

ORDINANCE NO. **9964**

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AN ORDINANCE authorizing the King County executive to enter into a lease agreement with Kent Youth and Family Services which has been awarded County Housing Opportunity Funds (HOF), pursuant to Ordinances 9368 and 9369, as amended.

**PREAMBLE:**

In accordance with K.C.C. 4.56.160, K.C.C. 4.56.180 and K.C.C. 4.56.190, the King County council may adopt an ordinance permitting the county executive to lease without bidding, upon reasons submitted by the real property division to the county executive. It is proposed to grant authorization to the county executive to negotiate a thirty-five lease with Kent Youth and Family Services which has been selected and funded in accordance with King County Ordinances 9368 and 9369, as amended. It has been determined that a lease term of thirty-five years for this project is in the best interests of the people of King County.

**BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

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

SECTION 2. The King County executive is hereby authorized to enter into a lease agreement for a term of 35 years with Kent Youth and Family Services 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 13<sup>th</sup> day  
5 of May, 1991.

6 PASSED this 3<sup>rd</sup> day of June, 1991.

7 KING COUNTY COUNCIL  
8 KING COUNTY, WASHINGTON

9 Louis North  
10 Chair

11 ATTEST:

12 Gerald A. Peterson  
13 Clerk of the Council

14 APPROVED this 14<sup>th</sup> day of June, 1991.

15 Russ Zittel  
16 King County Executive

HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between Kent Youth and Family Services and King County ("the County").

## RECITALS:

A. On March 27, 1990, 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. Kent Youth and Family Services 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. Kent Youth and Family Services owns certain real property located at 739 South Third Avenue, Kent, Washington.

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

G. Kent Youth and Family Services and the County are desirous of improving certain real property in order to house and serve parents ages 14 to 23 and their children who are residents of unincorporated King County.

H. Kent Youth and Family Services and the County will enter 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. Kent Youth and Family Services agrees to lease to the County for a term of 35 years, beginning on \_\_\_\_\_, 19\_\_\_\_ and ending on \_\_\_\_\_, 20\_\_\_\_ the real property and improvements (hereinafter called the "Premises") described in Exhibit A attached hereto and incorporated herein as if fully set forth. Kent Youth and Family Services 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 rent of \$200,000.00 to Kent Youth and Family Services. Such rent shall be paid to cover the cost of improving the Premises as specified in the Provision of Services which is attached hereto as Exhibit D and incorporated as if fully set forth. Such rent shall be paid not more often than monthly upon receipt of invoices from Kent Youth and Family Services on a form provided by the County. Invoices shall be accompanied by supporting documentation as required by the County. Rent shall be completely invoiced no later than February 28, 1992.

3. LEASE AGREEMENT II. The County agrees to lease the Premises to Kent Youth and Family Services, 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 Kent Youth and Family Services 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, Kent Youth and Family Services shall improve the Premises and perform all services specified in the "Provision of Services," which is attached hereto as Exhibit D. Kent Youth and Family Services 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 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, Kent Youth and Family Services shall comply with all applicable laws, ordinances, and regulations which have been or will be promulgated by any and all authorities having jurisdiction. Kent Youth and Family Services specifically agrees to bear the risks of such laws, ordinances, and regulations, and to pay all costs associated with achieving compliance without notice from the County. Kent Youth and Family Services 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. Kent Youth and Family Services 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 Kent Youth and Family Services' ownership, operation, use and/or possession of the Premises. Kent Youth and Family Services 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. This Agreement supersedes all prior negotiations and no modification or amendment to this Agreement shall be valid unless in writing signed by both parties.

9. ADDITIONAL DOCUMENTS. Kent Youth and Family Services 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 thereunder.

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

Kent Youth and Family Services

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

The north half of Tract 16, Waterman's Acre Tracts to the Town of Kent, according to the plat thereof recorded in Volume 12 of Plats, page 11, in King County, Washington.

