

July 22, 1993
csm138

INTRODUCED BY: CYNTHIA SULLIVAN

PROPOSED NO.: 93-600

ORDINANCE NO. **11018**

AN ORDINANCE authorizing the King County Executive to enter into lease agreements with the Leighton Association, a nonprofit organization 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 property services division to the county executive. It is proposed to grant authorization to the county executive to negotiate a thirty-five-year lease-leaseback with the Leighton Association, a nonprofit organization 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 agreements 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 thirty-five years is sufficient to amortize the county's ownership interest therein, and for the purpose of providing services and/or housing to very low-income citizens of unincorporated King County. The King County council further finds that the value of improvements to be made to the property pursuant to said leases will be at least equal to the value of the property.

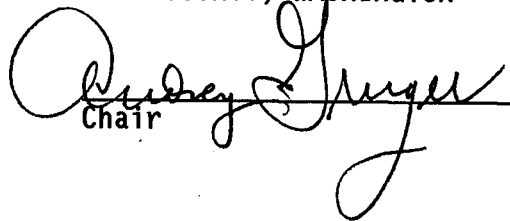
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SECTION 2. The King County executive is hereby authorized to enter into lease agreements which are substantially in the form of Attachment A with the Leighton Association.

INTRODUCED AND READ for the first time this 23rd day of August, 1993

PASSED this 7th day of September, 1993

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chair

ATTEST:


Clerk of the Council

APPROVED this 17th day of September, 1993


King County Executive

Attachment:

A. Housing Opportunity Fund Agreement

11018

HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this _____ day of _____, 1993, between Leighton Association (the "Agency") 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. The Agency 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. The Agency owns certain real property located at 16531 Carlyle Hall Road N. Seattle WA, 98133.

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

G. The Agency and the County are desirous of improving certain real property in order to house and serve people who are disabled by alcoholism and substance abuse and who are residents of unincorporated King County.

H. The Agency 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. The Agency agrees to lease to the County for a term of 35 years, beginning on October 28, 1993 and ending on October 28, 2028, the real property and improvements (hereinafter called the "Premises") described in Exhibit A attached hereto and incorporated herein as if fully set forth. The Agency 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 for the 35 year term of the Lease in a total amount not to exceed \$150,000, to the Agency. Such rent, or portion thereof, shall be paid upon submission by the Lessor of invoices and supporting documentation satisfactory to the Lessee and in accordance with accounts payable procedures of the Lessee. Rent shall be completely invoiced no later than February 15, 1994.

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HOUSING OPPORTUNITY FUND AGREEMENT

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

9. 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.

10. ADDITIONAL DOCUMENTS. The Agency 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.

11. 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 Agreement, a legal action is instituted, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith. It is agreed that the venue of any legal action brought under the terms of this Agreement shall be King County.

12. 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.

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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 Attachment C1, Provision of Services)
- D. Provision of Services

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EXHIBIT A

Legal Description of the Premises

A portion of tract 58 Northside Garden Tracts, according to the plat thereof, recorded in Volume 11 of plats, page 66, in King County, Washington described as follows:

Beginning at the Southwest corner of Section 7, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington. Thence South $89^{\circ}06'31''$ East along the South line of said Section 206.09 feet; thence North $25^{\circ}59'00''$ West 186.52 feet; thence North $29^{\circ}26'35''$ West 59.04 feet to the true point of beginning; thence North $34^{\circ}47'45''$ West 53.98 feet; thence on a radial line North $54^{\circ}17'44''$ East 141.45 feet to the westerly margin of Carlyle Hall Road; thence southeasterly along margin on a curve to the right having a radius of 774.02 feet; through central angle of $4^{\circ}53'00''$ an arc distance of 65.97 feet; thence on radial line South $59^{\circ}10'44''$ West 140.00 feet to the true point of beginning.

