

July 24, 1997
m250
Clerk 7/25/97

ROB MCKENNA
LARRY PHILLIPS
Introduced By: CYNTHIA SULLIVAN
Proposed No.: 97-467

ORDINANCE NO. **12836**

AN ORDINANCE authorizing the King County Executive to enter into lease agreements with Catholic Community Services and Archdiocesan Housing Authority (CCS/AHA), a nonprofit organization which has been awarded County Housing Opportunity Funds (HOF) to provide housing in the City of Renton (Council District 6), 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 metropolitan 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 thirty-five-year lease-leaseback agreements with CCS/AHA, 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. 1. The metropolitan 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 chapter 82.46 RCW.

2. The council further finds that a leasehold of thirty-five years is sufficient to amortize the county's ownership interest therein to provide services and/or housing to very low-income citizens of unincorporated King County.

1 3. The King County council further finds that the value of improvements to be made
2 to the property pursuant to said leases will be at least equal to the value of the property.

3 SECTION 2. The King County executive is hereby authorized to enter into lease
4 agreements which are substantially in the form of Attachment A with CCS/AHA.

5 INTRODUCED AND READ for the first time this 28th day of July, 1997.

6 PASSED by a vote of 11 to 0 this 25th day of August, 1997.

7
8 KING COUNTY COUNCIL
9 KING COUNTY, WASHINGTON

10 Jane Hogue
11 Chair

12 ATTEST:

13 [Signature]
14 Clerk of the Council

15 APPROVED this 29 day of August, 1997

16 [Signature]
17 King County Executive

18 Attachments:

19 A. Housing Opportunity Fund Agreements
20
21
22
23

HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____, 19__, between Catholic Community Services Renton Housing Limited Partnership (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 has appropriated funds 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 1000 Jefferson Ave NE, Renton WA 98056

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 low-income and formerly homeless families 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 July 31, 1997 and ending on July 31, 2032, the real property and improvements (hereinafter called the "Premises") described in the legal description 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. 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 \$ 375,000.00 to the Agency. Such rent, or portion thereof, shall be paid upon submission by the Lessor of invoices and supporting documentation satisfactory to the Lessees and in accordance with accounts payable procedures of the Lessee. Rent shall be completely invoiced no later than March 15, 1998.

3. LEASE AGREEMENT II. The County agrees to lease the Premises to the Agency, for a term of 35 years, beginning on July 31, 1997 and ending on July 30, 2032. Said term shall be one day less than the term of Lease Agreement I. The County agrees to lease the Premises to the Agency

Housing Opportunity Fund Agreement**Page 2**

according to the terms specified in "Lease Agreement II" which is attached hereto 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, the Agency shall improve the Premises and perform all services contained in Lease Agreement II. The Agency 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).

5. INSURANCE The Agency shall assume any and all liability for property damage and/or general liability associated with the Premises during the terms of Lease Agreement I and Lease Agreement II, including any time period after Lease Agreement II has expired or terminated and before such time that Lease Agreement I expires or terminates, except as otherwise provided for in Lease Agreement I.

6. COMPLIANCE WITH LAWS AND REGULATIONS, TAXES, AND FEES. In carrying out this Agreement, the Agency shall comply with all applicable laws, ordinances, and regulations which have been or will be promulgated by any and all authorities having jurisdiction. The Agency 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. The Agency 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. The Agency 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 the Agency's ownership, operation, use and/or possession of the Premises. The Agency 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.

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

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, Lease I and Lease II 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 is 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___. The execution of this Lease has been authorized by the King County Council, according to Ordinance No.

CATHOLIC COMMUNITY SERVICES/
RENTON HOUSING L.P.
AGENCY

KING COUNTY, WASHINGTON

By _____
Its _____

By _____
Ron Sims
King County Executive

APPROVED AS TO FORM

By _____
Deputy Prosecuting Attorney

EXHIBITS

- A. Legal Description of the Premises
- B. Lease Agreement I
- C. Lease Agreement II

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Exhibit A

Legal Description of the Premises

That portion of Fred Akers Real Estate Number 1, according to the plat thereof recorded in Volume 63 of Plats, page 72, in King County, Washington, described as follows:

All of that portion of Lot 5 of said plat lying south of the westerly production of the north line of Lot 16 of said plat,

TOGETHER WITH that portion of vacated 10th Place North adjoining, all of Lots 6,7 14,15,16 and that portion of Lots 8 and 13 of said plat lying north of a straight line drawn from a point on the westerly line, 15.21 feet northerly of the southwest corner, of Lot 8 to a point of the east line of Lot 13 a distance of 12.11 feet northerly of the southeast corner of said lot;

EXCEPT the east 96.21 feet measured at right angles to the west margin of Kirkland Avenue Northeast;

TOGETHER WITH all of Jefferson Avenue Northeast as vacated under City of Renton Ordinance Number 3639.

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EXHIBIT B

LEASE AGREEMENT I

THIS LEASE made this _____ day of _____, 19____, by and between Catholic Community Services Renton Housing Limited Partnership, (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:

That portion of Fred Akers Real Estate Number 1, according to the plat thereof recorded in Volume 63 of Plats, page 72, in King County, Washington, described as follows:

All of that portion of Lot 5 of said plat lying south of the westerly production of the north line of Lot 16 of said plat,

TOGETHER WITH that portion of vacated 10th Place North adjoining, all of Lots 6,7 14,15,16 and that portion of Lots 8 and 13 of said plat lying north of a straight line drawn from a point on the westerly line, 15.21 feet northerly of the southwest corner, of Lot 8 to a point of the east line of Lot 13 a distance of 12.11 feet northerly of the southeast corner of said lot;

EXCEPT the east 96.21 feet measured at right angles to the west margin of Kirkland Avenue Northeast; TOGETHER WITH all of Jefferson Avenue Northeast as vacated under City of Renton Ordinance Number 3639

2. TERM: The term of this Lease shall be for 35 years commencing the 31st day of July, 1997, and shall terminate on the 31st day of July, 2032.
3. RENT: Lessee covenants and agrees to pay Lessor, at Lessor's address, Catholic Community Services, 100 23rd Avenue South, Seattle WA, 98144-2302, rent for the 35-year term of this Lease in a total amount not to exceed \$375,000.00. 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 March 15, 1998.
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.

5. **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 signed by both parties.
6. **BINDING ON SUCCESSORS AND ASSIGNS:** The covenants and agreements of this Lease shall be binding upon the successors and assigns of both parties hereto, except as hereinabove provided.
7. **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 100 23rd Ave S, Seattle WA, 98144-2302 or to Lessee at King County Housing and Community Development Program, Key Tower Bldg., 700 5th Ave, Ste 3700, Seattle, WA 98104-5037, or at such other address as either party may designate to the other in writing from time to time.
8. **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.
9. **TERMINATION:** In the event that Lessor 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 8 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.
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 following provisions:

- A. 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.
- B. 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.
- C. 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.
- D. 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, Lessee 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.
- E. 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.
- F. INSURANCE: Upon default of Lease Agreement II by Catholic Community Services Renton Housing Limited Partnership 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.
- G. 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.

- H. **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.
- I. **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.
- J. **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.
- K. **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.
- L. **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 disability, 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.
- M. **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.

- N. 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 and the 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 \$375,000.00 less \$10,714.30 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessor.

14. NO THIRD PARTY BENEFICIARY: This lease is for the benefit of the named parties only and no third party shall have any rights hereunder.
15. 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.
16. CAPTIONS: The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.

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

LESSOR: CATHOLIC COMMUNITY
SERVICES RENTON HOUSING L.P.