EXHIBIT BLEASE AGREEMENT I

THIS LEASE made this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between Kent Youth and Family Services, (hereinafter called "Lessor") and King County (hereinafter called "Lessee"):

## WITNESSETH

1. PREMISES: Lessor does hereby lease to Lessee, certain real property and improvements (hereinafter called "Premises") commonly known as 739 South Third Avenue, Kent, Washington, legally described as follows:

The north half of Tract 16, Waterman's Acre Tracts to the Town of Kent, according to the plat thereof recorded in Volume 12 of Plats, page 11, in King County, Washington.

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, Kent Youth and Family Services, 232 South Second, Suite 201, Kent, WA 98032, rent in the amount of Two Hundred Thousand Dollars (\$200,000.00). Such rent shall be paid not more than monthly upon submission by Lessor of invoices on a form to be provided by Lessee. Such invoices shall be accompanied by supporting documentation as required by Lessee. Rent shall be fully invoiced no later than February 28, 1992.

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 shall be in the county in which the Premises are situated.

6. 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.

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

8. 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 Kent Youth and Family Services, 232 South Second, Suite 201, Kent, WA 98032, 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.

9. 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 180 days. In the case of default, Lessor and Lessee shall be willing to meet and confer for the purpose of curing such default.



10. TERMINATION: In the event that Kent Youth and Family Services 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 is not cured as provided for in paragraph 9 above, and upon thirty days written notice of termination to the party in default, non-defaulting party may terminate Lease Agreement I or pursue any other remedies permitted at law.

11. ASSIGNMENT AND SUBLETTING: Lessee may assign, transfer, or sublet this lease or any interest therein, either in whole or part, only with 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.

12. 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.

13. SUBORDINATION AND NON-DISTURBANCE: Lessee will subordinate to mortgage financing but 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.

14. LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS: Upon default of Lease Agreement II by Kent Youth and Family Services or its successor in interest, and only in the event that Lessee chooses not to terminate Lease Agreement I, Lessee agrees to assume 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 is for the benefit of the named parties only and no third party shall have any rights hereunder.

17. 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.

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

LESSOR:  
Kent Youth and Family Services

LESSEE:  
KING COUNTY, WASHINGTON

BY \_\_\_\_\_  
TITLE \_\_\_\_\_

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

APPROVED AS TO FORM:

BY \_\_\_\_\_  
Deputy Prosecuting Attorney

STATE OF WASHINGTON)  
  ) ss  
COUNTY OF KING                  )

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

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

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

STATE OF WASHINGTON)  
  ) ss  
COUNTY OF KING                  )

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

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

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

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LEASE AGREEMENT I GENERAL TERMS AND

KAITERMS

1. LICENSE AND TAXES. Lessee shall pay througho lease, all applicable taxes, and all license 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

Lessee shall throughout the term of this lease, without cost or expense to Lessor, keep and maintain the leased Premises and all improvements, landscaping and fixtures 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 roof, exterior walls, foundations and HVAC system.

5. INDEMNITY AND HOLD HARMLESS.

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 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.

6. INSURANCE.

Upon Kent Youth and Family Services' 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:

1. Fire and extended coverage insurance, in an amount equal to the full insurable value of all improvements, structure, buildings located on the Premises. The policy shall include Kent Youth and Family Services 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 Kent Youth and Family Services.
2. Comprehensive General liability insurance with limits of not less than \$1 million. Such policy shall name Kent Youth and Family Services 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 Kent Youth and Family Services.

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. 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.

9. 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.

10. INSPECTION

Lessor reserves the right to inspect the Premises at any and all reasonable times 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.

11. 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.

12. 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, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of 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.

13. CAPTIONS.

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

14. 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, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants, or substances defined as hazardous or toxic in accordance with applicable federal, state, and local laws and regulations in any reportable quantities ("Hazardous Substances") in or about the Premises except for 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.