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EXHIBIT B

LEASE AGREEMENT I

THIS LEASE made this _____ day of _____, 1993, by and between Leighton Association, (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"), legally described as follows:

A portion of tract 58 Northside Garden Tracts, according to the plat thereof, recorded in Volume 11 of plats, page 66, in King County, Washington described as follows:

Beginning at the Southwest corner of Section 7, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington. Thence South $89^{\circ}06'31''$ East along the South line of said Section 206.09 feet; thence North $25^{\circ}59'00''$ West 186.52 feet; thence North $29^{\circ}26'35''$ West 59.04 feet to the true point of beginning; thence North $34^{\circ}47'45''$ West 53.98 feet; thence on a radial line North $54^{\circ}17'44''$ East 141.45 feet to the westerly margin of Carlyle Hall Road; thence southeasterly along margin on a curve to the right having a radius of 774.02 feet; through central angle of $4^{\circ}53'00''$ an arc distance of 65.97 feet; thence on radial line South $59^{\circ}10'44''$ West 140.00 feet to the true point of beginning.

2. TERM: The term of this Lease shall be for 35 years commencing the 28th day of October, 1993, and shall terminate on the 28th day of October, 2028.

3. RENT: Lessee covenants and agrees to pay Lessor, at Lessor's address, 1401 East Jefferson Street, Suite 300, Seattle WA, 98122, rent for the 35-year term of this Lease in a total amount not to exceed \$150,000. Such rent shall be paid to assist with the acquisition and improvement of the Premises. Such rent, or portion thereof, shall be paid upon submission by the Lessor of invoices and supporting documentation satisfactory to the Lessee and in accordance with accounts payable procedures of the Lessee. Rent shall be fully invoiced no later than February 15, 1994.

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EXHIBIT B
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10. **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.

11. **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.

12. **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.

13. **LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS:** Upon default of Lease Agreement II by Lessor 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.

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

15. **NO THIRD PARTY BENEFICIARY:** This lease is for the benefit of the named parties only and no third party shall have any rights hereunder.

16. **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.

EXHIBIT B
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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.

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

LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS1. 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.

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 protect, defend, indemnify, and save harmless Lessor, its officers, employees, and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of Lessee, its officers, employees, and/or agents. Lessee agrees that its obligations under this subparagraph extend to any claim, demand, and/or cause of action brought by or on behalf of any employees, or agents. For this purpose, Lessee, by mutual negotiation, hereby waives, as respects Lessor only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW. In the event Lessor incurs any judgment, award, and/or cost arising therefrom including attorney's fees to enforce the provisions of this article, all such fees, expenses, and costs shall be recoverable from Lessee.

LEASE AGREEMENT I GENERAL TERMS AND CONDITIONS
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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,

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 Leighton Association, ("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:

A portion of tract 58 Northside Garden Tracts, according to the plat thereof, recorded in Volume 11 of plats, page 66, in King County, Washington described as follows:

Beginning at the Southwest corner of Section 7, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington. Thence South $89^{\circ}06'31''$ East along the South line of said Section 206.09 feet; thence North $25^{\circ}59'00''$ West 186.52 feet; thence North $29^{\circ}26'35''$ West 59.04 feet to the true point of beginning; thence North $34^{\circ}47'45''$ West 53.98 feet; thence on a radial line North $54^{\circ}17'44''$ East 141.45 feet to the westerly margin of Carlyle Hall Road; thence southeasterly along margin on a curve to the right having a radius of 774.02 feet; through central angle of $4^{\circ}53'00''$ an arc distance of 65.97 feet; thence on radial line South $59^{\circ}10'44''$ West 140.00 feet to the true point of beginning.

Post Office Address: 16531 Carlyle Hall Road N.
Seattle WA, 98133

3. TERM. This lease term shall be for one day less than 35 years and shall begin on the 28th day of October, 1993, and end on the 27th day of October, 2028.

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. 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.

Lease Agreement II shall terminate, and neither party shall have any further liability hereunder.

10. 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.

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

TO Lessor: King County Planning and Community
Development Division
707 Smith Tower Building
506 Second Avenue
Seattle, WA 98104

TO Lessee: Leighton Association
1401 East Jefferson Street, Suite 300
Seattle, WA 98122

or 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.

12. 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.

LEASE AGREEMENT II GENERAL TERMS AND CONDITIONS

1. 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.

For All Coverages:

Each insurance policy shall be written on an "Occurrence" form.