LESSEE:
KING COUNTY, WASHINGTON

BY _____

BY _____

For Ron Sims
King County Executive

Its _____

APPROVED AS TO FORM:

BY _____

Deputy Prosecuting Attorney

Lease Agreement I

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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 designee of 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

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 Catholic Community Services Renton Housing Limited Partnership, ("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:

That portion of Fred Akers Real Estate Number 1, according to the plat thereof recorded in Volume 63 of Plats, page 72, in King County, Washington, described as follows:

All of that portion of Lot 5 of said plat lying south of the westerly production of the north line of Lot 16 of said plat,

TOGETHER WITH that portion of vacated 10th Place North adjoining, all of Lots 6,7 14,15,16 and that portion of Lots 8 and 13 of said plat lying north of a straight line drawn from a point on the westerly line, 15.21 feet northerly of the southwest corner, of Lot 8 to a point of the east line of Lot 13 a distance of 12.11 feet northerly of the southeast corner of said lot;

EXCEPT the east 96.21 feet measured at right angles to the west margin of Kirkland Avenue Northeast;

TOGETHER WITH all of Jefferson Avenue Northeast as vacated under City of Renton Ordinance Number 3639

Post Office Address: 1000 Jefferson Ave NE
Renton WA, 98056

3. TERM. This lease term shall be for one day less than 35 years and shall begin on the 31st day of July, 1997, and end on the 30th day of July, 2032.
4. SERVICES IN LIEU OF RENT. In lieu of payment of rent, Lessee shall improve the Premises and perform all those services specified below. 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.
 - A. USE.
 1. The Lessee shall acquire and improve the Premises substantially in compliance with plans and specifications submitted to King County Housing and Community Development.

- The Lessee shall fund the acquisition and improvement of the Premises substantially in compliance with the following Project Sources and Uses Statement. The Lessee shall notify the King County Housing and Community Development Program of any modification greater than 10% to any line item listed.

SOURCES OF FINANCING:

Wahsington State Housing Trust Fund	\$674,211
King County Housing Finance Program	\$375,000
Low-Income Housing Tax Credits	\$1,134,516
Renton CDBG	\$14,000
Federal Home Loan Bank	\$70,280
Private Donations	\$19,810
Agency	\$319,748
TOTAL:	\$2,607,565

USES OF FINANCING:

Acquisition	\$283,902
Construction	\$1,805,459
Professional Fees	\$168,613
Developer Fee/Project Management	\$241,795
Other Deveopment Costs	\$107,796
TOTAL:	\$2,607,565

- The Lessee shall operate the Premises as permanent housing for low-income families (hereinafter referred to as "Tenants"). These Tenants shall fully occupy the improved Premises no later than April 30, 1998. Full occupancy is considered achieved at less than or equal to seven percent (7%) vacancy.
- The Lessee shall provide for Tenants, appropriate supportive services, including housing, home financial management, vocational assitance, counseling, supervision and other services essential for achieving independent living.
- The Lessee shall ensure that 14% of the Tenants each year during the term of this Lease shall be residents of unincorporated King County. The Lessee 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 the Lessee to meet this obligation, King County and the Lessee shall meet to discuss other ways of satisfying King County's requirements.
- If at any time during the course of this lease, the Lessee determines that it is no longer feasible for it to serve and house Tenants within the Premises, the Lessee may inform King County that it desires to negotiate with King County for the purpose of serving an alternative population within the Premises. King County may at its sole option exercise its rights and remedies set forth in this Lease, or negotiate this matter with the Lessee. Such negotiation period shall not exceed 180 days. If

parties are unable to reach an agreement regarding an alternative population, the Lessee shall be deemed to have failed to perform conditions of this Lease and King County shall be entitled to liquidated damages pursuant to paragraph 8. Upon such payment of liquidated damages by the Lessee to King County as provided in paragraph 8, Lease Agreement I and Lease Agreement II shall terminate and neither party shall have further liability hereunder.

B. MANAGEMENT AND OPERATION OF THE PREMISES

1. The Lessee shall engage in sound property and program management practices and at all times shall operate and maintain the Premises in a manner which fully complies with all applicable federal, state, and local laws, statutes, rules and regulations, as now in effect or as may be hereafter amended. 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.
2. The Lessee shall at all times comply with all applicable federal, state, and local laws, statutes, rules and regulations relating to relocation of those persons and households residing at the Premises prior to occupancy by Tenants. The Lessee 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.
3. Lessee shall provide King County with a copy of the comprehensive management plan (the "Plan") for the management of the Premises before the Premises is initially occupied and no later than January 15, 1998. The Plan shall not conflict with the policies and procedures of the HOF as contained in King County Ordinance 9369, as amended from time to time and shall address, but not be limited to, a description of: the physical plant, the tenant population, the housing program and services, and the maintenance and operation of the Premises.
4. 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.
5. 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.

C. TENANT INCOME AND RENTS

1. Lessee shall provide housing at affordable rents for Tenants at the Premises. At the time of initial occupancy 11 Tenants at the Premises shall have annual household incomes that do not exceed 30% and 7 Tenants at the Premises shall have annual

household 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 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.

Lessee shall verify Tenants' income only in accordance with methods prescribed by or agreed to by King County's Housing and Community Development Program.

2. Lessee shall ensure that monthly rent established throughout the term of this Lease:
 - o shall not exceed 1/12 of 30% of 30% of the SMSA median income for at least eleven (11) of the household units.
 - o shall not exceed 1/12 of 30% of 50% of the SMSA median income for at least seven (7) additional household units.

Rents shall include a utility allowance. 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. If Tenant incomes increase to above 80% of SMSA median income during the course of their residence at the Premises, the Lessee shall change rent based on 30% of Tenant household income adjusted for family size.

Changes in the method of determining Tenant rent or modifications in the rent schedule for the Premises must be approved in advance of implementation by King County Housing and Community Development Program.

D. RECORDKEEPING AND REPORTING

1. The Lessee 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 lease agreement II for residents and records pertaining to Tenants' annual income. King County shall have access upon reasonable notice to any and all of the Lessee's records at any time during the course of the rehabilitation and operation of the Premises.
2. The Lessee shall submit an annual report to King County's Housing and Community Development Program 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 information pertaining to The Lessee, including the Lessee's 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. The Lessee shall also submit additional reports which King County may from time to time reasonably require.
5. DEFAULT. Upon either party's failure to observe or perform any of the provisions of Lease Agreement II, 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.

6. 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.
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 5 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 that are not cured as provided herein shall result in the limitation of the availability of housing and services for low-income families 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 Lessee shall be \$375,000.00 less \$10,714.30 for each full year that Lease Agreement II has been in full force and effect at the time of such default or failure to perform. Lessor and Lessee agree that Lessee shall pay such amount to Lessor as liquidated damages and not as a penalty. Lessor and Lessee agree that Lessee shall pay such amount to Lessor as liquidated damages arising from all causes including 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, Lease Agreement I and Lease Agreement II shall terminate, and neither party shall have any further liability hereunder.
9. 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.

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10. 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.
11. 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.
12. 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.
13. 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 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.
14. LIABILITY INSURANCE DURING THE TERM OF THIS AGREEMENT. The Lessee shall assume any and all liability for property damage and/or general liability associated with the Premises during the terms of Lease Agreement I and Lease Agreement II, including any time period after Lease Agreement II has expired or terminated and before such time that Lease Agreement I expires or terminates, except as otherwise provided for in Lease Agreement I, paragraphs 9 and 13. This obligation shall survive termination of Lease Agreement II.

By date of execution of this lease, Lessee shall procure and maintain for the duration of this Lease insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities of Lessee, its agents, representatives, employees, and/or subcontractors. The cost of such insurance shall be paid by Lessee.

For All Coverages:

Each insurance policy shall be written on an "Occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval.

If coverage is approved and purchased on a "claims made" basis, the Agency warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of contract termination, and/or conversion from a "claims made" form to an "occurrence" coverage 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.

2. Fire Insurance

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

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.

C. INSURANCE DURING BUILDING CONSTRUCTION PERIOD.

Prior to commencement of building construction and until construction is complete and approved by the Lessee, the Lessee shall cause the construction contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. The Lessee shall be a named or an additional insured on all policies. The cost of such insurance shall be paid by the Lessee and/or any of the Lessee's subcontractors.