## 15. CASUALTY/CONDEMNATION

In the event that all or any portion of the Premises is taken or conveyed as a result of any condemnation proceeding or damaged as a result of any casualty, Lessor and Lessee agree that the proceeds of any condemnation or casualty affecting the Premises shall be made available for the repair or restoration of the Premises if Lessor and Lessee in their reasonable judgment agree that: (a) repair or restoration of the Premises is feasible and that sufficient funds are available to complete such work; (b) after the completion of work, the Premises can be feasibly operated within the restrictions and requirements of the Housing Opportunity Fund Agreement, Lease Agreement I and Lease Agreement II; and (c) more than two years remain after the completion of the work until the end of the term of Lease Agreement I. Lessor and Lessee shall meet as necessary to discuss in good faith the rebuilding or repair of the Premises and reach a decision with respect thereto within sixty (60) days after the occurrence of the casualty or condemnation.

If the parties cannot in good faith agree to repair or restore the Premises as provided above, then any proceeds of the casualty or condemnation, within 60 days of demand, shall be paid first to Lessee in the amount of its interest in the Premises, of \$200,000 less \$5,715 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessor.

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 Kent Youth and Family Services, ("Lessee").

2. PREMISES. Lessor hereby leases to Lessee, upon the following terms and conditions, certain real property and any improvements thereon located in King County, Washington (hereafter referred to as the "Premises"), legally described as follows:

The north half of Tract 16, Waterman's Acre Tracts to the Town of Kent, according to the plat thereof recorded in Volume 12 of Plats, page 11, in King County, Washington

Post Office Address: 739 South Third Avenue  
Kent, WA 98032

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 herein 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: housing and support services for parents ages 14 to 23 and their children.

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 gives 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 diligently pursues such cure to completion within 180 days. In the case of default, Lessor and Lessee shall be willing to meet and confer for the purpose of curing such default.

7. TERMINATION. In the event that either Lessor or Lessee or Lessee's successor in interest is in default of Lease Agreement II and such default has not been cured as provided for in paragraph 6 above, the non-defaulting party at its sole discretion and upon providing thirty days written notice of termination to the defaulting party may terminate Lease Agreement II. This provision in no way shall be considered a limitation of either party's ability to pursue any other proceeding to protect its interest as provided by law.

8. LIQUIDATED DAMAGES. Default of Lessee or any failure of Lessee to perform any conditions of Lease Agreement II or of the Provision of Services that are not cured as provided herein shall result in the limitation of the availability of housing and support services for parents ages 14-23 and their children to the loss and damage of Lessor. Because it would be impracticable to fix the actual damages sustained in the event of such failure to perform, Lessor and Lessee, therefore, agree that in the event of Lessee's failure to perform, the damages incurred by Lessor shall be the product of (a) \$5,715 and (b) 35 less the number of full years that Lease Agreement II has been in full force and effect at the time of such default or failure to perform. For example, if the default occurs in year

EXHIBIT C

ten, liquidated damages shall be (a) \$5,715 x (b) 35 - 10 or 25 years = \$142,875. Lessor and Lessee agree that Lessee shall pay such amount to Lessor as liquidated damages arising from all causes except causes beyond its reasonable control and without the fault or negligence of Lessee. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of any government body acting in its sovereign capacity, war, explosions, fires, floods, epidemics, quarantine, restrictions, strikes, freight embargoes and unusually severe weather. Upon payment of such sum; neither party shall have any further liability hereunder.

9. ENTIRE AGREEMENT - AMENDMENTS. This lease together with the attached Lease Agreement II General Terms and Conditions and Attachment C1 attached hereto and expressly incorporated herein by reference shall constitute the whole agreement between the parties as to the matters set forth herein. There are no terms, obligations, covenants, or conditions regarding matters addressed herein other than those contained herein. No modification or amendment of this lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

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

TO Lessor: King County Housing and Economic Development Section  
707 Smith Tower Building  
506 Second Avenue  
Seattle, WA 98104

TO Lessee: Kent Youth and Family Services  
232 South Second, Suite 201  
Kent, WA 98032

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

11. NO THIRD PARTY BENEFICIARY. This lease and the Provision of Services, which is attached hereto as Attachment C1, are for the benefit of the named parties only and no third party shall have any rights thereunder.

