunteers. Any insurance or self-insurance maintained by Lessor, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.
 3. Any failure to comply with reporting provisions of the policy shall not affect coverage provided to Lessor, its officers, officials, employees, or volunteers.
 4. Coverage shall state that the tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the insurer's liability.
 5. Insurance policy shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Lessor.
- E. ACCEPTABILITY OF INSURERS.
- Insurance is to be placed with insurers with a Bests' rating of no less than A:XI.
- F. VERIFICATION OF COVERAGE.
- Lessee shall furnish Lessor with certificate(s) of insurance and with original endorsement(s) effecting coverage required by this contract. The certificate and endorsement for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be provided by Lessor and are to be received and approved by Lessor before occupancy commences. Lessor reserves the right to require complete, certified copies of all required insurance policies at any time.
- G. PROVISION FOR ADJUSTMENT OF INSURANCE COVERAGE
- To ensure that appropriate insurance is carried by Lessee, Lessor may adjust these requirements every three (3) years, the first adjustment to occur three (3) years from the beginning of the term of this lease. Such adjustments shall not be greater than the amounts customarily required by King County in leases of a similar character,
9. MUTUAL RELEASE AND WAIVER.
- To the extent a loss is covered by insurance in force, Lessor and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided, that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of Lessor or the Lessee.

10. ASSURANCE OF PERFORMANCE.

In the event a default in the performance of any obligation under this lease which remains uncured for more than thirty (30) days after notice, Lessor may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to Lessor, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and Lessor may in its discretion terminate this lease.

11. NON-WAIVER.

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

12. INSPECTION.

Lessor reserves the right to inspect the Premises at any and all reasonable times and upon reasonable notice throughout the term of this lease; provided, that Lessor shall not interfere unduly with Lessee's operations. The right of inspection reserved to Lessor hereunder shall impose no obligation on Lessor to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Lessor for failure to make such inspections.

13. LIENS.

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

14. ASSIGNMENT OR SUBLEASE.

- A. Lessee shall not assign or transfer this lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of Lessor first had and obtained, which consent shall not be unreasonably withheld. If Lessor shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Lessor's consent.
- B. If Lessee desires to assign, transfer, or sublease any portion of this lease or any interest therein, it shall notify Lessor in writing of said desire to assign or transfer and the details of the proposed agreement, at least thirty (30) days prior to the proposed date of assignment,

transfer, or sublease to a third party. The notification shall include, but not be limited to a financial statement of the proposed assignee, including but not limited to a full disclosure of the monetary payment or any other considerations involved, and an affidavit from the proposed assignee stating he has examined this lease, understands this lease, agrees to assume and be bound by all of the Lessee's obligations and covenants under this lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or sublease.

- C. Lessor will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date. Disapproval of any such request shall be final and binding on the Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld. Lessor shall charge to the Lessee a reasonable fee for administrative costs in reviewing and processing any assignment or sublease. Lessee may assign this lease to any wholly owned subsidiary without obtaining Lessor's consent or payment of fees.

15. ANTI-DISCRIMINATION.

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

16. HEIRS, AGENTS AND ASSIGNS.

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

17. CAPTIONS.

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

18. TIME IS OF THE ESSENCE.

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

19. CUMULATIVE REMEDIES.

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

20. ATTORNEY'S FEES/COLLECTION CHARGES.

In the event legal action is brought by either party to enforce any of the terms, conditions or provisions of this lease, the prevailing party shall recover against the other party, in addition to the costs allowed by law, such sum as the court may adjudge to be a reasonable attorney's fee.

21. HAZARDOUS SUBSTANCES.

Lessee shall not, without first obtaining Lessor's prior written approval, generate, release, spill, store, deposit, transport, or dispose of (collectively "Release") any hazardous substances, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants, or substances defined as hazardous or toxic in accordance with applicable federal, state, and local laws and regulations in any reportable quantities ("Hazardous Substances") in or about the Premises except for recognized medical waste and commercial cleaning supplies which shall be handled in accordance with all applicable federal, state, and local laws and regulations. In the event, and only in the event, Lessor approves such Release of Hazardous Substances on the Premises, Lessee agrees that such Release shall occur safely and in compliance with all applicable federal, state, and local laws and regulations. Lessee shall indemnify, hold harmless, and defend Lessor from any and all claims, liabilities, losses, damages, clean up costs, response costs, and expenses, including reasonable attorney's fees arising out of or in any way related to the Release by Lessee, or any of its agents, representatives, or employees, or the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the commencement date.