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:

b. Products and Completed Operations

The General Liability Policy required in this section shall Products and Completed Operations coverage for the protection against bodily injury and property damage claims arising from this hazard, at a limit acceptable to the County.

c. Automobile Liability

Insurance Services Office form number (CA 00 01 ed. 12-90) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9.

d. Professional Liability, Errors and Omissions Coverage

In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided. "Professional Services" for the purposes of this section shall mean any services provided by a licensed professional.

e. Builder's Risk Insurance

The Lessee will obtain or cause to be obtained a builder's risk policy (Insurance Services Offices form number (CP-00 02 Ed. 10-90) BUILDER'S RISK COVERAGE FORM) covering 100% of the replacement value of the building/structures.

f. Worker's Compensation

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

g. Stop Gap, Employers Contingent Liability

2. MINIMUM LIMITS OF INSURANCE. Lessee shall maintain limits no less than, for:

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

b. Products and Completed Operations: \$1,000,000.

c. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

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.

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- 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.

3. Fire Insurance Policy

The policy shall include the Lessor as a loss payee in the amount equal to its interest, as its interest may appear.

4. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days prior written notice has been given to Lessor.

F. ACCEPTABILITY OF INSURERS.

Insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated with Best's, with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time of the foregoing policies shall be or become unsatisfactory to Lessor, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to Lessor, Lessee shall, upon notice to that effect from Lessor, promptly obtain a new policy, and shall submit the same to Lessor, with the appropriate certificates and endorsements, for approval.

G. VERIFICATION OF COVERAGE.

Lessee shall furnish Lessor with certificate(s) of insurance and endorsement(s) required by this lease. The certificates and endorsements 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 on forms approved by Lessor and are to be received and approved by Lessor prior to the commencement of activities associated with the Lease. Lessor reserves the right to require complete, certified copies of all required insurance policies at any time.

H. PROVISION FOR INCREASE OF COVERAGE.

To ensure that appropriate insurance is carried by Lessee, Lessor at its sole option 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.

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15. 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.
16. 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.
17. 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 would in any way subject the interest of Lessor in the Premises to any lien, claim or demand whatsoever.
18. ASSIGNMENT OR SUBLEASE.
 - A. Other than rentals pursuant to Section 4 above, 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 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 the assignee 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, mediation or legal action, provided that any approval will not be unreasonably withheld.
19. NONDISCRIMINATION
 - A. GENERAL
 1. During the performance of Lease Agreement II, neither Lessee nor any party subcontracting under authority of Lease Agreement II shall discriminate on the basis of race, color, sex, religion, nationality, creed, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability in employment or

application for employment or in the administration or delivery of services or any other benefits under Lease Agreement II.

Lessee will comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws include, but are not limited to, RCW 49.60, Titles VI and VII of the Civil Rights Laws of 1964, Section 504 of the Rehabilitation Act of 1973, Executive Order 11246 issued by the President of the United States.

2. Lessee will consult and cooperate fully with King County, the Washington State Human Rights Commission, the Equal Employment Opportunity Commission and other appropriate federal, state and local agencies in ensuring its full compliance with the laws against discrimination. Lessee will consult the Compliance Unit of the King County Office of Civil Rights and Compliance for information and technical assistance and/or for referral to other agencies for assistance.
3. In the event of noncompliance by Lessee with any of the nondiscrimination provisions of Lease Agreement II, the County shall have the right, at its option, to cancel Lease Agreement II 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 disability 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 worker representative with which it has a collective bargaining agreement or other understanding a notice of the obligations 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 (KCC), 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 participa-

tion 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;
- e. employer, employment agency or a labor organization to retaliate against any person because this person opposed any practice forbidden by KCC Chapter 12.18 or because that person made a charge, testified or assisted in any manner in any investigation, proceeding or hearing initiated under the provisions of KCC, Chapter 12.18;
- f. publisher, firm corporation, organization or association printing, publishing or circulating any newspaper, magazine or other written publication to print or cause to be printed or circulated any advertisement with knowledge that the same is in violation of KCC 12.18.030(C), or to segregate and separately designate advertisements as applying only to men and women unless such discrimination is reasonable necessary to the normal operation of the particular business, enterprise or employment, unless based upon a bona fide occupational qualification;
- g. employer to prohibit any person from speaking in a language other than English in the workplace unless:
 - (1) the employer can show that requiring that employees speak English at certain times is justified by business necessity, and
 - (2) the employer informs employees of the requirement and the consequences of violating the rule.

If the Lessee fails to comply with KCC Chapter 12.18, the Lessee shall be subject to the procedures and penalties set forth therein.

C. PROGRAM AND SERVICES

- 1. Lessee, or any subcontracting authority under Lease Agreement II, 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 program or activity under Lease Agreement II.
- 2. "Discrimination" includes but may not be limited to 1) denial of services or benefits, 2) segregation, separate or different treatment or benefits, 3) 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.

D. AFFIRMATIVE ACTION REPORTING

1. Lessee shall submit a total personnel inventory employment profile including minority, female, and disabled employee data.

Lessee shall complete the employment profile form provided by the County and attach the completed form to Lease Agreement II.

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 KCC., 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.

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 shall complete all reports and forms (including Department of Social and Health Services non-discrimination forms, where applicable) provided by the County and shall 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 KCC, 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 (M/WB) utilization requirements specified in the County's request for proposal and identified in Lease Agreement II. If a contract subject to

this Lease is awarded to a firm or individual certified by the State of Washington Office of Minority and Women's Business Enterprise and recognized by King County as a minority or women's business, the M/WB set-aside provisions shall not apply provided that the certified firm shall perform at least 25% of the work of this contract itself.

- b. Request approval for any proposed substitution of M/WBs. The King County Office of Civil Rights and Compliance will approve the substitution of a certified M/WB when:
 - (1) The M/WB cannot perform the necessary tasks; or
 - (2) The M/WB is unwilling to perform the necessary tasks.
 - c. Comply with those provisions of the King County Code which applied to the original contract regarding the percentage use of minority business enterprises and/or women's business enterprises whenever contract supplements, amendments or change orders are made which affect the total dollar value of Lease Agreement II.
 - d. Not engage in agreements between a responding party and a minority business enterprise and/or women's business enterprise in which said minority and/or women's business enterprise promise to not provide subcontracting quotations to other responding or potential responding parties.

Contained within KCC, Chapter 4.18 is a provision calling for the establishment of Countywide goals for contracting with minority/women's business enterprises. Goals for this Lease are ___ percent for minority businesses and ___ percent for women's businesses, or combined M/WB goal of ___ percent.
 - e. Maintain relevant records and information necessary to document compliance with KCC, Chapter 4.18 and the contractor's utilization of minority and women's businesses in its overall public and private business activities and shall include the right of the County to inspect such records.
2. Failure to comply with the provisions of KCC, Chapter 4.18 may result in:
 - a. Suspension or cancellation of Lease Agreement II in part or in whole;
 - b. Disqualification and/or disbarment of the violator from participation in County contracts for a period of up to five years;
 - 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 KCC, 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 KCC, Chapter 4.18.

F. **SUBCONTRACTS AND PURCHASES**

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

20. **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 any 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.
21. **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 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 \$375,000.00 less \$10,714.30 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessee.
22. **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.

Lease Agreement II

Page 16

23. ENTIRE AGREEMENT - AMENDMENTS. This Lease Agreement II 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.

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

TO Lessor: King County Housing and Community Development Program
Key Tower Building
700 5th Ave, Suite 3700
Seattle, WA 98104-5037

TO Lessee: Catholic Community Services Renton Housing Limited Partnership
100 23rd Ave S
Seattle WA, 98144-2302

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.

25. SEVERABILITY. If any term or provision of this Lease Agreement II or an application of any term or provision to any person or circumstance is invalid or unenforceable, 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.

26. 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.