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

LESSOR:  
Kent Youth and Family Services

LESSEE:  
KING COUNTY, WASHINGTON

BY \_\_\_\_\_  
TITLE \_\_\_\_\_

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

APPROVED AS TO FORM

BY \_\_\_\_\_  
Deputy Prosecuting Attorney



STATE OF WASHINGTON)
) ss
COUNTY OF KING )

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

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

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

STATE OF WASHINGTON)
) ss
COUNTY OF KING )

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

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

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

LEASE AGREEMENT II GENERAL TERMS AND CONDITIONS

1. 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. 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. CONDITION OF PREMISES.

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

5. 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.

6. 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. Any unpaid sums under this paragraph shall be payable as additional rent on the next rent payment date due following the written demand, and will bear interest at the maximum rate allowed by Washington State Law.

7. INDEMNITY AND HOLD HARMLESS.

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 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 this section, all such fees, expenses and costs shall be recoverable from Lessee.

8. FIRE INSURANCE.

The 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 in the amount of its interest in the Premises of \$200,000 less \$5,715 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.

9. 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 tenant.
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 tenant's insurance and shall not contribute with it.
3. Any failure to comply with reporting provisions of the policy shall not affect coverage provided to 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 INCREASE OF COVERAGE.

To ensure that appropriate insurance is carried by Lessee, Lessor may adjust these insurance requirements every three (3) years, the first adjustment to occur three (3) years after the beginning of the term of this lease. Such adjustments shall not be greater than amounts customarily required by King County in leases of a similar character.

10. 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.

11. 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 demand, 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.

12. 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.

13. 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.

14. 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.

15. 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, 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 of 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.

16. 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, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of 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 and may result in ineligibility for further Lessor agreements. The Lessee will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

17. 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.

18. CAPTIONS.

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

19. 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.

20. CUMULATIVE REMEDIES.

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

21. ATTORNEY'S FEES/COLLECTION CHARGES.

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

22. 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, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants, or substances defined as hazardous or toxic in accordance with applicable federal, state, and local laws and regulations in any reportable quantities ("Hazardous Substances") in or about the Premises except for 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.

23. 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.

24. CASUALTY/CONDEMNATION

In the event that all or any portion of the Premises is taken or conveyed as a result of any condemnation proceeding or damaged as a result of any casualty, Lessor and Lessee agree that the proceeds of any condemnation or casualty affecting the Premises shall be made available for the repair or restoration of the Premises if Lessor and Lessee in their reasonable judgment agree that: (a) repair or restoration of the Premises is feasible and that sufficient funds are available to complete such work; (b) after the completion of work, the Premises can be feasibly operated within the restrictions and requirements of the Housing Opportunity Fund Agreement, Lease Agreement I and Lease Agreement II; and (c) more than two years remain after the completion of the work until the end of the term of Lease Agreement I. Lessor and Lessee shall meet as necessary to discuss in good faith the rebuilding or repair of the Premises and reach a decision with respect thereto within sixty (60) days after the occurrence of the casualty or condemnation.

If the parties cannot in good faith agree to repair or restore the Premises as provided above, then any proceeds of the casualty or condemnation, within 60 days of demand, shall be paid first to Lessor in the amount of its interest in the Premises of \$200,000 less \$5,715 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessee.

ATTACHMENT C1PROVISION OF SERVICES

KENT YOUTH AND FAMILY SERVICES ("KYFS") AGREES TO PERFORM THE FOLLOWING SERVICES IN LIEU OF RENT AS SPECIFIED IN LEASEHOLD AGREEMENT II.

I. USE OF FUNDS

- A. KYFS shall utilize King County Housing Opportunity Funds ("HOF") only for rehabilitation of the real property and improvements thereon located at 739 South Third Avenue, Kent, WA 98032 (the real property and improvements thereon hereinafter referred to as the "Premises").
- B. KYFS shall rehabilitate and improve the Premises according to the following revised estimate of project costs outlined below.