22. SEVERABILITY.

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

23. CASUALTY/CONDEMNATION.

In the event of casualty or condemnation of a material portion of the Premises which is not repaired by either party within ninety (90) days after the casualty or condemnation then either party may terminate this lease on sixty (60) days notice.

ATTACHMENT C1PROVISION OF SERVICES

AIDS HOUSING OF WASHINGTON ("AHW") AGREES TO PERFORM THE FOLLOWING SERVICES IN LIEU OF RENT AS SPECIFIED IN LEASEHOLD AGREEMENT II.

I. FUNDING

- A. AHW shall utilize King County Housing Opportunity Funds ("HOF") only for construction of floors two and three (hereinafter known as the "Premises") of the building to be constructed on the real property legally described as follows:

Lot 18, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County, Washington.

Lot 19, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, Page 85, in King County Washington.

Lots 20 and 21, Block 19 Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington.

Lots 22, 23 and 24, Block 19, Madison Street Addition to the City of Seattle, according to the plat thereof recorded in Volume 2 of Plats, page 85, in King County, Washington; except that portion thereto condemned for street.

- B. AHW shall acquire the real property and construct the improvements thereon according to the following Estimated Project Cost Schedule:

Estimate of Project Cost:

a.	Acquisition of Land	\$ 538,927
b.	Construction of Facility	\$4,014,182
c.	Development Costs	\$1,434,685
d.	Financing	<u>\$ 431,098</u>

\$6,418,892

II. SERVICES

AHW shall provide a long term residential care facility with 35 beds in which to provide care and treatment for people living with HIV infections/AIDS. This residential program shall provide skilled nursing care for an estimated 150 individuals per year. Services shall include medical and nursing care, an activities program, counseling, and occupational and physical therapies.

III. RESIDENT POPULATION

- A. AHW shall provide a residence and services to people living with HIV infections/AIDS at the Premises. At least 17 persons residing at the Premises at any given time shall have annual incomes that do not exceed 50% of the annual median income for the Seattle-Everett metropolitan statistical area (SMSA median income), adjusted for family size, as estimated from time to time by the U.S. Department of Housing and Urban Development (HUD). If at any time, HUD no longer estimates median income, benefit standard shall be based on a program selected by King County in conjunction with the City of Seattle.

- A.1. AHW shall verify residents' income only in accordance with methods prescribed by or agreed to by King County Planning and Community Development.

- B. It is understood that AHW shall charge fees to residents residing at the Premises. Resident fees shall be determined by the requirements of the State of Washington for licensed Skilled Nursing Facilities. In the event the Premises are no longer operated as a Skilled Nursing Facility, AHW shall establish a rent schedule for residents which complies with affordability guidelines of the HOF Program and Policy which require that resident rents do not exceed 30% of 50% of median income, including utilities. Any modification of rents shall be made in conjunction with the City of Seattle and must be approved in advance of implementation by King County Planning and Community Development Division.
- C. AHW shall make best efforts to insure that 20% of the total resident population at any given time during the term of the Lease Agreement II shall be residents of unincorporated King County. AHW shall engage in outreach and marketing efforts to assure this outcome.
- D. If at any time during the course of Lease Agreement II, AHW determines that it is no longer feasible for it to serve and house people with HIV infections/AIDS within the Premises, AHW may inform King County that it desires to negotiate with King County for the purpose of serving an alternative population within the Premises consisting of HOF-eligible beneficiaries. If, rather than exercising its rights and remedies set forth in Lease Agreement II, King County agrees to negotiate this matter with AHW, AHW shall notify all public agencies that have provided funding and shall convene a negotiation to which public agencies which provided funding will be invited. These public agencies are: U.S. Department of Public Health, Health Resources and Services Administration (HRSA); Washington State, Department of Community Development, Housing Trust Fund Program; City of Seattle, Department of Community Development, Special Needs Housing Levy Program, King County Planning and Community Development Division, Housing Opportunity Fund. The purpose of negotiation shall be to identify an alternative HOF-eligible population to be served within the Premises. Such negotiation shall be complete when all public agencies that have provided funding concur with the designation of the alternative resident population. Such negotiation period shall not exceed 180 days. If parties are unable to agree on an alternative population that meets the definition of "HOF Eligible Beneficiary" as defined in D.1. below or as may later be modified by action of the King County Council, AHW shall pay to King County an amount equal to King County's interest in the Premises of \$262,500 less \$7,500 for each full year that Lease Agreement II has been in full force and effect. Upon payment of this amount, Lease Agreement I and Lease Agreement II shall terminate and neither party shall have further liability hereunder.
- D.1. "HOF Eligible Beneficiaries" are hereby defined as (1) persons with household incomes at or below 50% of the SMSA median and (2) persons which fall into one or more of the following categories:
1. Low-income families and seniors at risk of displacement and homelessness;
 2. Homeless families and individuals, including youth; or,
 3. Special needs groups including, but not limited to the frail elderly and people with the following conditions:
 - Mental Illness
 - HIV Infections/AIDS
 - Developmental Disabilities
 - Alcohol and/or Substance Abuse.