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

28. TIME IS OF THE ESSENCE. Time is of the essence in 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.

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

30. NO THIRD PARTY BENEFICIARY. This Lease Agreement II is 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__.

LESSEE: CATHOLIC COMMUNITY
SERVICES RENTON HOUSING L.P. _____

LESSOR:
KING COUNTY, WASHINGTON

BY _____

BY _____

Its _____

Ron Sims
King County Executive

APPROVED AS TO FORM

BY _____

Deputy Prosecuting Attorney

12836

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 designee of 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

June 24 , 1997
m250
clerk 7/28/97

ROB MCKENNA
LARRY PHILLIPS
JANE HAGUE
Introduced By: CYNTHIA SULLIVAN

Proposed No.: 97-471

ORDINANCE NO. **12837**

AN ORDINANCE authorizing the King County Executive to enter into lease agreements with Robert J. Fox, Trustee, for 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 metropolitan 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 thirty-five-year lease-leaseback agreements with Robert J. Fox, Trustee for 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. 1. 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 chapter 82.46RCW.

2. The council further finds that the leasehold of thirty-five years is sufficient to amortize the county's ownership interest therein, to provide services and/or housing to very low-income citizens of unincorporated King County.

3. 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 Robert J. Fox, Trustee.

INTRODUCED AND READ for the first time this

28th day of July, 1997.

PASSED by a vote of 11 to 0 this 25th day of August, 1997.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Jane Hague
Chair

ATTEST:

[Signature]
Clerk of the Council

APPROVED this 29 day of August, 1997
[Signature]
King County Executive

Attachments:

A. Housing Opportunity Fund Agreements

12837

ATTACHMENT A

HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____, 19__, between Eastside Domestic Violence Program (the "Agency"), Robert J. Fox as trustee under trust agreement dated July 15, 1993 (the "Trustee") 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 has appropriated funds 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 Trustee owns certain real property as described in Exhibit B.

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 victims of domestic violence and who are residents of unincorporated King County.

H. The Trustee 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. AGREEMENT REGARDING LEASES. The Agency, Trustee and the County agree to execute the Agreement Regarding Leases, attached hereto as Exhibit A and incorporated herein by this reference. Pursuant to the Agreement Regarding Leases, the Agency shall at all times remain liable for the performance of all obligations under Lease Agreement I and Lease Agreement II, and although such leases shall be executed by the Trustee for the purpose of protecting the confidentiality of the real property as described in Exhibit B attached hereto and incorporated herein, the Agency shall at all times guarantee the performance of the obligations under the leases.

2. LEASE AGREEMENT I. The Trustee agrees to lease to the County for a term of 35 years, beginning on **September 1, 1997** and ending on **September 1, 2032** the real property and improvements (hereinafter called the "Premises") described in the legal description attached hereto as Exhibit B and incorporated herein as if fully set forth. The Trustee agrees to lease the Premises to the County according to the terms specified in "Lease Agreement I" which is attached hereto as Exhibit C. Either party may record this lease.

3. 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 \$125,000 to the Agency. Such rent, or portion thereof, shall be paid upon submission by the Lessor of invoices and supporting documentation satisfactory to the Lessees and in accordance with accounts payable procedures of the Lessee. Rent shall be completely invoiced no later than **March 31, 1997.**

4. LEASE AGREEMENT II. The County agrees to lease the Premises to the Trustee, for a term of 35 years, beginning on **September 1, 1997** and ending on **August 31, 2032.** Said term shall be one day less than the term of Lease Agreement I. The County agrees to lease the Premises to the Trustee according to the terms specified in "Lease Agreement II" which is attached hereto as Exhibit D and incorporated herein as if fully set forth. This lease may be recorded by either party.

4.1 LEASE CONSIDERATION. In lieu of payment of rent specified in Lease Agreement II, the Agency shall improve the Premises and perform all services contained in Lease Agreement II. The Agency 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.

5. 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).

6. INSURANCE The Agency shall assume any and all liability for property damage and/or general liability associated with the Premises during the terms of Lease Agreement I and Lease Agreement II, including any time period after Lease Agreement II has expired or terminated and before such time that Lease Agreement I expires or terminates, except as otherwise provided for in Lease Agreement I.

7. COMPLIANCE WITH LAWS AND REGULATIONS, TAXES, AND FEES. In carrying out this Agreement, the Agency shall comply with all applicable laws, ordinances, and regulations which have been or will be promulgated by any and all authorities having jurisdiction. The Agency 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. The Agency 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. The Agency 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 the Agency's ownership, operation, use and/or possession of the Premises. The Agency 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.

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

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

10. ENTIRE AGREEMENT--AMENDMENTS--MEMORANDUM. This Agreement, Lease I and Lease II 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.

11. 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.

12. 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.

13. NO THIRD PARTY BENEFICIARY. This Agreement is 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___. The execution of this Lease has been authorized by the King County Council, according to Ordinance No. _____.

EASTSIDE DOMESTIC VIOLENCE
PROGRAM

KING COUNTY, WASHINGTON

By _____

Its _____

By _____

For, Ron Sims
King County Executive

APPROVED AS TO FORM

By _____

Its Trustee

By _____

Deputy Prosecuting Attorney

12837

EXHIBITS

- A. Agreement Regarding Leases
- B. Legal Description of the Premises
- C. Lease Agreement I
- D. Lease Agreement II

EXHIBIT A

AGREEMENT REGARDING LEASES

This Agreement, dated for reference purposes this _____ day of _____, 1997, is made between Eastside Domestic Violence Program, a Washington non-profit corporation ("EDVP"), Robert J. Fox, as TRUSTEE under that certain Trust Agreement with Eastside Domestic Violence Program dated July 15, 1993, and KING COUNTY.

Recitals

A. Eastside Domestic Violence Program is a non-profit corporation that provides, among other things, services to battered women. One part of this service is the provision of shelter for victims of domestic violence.

B. Eastside Domestic Violence Program has acquired or seeks to acquire certain real property in King County, Washington (the "Property"), and to use such Property as a shelter for victims of domestic abuse. Some of the funding for the shelter is being provided under certain housing programs administered by King County. Under that program, King County will execute two leases with respect to the Property so that the Property can be leased to King County and leased back to the eligible non-profit corporation that is providing the housing services.

C. To maintain the confidentiality of the location of the Property, Eastside Domestic Violence Program has created a trust so that the Trustee may hold record title to the Property in the name of the Trustee, for the benefit of Eastside Domestic Violence Program. As a further precaution to protect the confidentiality of the location of the shelter, Eastside Domestic Violence Program desires that the leases with King County and certain other documents be executed in the name of the Trustee, on behalf of the trust and for the benefit of Eastside Domestic Violence Program, rather than having Eastside Domestic Violence Program execute such leases directly.

D. Eastside Domestic Violence Program, the Trustee, and King County have executed this Agreement to clarify and confirm that Eastside Domestic Violence Program shall have the primary obligation to perform all obligations under such leases and primary liability for any breach thereof, notwithstanding execution of those leases by the Trustee.

Agreements

For the reasons set forth above, and in consideration of the mutual covenants set forth herein, Eastside Domestic Violence Program, Trustee, and King County hereby agree as follows:

12837

1. Confirmation of Trustee's Appointment and Continuing Authority. Eastside Domestic Violence Program hereby represents and warrants to King County that it has created a trust for the ownership and leasing of the Property pursuant to a Trust Agreement date July 15, 1993, a copy of which is attached. Eastside Domestic Violence Program further represents and warrants that the person identified as Trustee above has been appointed by Eastside Domestic Violence Program as the Trustee for ownership and administration of the Property, and that as of the date set forth above, Eastside Domestic Violence Program has not revoked the trust, nor has it removed the Trustee. The Trustee identified above continues to act as Trustee, and has full power to enter the leases described above on behalf of the trust, for the benefit of Eastside Domestic Violence Program.

2. Execution of Leases By Trustee. Eastside Domestic Violence Program hereby instructs and authorizes the Trustee to execute, on behalf of the trust and for the benefit of Eastside Domestic Violence Program the Lease Agreement No. 1, with Trustee as Lessor and King County as Lessee for the lease of the Property to King County, and the Lease Agreement No. 2, with Trustee as lessee and King County as lessor, for the lease-back of the property to the Trustee, and to execute and record any memoranda of leases with respect to the foregoing leases. Eastside Domestic Violence Program further instructs and authorizes the Trustee to execute such other documents and take such other actions as are necessary to accomplish the lease/lease-back arrangement with the King County as described above. Such leases, memoranda, and related documents are hereinafter referred to as the "Lease Documents".