## Estimate of Project Costs

a. Acquisition of Property	\$320,000
b. Rehabilitation	208,288
c. Development Costs	90,981
d. Relocation	<u>33,480</u>

Estimated Total Cost \$652,749

- C. KYFS shall rehabilitate and improve the Premises in substantial compliance with the Kent Youth and Family Services Project Manual Specifications submitted to King County's Planning and Community Development Division prior to the commencement of construction.
- D. KYFS shall complete the rehabilitation of the Premises no later than December 1, 1991. King County may inspect, but at no time shall be obligated to inspect, the Premises at any time during the course of the rehabilitation upon reasonable notice to KYFS.
- E. KYFS shall rehabilitate and improve the Premises 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.
- E.1. KYFS shall ensure that the process for selecting any contractor to conduct the rehabilitation and improvement of the Premises shall be in compliance with all applicable State of Washington and King County bidding and contracting statutes.

II. SERVICES

- A. KYFS shall operate the Premises as a transitional housing program and provide supportive services for homeless parents ages 14-23 and their children (hereinafter referred to as "Tenants"). These Tenants shall fully occupy the improved Premises no later than January 1, 1992.
- B. KYFS shall provide for Tenants, either directly or through coordination with other social service, health, or educational organizations, educational and social services which are designed to enable the Tenants to transition to economic and personal self-sufficiency.

III. MANAGEMENT AND OPERATION OF THE PREMISES

- A. KYFS shall engage in sound property and program management practices and at all times shall operate the Premises 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.



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

IV. SERVICE POPULATION

- A. KYFS shall provide housing and services for Tenants at the Premises. All Tenants residing at the Premises 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 SMSA median income, the benefit standard shall be based on a program selected by King County at its sole discretion.
  - A.1. KYFS shall verify Tenants' income only in accordance with methods prescribed by or agreed to by King County's Planning and Community Development Division.
- B. KYFS shall establish rents for the Premises based on the Tenants' income. Such rent shall not exceed 35% of the Tenant household income adjusted for family size, medical and child care expenses. Rent shall include a utility allowance. Monthly rents, including a utility allowance, in no event shall exceed 1/12 of 30% of 50% of the SMSA median income. Rents shall not be increased more than once every twelve months. Rent may be reduced at any time on a temporary or permanent basis if there is a loss of household income.
- C. KYFS shall ensure that 30% of the Tenants each year during the term of the Lease Agreement II shall be residents of unincorporated King County. KYFS shall engage in outreach and marketing efforts to meet this obligation. Provided, however, that in the event that there is a decrease in the population of unincorporated King County such that it becomes impracticable for KYFS to meet this obligation, King County and KYFS shall meet to discuss other ways of satisfying King County's requirements.
- D. If at any time during the course of Lease Agreement II, KYFS determines that it is no longer feasible for it to serve and house Tenants within the Premises, KYFS 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 KYFS, KYFS, shall notify all public agencies that have provided funding and convene a negotiation to which public agencies which have provided funding will be invited. These public agencies are: U.S. Department of Housing and Urban Development, (HUD) McKinney Act program; Washington State, Department of Community Development, Housing Trust Fund Program; and King County Planning and Community Development Division, Housing Opportunity Fund. The purpose of the 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 reach an agreement regarding an alternative population that meets the definition of "HOF Eligible Beneficiaries" as defined in D.1. below or as modified by action of the King County Council, KYFS shall pay King County an amount equal to its interest in the Premises of \$200,000 less \$5,715 for each full year that Lease Agreement II has been in full force and effect. Upon such payment, 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 KYFS wishes to identify and provide housing 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, KYFS must present a budget to King County which demonstrates the linkage of support services to the special needs group assisted.