A. MINIMUM SCOPE OF INSURANCE.

Coverage shall be at least as broad as:

1. General Liability

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

-or-

Insurance Services Office form number (GL 0002 Ed. 1-73)
covering COMPREHENSIVE GENERAL LIABILITY and Insurance
Services Office form number (GL 0404 Ed. 5-81) covering
BROAD FORM COMPREHENSIVE GENERAL LIABILITY ENDORSEMENT;

2. Fire Insurance

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

B. MINIMUM LIMITS OF INSURANCE.

Lessee shall maintain limits no less than, for:

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

2. Fire Insurance: 100% of replacement value: \$ _____ .00

C. LIABILITY INSURANCE DURING BUILDING CONSTRUCTION.

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

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

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

a. General Liability

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

-or-

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LEASE AGREEMENT II GENERAL TERMS AND CONDITIONS

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

e. Builder's Risk Insurance: \$ _____ (100%
replacement cost value).

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

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

D. DEDUCTIBLES AND SELF-INSURED RETENTIONS.

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

E. OTHER INSURANCE PROVISIONS.

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

1. General Liability Policy

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

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

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

2. Builder's Risk Policy.

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

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 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.

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 become a lien against the interest of Lessor in the Premises unless such lien is released within 60 days from the date such lien is placed and Lessor hereby denies to Lessee any right, power or authority to do any act or contract any obligation or liability which subjects the interest of Lessor in the Premises to any lien, claim or demand whatsoever.

14. ASSIGNMENT OR SUBLEASE.

A. Other than rentals pursuant to the Provision of Services, 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.

LEASE AGREEMENT II GENERAL TERMS AND CONDITIONS

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in whole or in part. If Lease Agreement II is canceled after partial performance, the County's obligation will be limited to the fair market value or Lease Agreement II price, whichever is lower, for goods or services which were received and approved by the County prior to cancellation.

B. EMPLOYMENT

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

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

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

4. During the performance of Lease Agreement II neither Lessee nor any party subcontracting under the authority of Lease Agreement II shall engage in unfair employment practices as defined by King County Code, Chapter 12.18. It is an unfair employment practice for any:

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

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

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

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

2. Lessee, entering into a contract with King County valued at more than \$10,000, or contracts which in the aggregate have a value to the contractor of more than \$10,000, shall submit an affidavit of compliance in the form provided by the County, demonstrating its commitment to comply with the provisions of King County Code, Chapter 12.16.

Lessee shall complete the affidavit of compliance provided by the County and attach the original notarized completed form to this Lease Agreement II. If the improvement of the Premises described in Lease Agreement II continues for longer than one year, a new affidavit will be submitted at the beginning of each year.

3. Within 30 days after signing this Lease, the Lessee will prepare a self evaluation report of its ability to provide program and services to the handicapped as mandated under Sections 504 of the Rehabilitation Act of 1973. Lessee will prepare a plan for the structural and/or programmatic changes necessary at its Premises for compliance with Section 504.

Lessee shall complete the self evaluation report and return it to the issuing County unit 30 days after signing Lease Agreement II.

Please note that if Lessee has previously submitted this self-evaluation report to the County, it is exempt from filing a report for this contractual year, provided that Lessee is in the same location. In this instance Lessee will sign a waiver statement indicating continued efforts to comply with Sections 503 and 504 of the 1973 Rehabilitation Act, as amended.

Lessee shall complete the waiver statement provided by the County and attach the completed form to this Lease.

4. Lessee will complete all reports and forms (including Department of Social and Health Services non-discrimination forms, where applicable) provided by the County and will otherwise cooperate fully with the County in monitoring and assisting Lessee to provide nondiscriminatory programs.

E. MINORITY/WOMEN'S BUSINESSES

Unless waived, Lessee shall fully comply with the provisions of King County Code, Chapter 4.18 in conducting the improvement of the Premises described in Lease Agreement II. Failure by Lessee to comply with any requirements of this Chapter shall be a breach of Lease Agreement II.

1. If the improvement of the Premises described in Lease Agreement II, is conducted with County funds Lessee shall:

a. Comply, as to tasks and proportional dollar amount, with minority/women's business utilization requirements specified in the County's request for proposal and identified in Lease Agreement II. If a contract subject to this

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c. Exclusion of the violator from future contracts or vending until demonstration of compliance.