3. Contractual Obligation of Under Lease Documents. Notwithstanding execution of the Lease Documents by the Trustee for the benefit of Eastside Domestic Violence Program, EDVP hereby acknowledges and agrees that Eastside Domestic Violence Program shall become and shall remain at all times principally liable for performance of all obligations under the Lease Documents, and that King County shall have direct legal recourse against Eastside Domestic Violence Program with respect to any rights, obligations, or remedies under the Lease Documents, as if such Lease Documents had been executed by Eastside Domestic Violence Program. EDVP further agrees that King County is intended and shall be regarded as a third party beneficiary of Eastside Domestic Violence Programs' contractual obligations under the trust agreement.

4. Guarantee. In addition to its capacity as beneficiary of the trust, Eastside Domestic Violence Program hereby guarantees the performance of all obligations of the Trustee under the Lease Documents, and acknowledges that its guarantee shall cause it to be primarily (not secondarily) liable for all such obligation, and that King County shall have no obligation to proceed against the Trustee to enforce any covenant or other provision under the Lease Documents, but may proceed directly against Eastside Domestic Violence Program.

12837

EXECUTED as of the date set forth above.

EASTSIDE DOMESTIC VIOLENCE PROGRAM

By _____

Aggie Sweeney

Its Executive Director

Robert J. Fox

TRUSTEE

KING COUNTY

By _____

12837

TRUST AGREEMENT

This Trust Agreement, dated for reference purposes this 15th day of July 1993, is made between Eastside Domestic Violence Program, a Washington non-profit corporation, as trustor ("Trustor") and Robert J. Fox, a Washington resident, as trustee ("Trustee").

Recitals

A. Trustor is a non-profit corporation that provides, among other things, services to battered women. One part of this service is the provision of shelter for victims of domestic violence.

B. Trustor currently desires to acquire ownership of certain real property in King County, Washington, legally described in Exhibit B (the "Property"). Trustor intends to use the Property to extend its shelter for victims of domestic abuse, and therefore desires to make adequate provision to maintain the confidentiality of the location of the Property.

C. To maintain the confidentiality of the location of the Property, Trustor desires to create a trust and to cause record title to the Property to be placed in the Trustee of such trust, documents relating to the Property, on behalf of the trust and the Trustor, as beneficiary. Despite establishment of such trust and Trustee's record ownership of the Property, Trustor shall own all beneficial interest in the trust, shall occupy, operate, manage and control the Property and the trust estate, shall be entitled to receive any and all revenues from the Property and trust estate, and shall remain exclusively liable for any and all taxes, assessments, liens, charges, financing, or other liabilities associated with the Property and the trust estate.

D. Trustor and Trustee have executed this instrument to create the trust, to appoint Trustee, to define the Trustee's powers and duties, and to provide for management of the trust estate and the Property.

Agreements

For the reasons set forth above, and in consideration of the mutual covenants set forth herein, Trustor and Trustee hereby agree as follows:

1. Creation of Trust. Trustor, by this instrument and in consideration of acceptance by Trustee of the duties described herein created, hereby creates a revocable trust for the sole and exclusive benefit of Trustor. Such trust is created for the sole purpose of having the Trustee hold record title to the Property as the sole asset of the trust estate, and to enter leases, execute public documents, and take such other public actions as may be necessary or appropriate with respect to the Property, so that Trustor's beneficial ownership and operation of the Property will not be discoverable by searches of public records pertaining to record ownership.

2. Transfer of Property. Trustor intends to cause record ownership to the Property to be transferred to Trustee by warranty deed. Such deed may be executed either by the seller and prior owner of the Property or, if Trustor becomes record owner of the Property, by the Trustor. In either case, Trustee shall receive and accept title to the property as follows:

Robert J. Fox, Trustee, under that certain Trust Agreement dated July 15, 1993, for the benefit of the beneficiary named therein.

3. Management of Property: Liability. Despite Trustee's record ownership of the Property and Trustee's execution of leases and other documents relating to the Property. Trustor shall be entitled to occupy, operate, manage and control the Property, shall be entitled and all taxes, assessments, liens, charges, financing, or other liabilities associated with ownership and operation of the Property, including but not limited to leases and other obligations relating to the Property, and the trust estate.

4. Appointment of Trustee. Trustor hereby appoints Robert J. Fox, a Washington resident, as Trustee. Trustee hereby accepts such appointment and agrees to administer the trust and perform the duties of Trustee as describe herein in good faith and having in mind the best interests of the Trustor.

5. Trustee's Duties. Trustee's duties shall be limited to the following:

5.1 To execute, receive, and accept a warranty deed conveying the property to Trustee, as Trustee, for the benefit of Trustor, and, if necessary, to defend title to the Property in Trustee, all at Trustor's sole expense;

- 5.2 To cause all tax assessor's records, notices, utility accounts, and other public or quasi-public records pertaining to ownership and operation of the Property to be held in the name of Trustee;
- 5.3 To keep the Property free and clear of liens and encumbrances, except those caused by or approved in writing by Trustor;
- 5.4 To convey or encumber the Property only in accordance with the written direction of the Trustor, and to execute, as Trustee, any and all deeds, deeds of trust, financing statements, assignments, contracts, and other instruments pertaining to the Property that are reasonable requested by Trustor, and any documents requested by Trustor pertaining to resignation or removal of Trustee and appointment of any successor trustee;
- 5.5 To promptly deliver to Trustee all instruments and documents pertaining to the Property, including but not limited to deeds, deeds of trust, financing statements, assignments, tax statements, tax assessor notices, contracts, utility bills, and other instruments or monies pertaining to the Property, it being understood that Trustor shall remain responsible for safekeeping of all such documents and for payment of all taxes, assessments, and other expenses associated with the Property;
- 5.6 To enter into a Lease Agreement No. 1 substantially in the form attached hereto as Exhibit C, with Trustee as lessor and King County as lessee, for the lease of the Property to King County; to enter into a Lease Agreement No. 2 substantially in the form attached hereto as Exhibit D, with Trustee as lessee and King County as lessor, for the lease-back of the property to the Trustee; and to execute and record any memoranda of leases with respect to the foregoing;
- 5.7 To take such other reasonable actions as Trustor may request in order to maintain the confidentiality of Trustor's beneficial ownership and operation of the Property, and not to disclose the identity of Trustor as beneficiary and operator of the Property to any third party whatsoever, except upon the prior written approval of Trustor or under order of a court of law or governmental agency having jurisdiction to enforce its orders.

The parties specifically acknowledge that the Trustee shall have no duty or liabilities whatsoever in connection with management and operation of the Property, and that notwithstanding Trustee's record ownership of the Property and Trustee's execution of Lease Agreement No. 1 and Lease Agreement No. 2 on behalf of the trust, the Trustor shall remain principally liable for all obligations with respect to the Property and for all obligations under Lease Agreement No. 1 and Lease Agreement No. 2 and other contracts relating to the Property.

6. Indemnification of Trustee. Trustor agrees to indemnify and hold harmless Trustee from any and all damages, judgments, awards, expenses, attorneys' fees, liabilities, or expenses whatsoever arising from transfer of record title to the Property to the Trustee. Trustee's record ownership of the Property, or any other conditions, accidents, or events occurring on the Property or relating to Trustor's operation and management of the Property.

7. Limitations on Trustee. Trustee shall have no right to sell, convey, encumber, or otherwise dispose of the Property or the trust estate except in accordance with the prior written approval of Trustor. Promptly after receiving title to the Property, Trustee shall, at Trustor's request, execute a Memorandum of Ownership by Trust in the form attached as Exhibit B to acknowledge such limitation, and shall cause such Memorandum to be recorded in the real property records of the county in which the Property is located.

8. Trustee's Bond, Court Approval, and Personal Liability. No bond, surety, or other security shall be required of Trustee for the faithful performance of its duties hereunder, nor shall Trustee be required to qualify before, be appointed by, or, in the absence of breach of trust, account to any court, or to obtain the order or approval of any court in the exercise of any power or discretion hereunder. Trustee shall not be personally liable on any contract, note, or other instrument executed by it as Trustee or from any indebtedness of the trust estate.