#### V. RECORDKEEPING AND REPORTING

- A. KYFS 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, rehabilitation and operation of the Premises, the provision of services for residents and records pertaining to Tenants' or other residents' annual income and prior residence. King County shall have access upon reasonable notice to any and all of KYFS' records at any time during the course of the rehabilitation and operation of the Premises.
- B. KYFS shall submit an annual report to King County's Planning and Community Development Division within 60 days of the close of each calendar year. This annual report shall include information pertaining to the Tenants, including numbers served, age, ethnicity, gender, income, and prior residence; and information pertaining to KYFS, including KYFS' annual report of activities, an audited financial statement and federal tax return and a list of names and addresses of current board members and officers. KYFS shall also submit additional reports which King County may from time to time reasonably require.

#### VI. ANTI-DISCRIMINATION

- A. KYFS 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. KYFS 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. KYFS shall also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

- B. KYFS 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.

VII. 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.

VIII. 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.

IX. 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.

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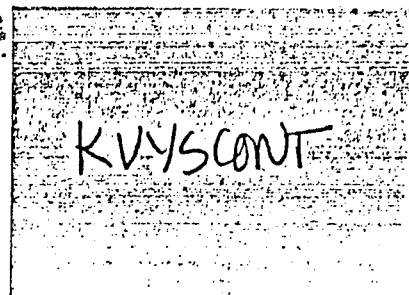


EXHIBIT D

PROVISION OF SERVICES

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- B. KYFS shall establish rents for the Premises based on the Tenants' income. Such rent shall not exceed 35% of the Tenant household income adjusted for family size, medical and child care expenses. Rent shall include a utility allowance. Monthly rents, including a utility allowance, in no event shall exceed 1/12 of 30% of 50% of the SMSA median income. Rents shall not be increased more than once every twelve months. Rent may be reduced at any time on a temporary or permanent basis if there is a loss of household income.
- C. KYFS shall ensure that 30% of the Tenants each year during the term of the Lease Agreement II shall be residents of unincorporated King County. KYFS shall engage in outreach and marketing efforts to meet this obligation. Provided, however, that in the event that there is a decrease in the population of unincorporated King County such that it becomes impracticable for KYFS to meet this obligation, King County and KYFS shall meet to discuss other ways of satisfying King County's requirements.
- D. If at any time during the course of Lease Agreement II, KYFS determines that it is no longer feasible for it to serve and house Tenants within the Premises, KYFS 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 KYFS, KYFS, shall notify all public agencies that have provided funding and convene a negotiation to which public agencies which have provided funding will be invited. These public agencies are: U.S. Department of Housing and Urban Development, (HUD) McKinney Act program; Washington State, Department of Community Development, Housing Trust Fund Program; and King County Planning and Community Development Division, Housing Opportunity Fund. The purpose of the 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 reach an agreement regarding an alternative population that meets the definition of "HOF Eligible Beneficiaries" as defined in D.1. below or as modified by action of the King County Council, KYFS shall pay King County an amount equal to its interest in the Premises of \$200,000 less \$5,715 for each full year that Lease Agreement II has been in full force and effect. Upon such payment, 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 KYFS wishes to identify and provide housing 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, KYFS must present a budget to King County which demonstrates the linkage of support services to the special needs group assisted.

#### V. RECORDKEEPING AND REPORTING

- A. KYFS 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, rehabilitation and operation of the Premises, the provision of services for residents and records pertaining to Tenants' or other residents' annual income and prior residence. King County shall have access upon reasonable notice to any and all of KYFS' records at any time during the course of the rehabilitation and operation of the Premises.
- B. KYFS shall submit an annual report to King County's Planning and Community Development Division within 60 days of the close of each calendar year. This annual report shall include information pertaining to the Tenants, including numbers served, age, ethnicity, gender, income, and prior residence; and information pertaining to KYFS, including KYFS' annual report of activities, an audited financial statement and federal tax return and a list of names and addresses of current board members and officers. KYFS shall also submit additional reports which King County may from time to time reasonably require.

#### VI. ANTI-DISCRIMINATION

- A. KYFS 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. KYFS 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. KYFS shall also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.

- B. KYFS 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.

#### VII. 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.

#### VIII. 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.

#### IX. 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.