If AHW wishes to identify and provide residence and services to a special needs group not included in the above listing of King County priority groups, it must demonstrate that the population requires residential care. In addition, AHW must present a budget to King County which demonstrates the linkage of support services to the special needs group assisted.

IV. RECORDKEEPING AND REPORTING

- A. AHW shall keep and maintain all records as King County may from time to time reasonably require, including, but not limited to, records pertaining to the acquisition, construction and operation of the Premises, the provision of services for residents and records pertaining to residents' annual income and prior residence. King County shall have access upon reasonable notice to any and all of AHW's records at any time during the course of the construction and operation of the Premises.
- B. AHW shall submit an annual report to King County Planning and Community Development Division within 60 days of the close of each calendar year. This report shall include information pertaining to the residents, including numbers served, age, ethnicity, gender, income and prior residence; and information pertaining to AIDS Housing of Washington (AHW), including AHW's annual report of activities, an audited financial statement and federal tax return and a list of current board members and officers. AHW shall also submit additional reports which King County may from time to time reasonably require.

V. ANTI-DISCRIMINATION

- A. AHW agrees that in all hiring or employment made possible by or resulting from the operation of the Premises, there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. AHW shall not violate any of the terms of RCW 49.60, Title VII of the Civil Rights Act of 1964, or any other applicable federal, state, or local law or regulations regarding nondiscrimination. Any violation of this provision shall be considered a violation of a material provision of Lease Agreement II and shall be grounds for cancellation, termination or suspension, in whole or in part, of Lease Agreement II by King County and may result in ineligibility for further King County agreements. AHW shall also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.
- B. AHW 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 handicap in the access to, or in the provision and administration of, any service, program or activity conducted at the Premises.

"Discrimination" includes but may not be limited to: a) denial of services or benefits; b) segregated, separate or different treatment or benefits; and, c) 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 handicapped.

VI. AMENDMENT

No modification or amendment of this Provision of Services shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

VII. SEVERABILITY

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

VIII. NO THIRD PARTY BENEFICIARY

This Provision of Services is for the benefit of the named parties only and no third party shall have any rights hereunder.

EXHIBIT DPROVISION OF SERVICES

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- A. AHW shall keep and maintain all records as King County may from time to time reasonably require, including, but not limited to, records pertaining to the acquisition, construction and operation of the Premises, the provision of services for residents and records pertaining to residents' annual income and prior residence. King County shall have access upon reasonable notice to any and all of AHW's records at any time during the course of the construction and operation of the Premises.
- B. AHW shall submit an annual report to King County Planning and Community Development Division within 60 days of the close of each calendar year. This report shall include information pertaining to the residents, including numbers served, age, ethnicity, gender, income and prior residence; and information pertaining to AIDS Housing of Washington (AHW), including AHW's annual report of activities, an audited financial statement and federal tax return and a list of current board members and officers. AHW shall also submit additional reports which King County may from time to time reasonably require.

V. ANTI-DISCRIMINATION

- A. AHW agrees that in all hiring or employment made possible by or resulting from the operation of the Premises, there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. AHW shall not violate any of the terms of RCW 49.60, Title VII of the Civil Rights Act of 1964, or any other applicable federal, state, or local law or regulations regarding nondiscrimination. Any violation of this provision shall be considered a violation of a material provision of Lease Agreement II and shall be grounds for cancellation, termination or suspension, in whole or in part, of Lease Agreement II by King County and may result in ineligibility for further King County agreements. AHW shall also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.
- B. AHW 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 handicap in the access to, or in the provision and administration of, any service, program or activity conducted at the Premises.

"Discrimination" includes but may not be limited to: a) denial of services or benefits; b) segregated, separate or different treatment or benefits; and, c) 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 handicapped.