9. Compensation of Trustee. No compensation shall be paid to Trustee for its services as Trustee, but Trustor shall promptly reimburse Trustee for any out-of-pocket expenses incurred by it in performance of its duties hereunder.

10. Revocability of Trust. This trust agreement shall continue until such time as Trustor revokes the trust in writing. Trustor reserves the right at any time, by an instrument in writing delivered to Trustee, to amend or revoke this trust in whole or in part. Upon such occurrence, Trustee shall take such actions and execute such documents as Trustor may require to evidence

amendment, revocation, or termination of the trust and transfer of the Property to Trustor or any other party, all in accordance with the written direction of Trustor. Trustor acknowledges and agrees that revocation of the trust will not in any way terminate or otherwise affect Trustor's obligation to indemnify the Trustee for any liabilities incurred as a result of actions taken during its tenure as Trustee, nor will it terminate or otherwise affect Trustor's obligations under Lease Agreement No. 1 and Lease Agreement No. 2. Trustor acknowledges primary liability under Lease Agreement No. 1 and Lease Agreement No. 2, and that any separate or secondary liability of Trustee thereunder shall immediately and automatically devolve upon Trustor.

11. Resignation, Removal, and Succession of Trustee. Trustee may resign as trustee under this trust at any time by giving thirty days prior written notice to Trustor, in which case Trustor shall either immediately assume the duties and responsibilities of Trustee or appoint a successor trustee to assume all duties of Trustee hereunder. In addition, Trustor may at any time in its sole discretion, with or without cause, and without the Trustee's consent or approval, immediately remove Trustee from its position as trustee and appoint a successor trustee, by giving written notice of such removal and appointment to Trustee. Trustor's unilateral power to remove Trustee and appoint a successor trustee shall also apply in the event of Trustee's death or disability, in which case such appointment shall take effect immediately without any action required by Trustee, its estate, guardian or other agent or personal representative. Notwithstanding Trustor's unilateral powers of removal and appointment, Trustee, or Trustee's estate, guardian, agent, or personal representative, as applicable, shall, upon Trustor's request, cooperate with Trustor and the successor trustee and take such actions and execute such documents as are reasonably required to effect a change of the trustee. Any successor trustee shall have the same rights, duties, indemnities, and limitations as are held by the Trustee under this trust agreement, and shall be subject to the same powers of removal.

12. Alternate Trustee. In addition to its powers of removal and appointment as described in Section 11, Trustor may, by a written instrument executed at any time or by destination below, appoint an alternate trustee, who shall become successor trustee and immediately assume the duties and responsibilities of Trustee in the event of the resignation, removal, death, or disability of the Trustee. Trustor may revoke or change the designation of the alternate trustee at any time.

13. Confidentiality. Trustor and Trustee agree that this trust agreement shall not be recorded and shall remain for all purposes confidential between Trustor and Trustee. In the event that Trustor authorizes disclosure of this agreement to title companies, lenders, governmental agencies, or other parties who have a legitimate need to know its contents, Trustor and Trustee shall take reasonable precautions and exercise best efforts to ass that such parties maintain the confidentiality of this trust agreement is to protect the confidentiality of this trust agreement including but not limited to the location of the Property. The parties expressly confirm that the sole purpose of this trust agreement is to protect the confidentiality of the location of the Property, and that there is no purpose to defraud creditors.

14. Amendment. This Amended Trust Agreement shall modify, supersede, and take the place of the Trust Agreement earlier executed by Trustor and Trustee.

EXECUTED as of the date set forth above.

By Ane Pweeney
EASTSIDE DOMESTIC VIOLENCE
PROGRAM
Its Executive Director

ACCEPTANCE OF APPOINTMENT BY TRUSTEE

I hereby accept appointment as Trustee and agree to perform the duties of the Trustee as set forth herein.

Robert J. Fox
Trustee

Date: 7/15/93

ACCEPTANCE OF APPOINTMENT BY ALTERNATE TRUSTEE

I hereby accept appointment as alternate trustee and agree to perform the duties of the Trustee as set forth herein in the event of the resignation, removal, death, or disability of the Trustee.

Alternate Trustee

Date: _____

12837

Filed for Record at Request of:
After Recording Return to:

MEMORANDUM OF OWNERSHIP IN TRUST

Title to the property described in Exhibit A (the "Property") is held in trust by the undersigned trustee, pursuant to that certain trust agreement dated July 15, 1993, for the benefit of the beneficiary named in such trust agreement. Notice is hereby given that the powers of the undersigned trustee to transfer, convey, encumber, or otherwise dispose of the Property are limited by such trust agreement and that the written approval of the trustor has reserved the right to revoke the trust and remove or replace the undersigned trustee with a successor trustee at any time.

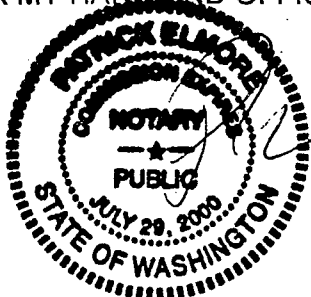
Robert J. Fox

Robert J. Fox Trustee,

STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this day personally appeared before me Robert J. Fox, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as trustee under the above described trust, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 11th day of June, 1997.



Patrick Elmore

Patrick Elmore
NOTARY PUBLIC in and for the State of
Washington, residing at Bellevue
My commission expires 7-29-2000

12837

EXHIBIT B

LEGAL DESCRIPTION OF THE PREMISES

Beginning at a point on the easterly margin of the Issaquah-Redmond County Road right-of-way, which point is on a line with an old fence and the boundary as established by Court Order Decree No. 463014 of the Superior Court of the State of Washington for King County, said point being described as follows, being 946.31 feet north and 504.69 feet east of the southwest corner of Section 32, Township 25 North, Range 6 East, W.M., in King County Washington, all bearings shown are from a 1911 Section Subdivision on file with the County Engineer's office, survey No. 797, recorded in Volume 273 of Field Books, this being the TRUE POINT OF BEGINNING;
Thence on a curve to the right having a radius of 5,619.65 feet a distance of 105.00 feet;
Thence south 79°47'10" east 154.42 feet to the east line of a tract of land conveyed to D.C. MacPherson and Morrie Girard by deed recorded April 11, 1968 under Recording Number 6331653;
Thence south 43°47'50" west 80.00 feet to the southeast corner of said MacPherson-Girard Tract;
Thence north 88°56'40" west 160.00 feet to the TRUE POINT OF BEGINNING.

12837

EXHIBIT C

LEASE AGREEMENT I

THIS LEASE made this ____ day of _____, 19 __, by and between Robert J. Fox, Trustee, (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:

Beginning at a point on the easterly margin of the Issaquah-Redmond County Road right-of-way, which point is on a line with an old fence and the boundary as established by Court Order Decree No. 463014 of the Superior Court of the State of Washington for King County, said point being described as follows, being 946.31 feet north and 504.69 feet east of the southwest corner of Section 32, Township 25 North, Range 6 East, W.M., in King County Washington, all bearings shown are from a 1911 Section Subdivision on file with the County Engineer's office, survey No. 797, recorded in Volume 273 of Field Books, this being the TRUE POINT OF BEGINNING; Thence on a curve to the right having a radius of 5,619.65 feet a distance of 105.00 feet; Thence south 79°47'10" east 154.42 feet to the east line of a tract of land conveyed to D.C. MacPherson and Morrie Girard by deed recorded April 11, 1968 under Recording Number 6331653; Thence south 43°47'50" west 80.00 feet to the southeast corner of said MacPherson-Girard Tract; Thence north 88°56'40" west 160.00 feet to the TRUE POINT OF BEGINNING.