3. The purpose of King County's minority/women's business legislation is to provide a prompt remedy for the effects of past discrimination. The County in general, and the M/WB program in particular, are damaged when a contract, or portion of a contract, to be performed by a minority/women's business is not actually performed by a minority/women's business enterprise in compliance with King County Code, Chapter 4.18. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the dollar value of the M/WB utilization lost to the County due to the violation, not to exceed 10% of the total dollar value of the contract, shall be the amount required to compensate the County for resulting delays in carrying out the purpose of the program, the costs of meeting utilization goals through additional contracts, the administrative costs of investigation and enforcement and other damages and costs caused by the violation. Lessee shall be liable to the County for such liquidated damages in the event the Lessee or subcontractor fails to perform a commercially useful function and/or operates as a broker, front, conduit or pass-through, as defined in King County Code, Chapter 4.18.

F. SUBCONTRACTS AND PURCHASES

Lessee will include this Section 15 in every subcontract or purchase order for goods or services which are the subject of this Lease Agreement II.

16. AGENTS AND ASSIGNS.

Without limiting any provisions of this lease pertaining to assignment and subletting, the provisions of this lease bind the 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.

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 satisfy any prior liens to which Lessor has subordinated in its capacity as Lessee pursuant to paragraph 12 of Lease Agreement I and then to Lessor in the amount of its interest in the Premises of \$150,000 less \$4,285.71 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessee.

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ATTACHMENT C1

PROVISION OF SERVICES

LEIGHTON ASSOCIATION ("AGENCY") AGREES TO PERFORM THE FOLLOWING SERVICES IN LIEU OF RENT AS SPECIFIED IN LEASEHOLD AGREEMENT II.

I. USE OF FUNDS

- A. The Agency shall utilize King County Housing Opportunity Funds ("HOF") only for acquisition and improvement of the real property located at 16531 Carlyle Hall Road N., Seattle Wa, 98133 (the real property and improvements thereon hereinafter referred to as the "Premises").
- B. The Agency shall acquire and improve the Premises as described in that certain document, the "Specifications" dated October 1, 1993 and signed by the parties hereto. The "Specifications" shall include: the Agency's HOF application, including letters, maps, drawings and other documentation submitted with the application; plans and specifications for renovation or construction of improvements to the Premises, if applicable; an approved project development budget; an approved project annual operating budget; copies of reports or studies relating to the Premises, including, but not limited to, hazardous materials survey report; and, any other documentation related to the Premises and the services to be provided by the Agency which may be required by King County as part of the Specifications. Any and all changes to the Specifications must be approved in writing by the County.

II. SERVICES

- A. The Agency shall operate the Premises as permanent housing coupled with support services for adults disabled by alcoholism and substance abuse (hereinafter referred to as "Tenants"). These Tenants shall fully occupy the improved Premises no later than March 1, 1994.
- B. The Agency shall provide for Tenants, housing with support services designed to enhance personal stability, self sufficiency and independence. These services may include, but are not limited to:
- o intensive case management
 - o skill development for self-supported living
 - o employment training and job opportunity referrals
 - o group and individual counseling

implementation by King County Planning and Community Development Division.

- C. If at any time during the course of Lease Agreement II, the Agency determines that it is no longer feasible for it to serve and house Tenants within the Premises, the Agency 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 the Agency, the Agency, 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: the Washington State Department of Community Development; 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 the 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 paragraph C.1. below or as modified by action of the King County Council, the Agency shall be deemed to have failed to perform conditions of this Provision of Services and King County shall be entitled to liquidated damages pursuant to Lease Agreement II, paragraph 9. Upon such payment of liquidated damages by the Agency to King County as provided in Lease Agreement II, paragraph 9, Lease Agreement I and Lease Agreement II shall terminate and neither party shall have further liability hereunder.

- C.1. "HOF Eligible Beneficiaries" are defined as persons (1) who have household incomes at or below 50% of the SMSA median and (2) who 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.

EXHIBIT DPROVISION OF SERVICES

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EXHIBIT D
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