2. TERM: The term of this Lease shall be for 35 years commencing the **1st day of September, 1997**, and shall terminate on the **1st day of September, 2032**.
3. RENT: Lessee covenants and agrees to pay Lessor, at Lessor's address, Fox Trustee, P.O. Box 7401, Bellevue WA 98008, rent for the 35-year term of this Lease in a total amount not to exceed \$125,000. Such rent shall be paid to assist with the **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 **December 31, 1997**.
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.

Lease Agreement I

Page 2

5. 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 signed by both parties.
6. BINDING ON SUCCESSORS AND ASSIGNS: The covenants and agreements of this Lease shall be binding upon the successors and assigns of both parties hereto, except as hereinabove provided.
7. 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 Fox Trustee, P.O. Box 6398, Bellevue WA, 98008-0398 or to Lessee at King County Housing and Community Development Program, Key Tower Bldg, 700 5th Ave, Ste. 3700, Seattle, WA 98104-5037, or at such other address as either party may designate to the other in writing from time to time.
8. 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.
9. TERMINATION: In the event that Lessor 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 8 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.
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 following provisions:

- A. **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.
- B. **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.
- C. **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.
- D. **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, Lessee 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.
- E. **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.
- F. **INSURANCE:** Upon Robert J. Fox, Trustee's default of Lease Agreement II and upon King County's termination of Lease Agreement II, and further in the event that King County chooses not to terminate Lease Agreement I, King County shall ensure that appropriate property and general liability insurance are provided for the Premises either through its self-funded insurance program, by purchasing coverage from a private insurance company or by requiring a successor Lessee to purchase appropriate property and general liability insurance.
- G. **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.

- H. **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.
- I. **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.
- J. **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.
- K. **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.
- L. **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 disability, 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.
- M. **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.

- N. 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 and the 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 \$125,000.00 less \$3,571.43 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessor.

14. NO THIRD PARTY BENEFICIARY: This lease is for the benefit of the named parties only and no third party shall have any rights hereunder.
15. 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.
16. CAPTIONS: The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.

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

LESSOR:

LESSEE:
KING COUNTY, WASHINGTON

BY _____

BY _____

For Ron Sims
King County Executive

Its _____

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.

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 **designee** of 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

EXHIBIT DLEASE 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 Robert J. Fox, Trustee, ("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:

Beginning at a point on the easterly margin of the Issaquah-Redmond County Road right-of-way, which point is on a line with an old fence and the boundary as established by Court Order Decree No. 463014 of the Superior Court of the State of Washington for King County, said point being described as follows, being 946.31 feet north and 504.69 feet east of the southwest corner of Section 32, Township 25 North, Range 6 East, W.M., in King County Washington, all bearings shown are from a 1911 Section Subdivision on file with the County Engineer's office, survey No. 797, recorded in Volume 273 of Field Books, this being the TRUE POINT OF BEGINNING;
 Thence on a curve to the right having a radius of 5,619.65 feet a distance of 105.00 feet;
 Thence south 79°47'10" east 154.42 feet to the east line of a tract of land conveyed to D.C. MacPherson and Morrie Girard by deed recorded April 11, 1968 under Recording Number 6331653;
 Thence south 43°47'50" west 80.00 feet to the southeast corner of said MacPherson-Girard Tract;
 Thence north 88°56'40" west 160.00 feet to the TRUE POINT OF BEGINNING.

Post Office Address: CONFIDENTIAL

3. TERM. This lease term shall be for one day less than 35 years and shall begin on the 1st day of September 1997, and end on the 31st day of August, 2032.
4. SERVICES IN LIEU OF RENT. In lieu of payment of rent, Lessee shall improve the Premises and perform all those services specified below. 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.
 - A. USE.
 1. The Lessee shall improve the Premises substantially in compliance with plans and specifications submitted to King County Housing and Community Development.
 2. The Lessee shall fund the acquisition and improvement of the Premises substantially in compliance with the following Project Sources and Uses Statement. The Lessee shall notify the King County Housing and Community Development Program of any modification greater than 10% to any line item listed.

SOURCES OF FINANCING:

A Regional Coalition for Housing - 1996	\$50,000
Bellevue Housing Trust Fund - 1993	\$15,000
King County Housing Opportunity Fund	\$125,000
King County CDBG	\$75,000
Washington State Housing Trust Fund	\$240,000
Federal HUD McKinney	\$125,000
Private Fund Raising	\$90,000

TOTAL: \$720,000

USES OF FINANCING:

Acquisition	\$75,000
Construction	\$549,478
Professional Fees	\$72,164
Financing Costs	\$11,062
Other Development Costs	\$12,296

TOTAL: \$720,000

3. The Lessee shall operate the Premises as transitional housing for low-income women and their children who are victims of domestic violence (hereinafter referred to as "Tenants"). The Premises shall be open and operational no later than April 30, 1998. The Lessee shall provide for Tenants a minimum of 4,900 bednights of transitional housing per year. A bednight of transitional housing is defined as one night of housing for each individual (woman or child).

4. The Lessee shall provide for Tenants appropriate supportive services that shall include but not be limited to the following: housing, education and advocacy on domestic violence, 24 hour on-site staffing, substance abuse assessment and treatment on-site by Eastside Recovery Center, individual case management and follow-up case management for six months following shelter exit, and other services essential for achieving independent living.

The specific services to be provided for Tenants will be described in the management plan for the Premises (See Paragraph B3 below). Changes to the services provided for Tenants or the primary provider of such services must be approved in advance by King County.

5. The Lessee shall make every reasonable attempt to ensure that 17% of the Tenants each year during the term of this Lease shall be residents of unincorporated King County. The Lessee 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 the Lessee to meet this obligation, King County and the Lessee shall meet to discuss other ways of satisfying King County's requirements.

6. If at any time during the course of this lease, the Lessee determines that it is no longer feasible for it to serve and house Tenants within the Premises, the Lessee may inform

King County that it desires to negotiate with King County for the purpose of serving an alternative population within the Premises. King County may at its sole option exercise its rights and remedies set forth in this Lease, or negotiate this matter with the Lessee. Such negotiation period shall not exceed 180 days. If parties are unable to reach an agreement regarding an alternative population, the Lessee shall be deemed to have failed to perform conditions of this Lease and King County shall be entitled to liquidated damages pursuant to paragraph 8. Upon such payment of liquidated damages by the Lessee to King County as provided in paragraph 8, Lease Agreement I and Lease Agreement II shall terminate and neither party shall have further liability hereunder.

B. MANAGEMENT AND OPERATION OF THE PREMISES

1. The Lessee shall engage in sound property and program management practices and at all times shall operate and maintain the Premises in a manner which fully complies with all applicable federal, state, and local laws, statutes, rules and regulations, as now in effect or as may be hereafter amended. 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.
2. The Lessee shall at all times comply with all applicable federal, state, and local laws, statutes, rules and regulations relating to relocation of those persons and households residing at the Premises prior to occupancy by Tenants. The Lessee 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.
3. Lessee shall provide King County with a copy of the comprehensive management plan (the "Plan") for the management of the Premises before the Premises is initially occupied and no later than **April 30, 1998**. The Plan shall not conflict with the policies and procedures of the HOF as contained in King County Ordinance 9369, as amended from time to time and shall address, but not be limited to, a description of: the physical plant, the tenant population, the housing program and services, and the maintenance and operation of the Premises.
4. 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.
5. 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.

C. TENANT INCOME AND RENTS

1. Lessee shall provide housing at affordable rents for Tenants at the Premises. At the time of initial occupancy all Tenants at the Premises shall have annual household 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 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.

Lessee shall verify Tenants' income only in accordance with methods prescribed by or agreed to by King County's Housing and Community Development Program.

2. Lessee shall establish rents for the Premises based on the Tenants' income. Such monthly rent shall not exceed 1/12 of 30% of 50% of the SMSA median income.

Rent shall include a utility allowance. In the event the Premises are no longer operated as short term housing for victims of domestic violence, a rent schedule may be established which complies with affordability guidelines of the HOF program and policy which requires that tenant rents do not exceed 30% of 50% of median income, including utilities. Any rent schedule established for the Premises must be approved in advance by King County Housing and Community Development Program. Changes in the method of determining Tenant rent or modifications in the rent schedule for the Premises must be approved in advance of implementation by King County Housing and Community Development Program.

D. RECORDKEEPING AND REPORTING

1. The Lessee 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 lease agreement II for residents and records pertaining to Tenants' annual income. King County shall have access upon reasonable notice to any and all of the Lessee's records at any time during the course of the rehabilitation and operation of the Premises.
 2. The Lessee shall submit an annual report to King County's Housing and Community Development Program 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 information pertaining to The Lessee, including the Lessee's 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. The Lessee shall also submit additional reports which King County may from time to time reasonably require.
5. DEFAULT. Upon either party's failure to observe or perform any of the provisions of Lease Agreement II, 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.
 6. 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.

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 5 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 that are not cured as provided herein shall result in the limitation of the availability of emergency housing and services for victims of domestic violence 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 Lessee shall be **\$125,000.00 less \$3,571.43** for each full year that Lease Agreement II has been in full force and effect at the time of such default or failure to perform. Lessor and Lessee agree that Lessee shall pay such amount to Lessor as liquidated damages and not as a penalty. Lessor and Lessee agree that Lessee shall pay such amount to Lessor as liquidated damages arising from all causes including 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, Lease Agreement I and Lease Agreement II shall terminate, and neither party shall have any further liability hereunder.

9. 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.

10. 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.

11. 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.
12. 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.
13. 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 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.
14. LIABILITY INSURANCE DURING THE TERM OF THIS AGREEMENT. The Lessee shall assume any and all liability for property damage and/or general liability associated with the Premises during the terms of Lease Agreement I and Lease Agreement II, including any time period after Lease Agreement II has expired or terminated and before such time that Lease Agreement I expires or terminates, except as otherwise provided for in Lease Agreement I, paragraphs 9 and 13. This obligation shall survive termination of Lease Agreement II.

By date of execution of this lease, Lessee shall procure and maintain for the duration of this Lease insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities of Lessee, its agents, representatives, employees, and/or subcontractors. The cost of such insurance shall be paid by Lessee.

For All Coverages:

Each insurance policy shall be written on an "Occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval.

If coverage is approved and purchased on a "claims made" basis, the Agency warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of contract termination, and/or conversion from a "claims made" form to an "occurrence" coverage 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.

2. Fire Insurance

Lease Agreement II

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

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.

C. INSURANCE DURING BUILDING CONSTRUCTION PERIOD.

Prior to commencement of building construction and until construction is complete and approved by the Lessee, the Lessee shall cause the construction contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. The Lessee shall be a named or an additional insured on all policies. The cost of such insurance shall be paid by the Lessee and/or any of the Lessee's subcontractors.

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:

b. Products and Completed Operations

The General Liability Policy required in this section shall Products and Completed Operations coverage for the protection against bodily injury and property damage claims arising from this hazard, at a limit acceptable to the County.

c. Automobile Liability

Insurance Services Office form number (CA 00 01 ed. 12-90) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9.

d. Professional Liability, Errors and Omissions Coverage

In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided. "Professional Services" for the purposes of this section shall mean any services provided by a licensed professional.

e. Builder's Risk Insurance

The Lessee will obtain or cause to be obtained a builder's risk policy (Insurance Services Offices form number (CP-00 02 Ed. 10-90) BUILDER'S RISK COVERAGE FORM) covering 100% of the replacement value of the building/structures.

f. Worker's Compensation

Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington.

g. Stop Gap, Employers Contingent Liability

2. MINIMUM LIMITS OF INSURANCE. Lessee shall maintain limits no less than, for:

- a. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.
- b. Products and Completed Operations: \$1,000,000.
- c. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- 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 offi-

cers, 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.

3. Fire Insurance Policy

The policy shall include the Lessor as a loss payee in the amount equal to its interest, as its interest may appear.

4. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days prior written notice has been given to Lessor.

F. ACCEPTABILITY OF INSURERS.

Insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated with Best's, with minimum surpluses the equivalent of Bests' surplus size VIII.

If at any time of the foregoing policies shall be or become unsatisfactory to Lessor, as to form or substance, or if a company issuing any such policy shall be or become unsatisfactory to Lessor, Lessee shall, upon notice to that effect from Lessor, promptly obtain a new policy, and shall submit the same to Lessor, with the appropriate certificates and endorsements, for approval.

G. VERIFICATION OF COVERAGE.

Lessee shall furnish Lessor with certificate(s) of insurance and endorsement(s) required by this lease. The certificates and endorsements 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 on forms approved by Lessor and are to be received and approved by Lessor prior to the commencement of activities associated with the Lease. Lessor reserves the right to require complete, certified copies of all required insurance policies at any time.

H. PROVISION FOR INCREASE OF COVERAGE.

To ensure that appropriate insurance is carried by Lessee, Lessor at its sole option 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.

15. 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 in-applicable if it would have the effect of invalidating any insurance coverage of Lessor or the Lessee.

16. 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.
17. 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 would in any way subject the interest of Lessor in the Premises to any lien, claim or demand whatsoever.

18. ASSIGNMENT OR SUBLEASE.

- A. Other than rentals pursuant to Section 4 above, 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 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 the assignee 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, mediation or legal action, provided that any approval will not be unreasonably withheld.

19. NONDISCRIMINATION

A. GENERAL

1. During the performance of Lease Agreement II, neither Lessee nor any party subcontracting under authority of Lease Agreement II shall discriminate on the basis of race, color, sex, religion, nationality, creed, sexual orientation, marital status, age, or the presence of any sensory, mental or physical disability in employment or application for employment or in the administration or delivery of services or any other benefits under Lease Agreement II.

Lessee will comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws

include, but are not limited to, RCW 49:60, Titles VI and VII of the Civil Rights Laws of 1964, Section 504 of the Rehabilitation Act of 1973, Executive Order 11246 issued by the President of the United States.

2. Lessee will consult and cooperate fully with King County, the Washington State Human Rights Commission, the Equal Employment Opportunity Commission and other appropriate federal, state and local agencies in ensuring its full compliance with the laws against discrimination. Lessee will consult the Compliance Unit of the King County Office of Civil Rights and Compliance for information and technical assistance and/or for referral to other agencies for assistance.
3. In the event of noncompliance by Lessee with any of the nondiscrimination provisions of Lease Agreement II, the County shall have the right, at its option, to cancel Lease Agreement II 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 disability 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 worker representative with which it has a collective bargaining agreement or other understanding a notice of the obligations 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 (KCC), 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;
- e. employer, employment agency or a labor organization to retaliate against any person because this person opposed any practice forbidden by KCC Chapter 12.18 or because that person made a charge, testified or assisted in any manner in any investigation, proceeding or hearing initiated under the provisions of KCC, Chapter 12.18;
- f. publisher, firm corporation, organization or association printing, publishing or circulating any newspaper, magazine or other written publication to print or cause to be printed or circulated any advertisement with knowledge that the same is in violation of KCC 12.18.030(C), or to segregate and separately designate advertisements as applying only to men and women unless such discrimination is reasonable necessary to the normal operation of the particular business, enterprise or employment, unless based upon a bona fide occupational qualification;
- g. employer to prohibit any person from speaking in a language other than English in the workplace unless:
 - (1) the employer can show that requiring that employees speak English at certain times is justified by business necessity, and
 - (2) the employer informs employees of the requirement and the consequences of violating the rule.

If the Lessee fails to comply with KCC Chapter 12.18, the Lessee shall be subject to the procedures and penalties set forth therein.

C. PROGRAM AND SERVICES

- 1. Lessee, or any subcontracting authority under Lease Agreement II, 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 program or activity under Lease Agreement II.
- 2. "Discrimination" includes but may not be limited to 1) denial of services or benefits, 2) segregation, separate or different treatment or benefits, 3) 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.

D. AFFIRMATIVE ACTION REPORTING

- 1. Lessee shall submit a total personnel inventory employment profile including minority, female, and disabled employee data.

Lessee shall complete the employment profile form provided by the County and attach the completed form to Lease Agreement II.

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 KCC., 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.

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 shall complete all reports and forms (including Department of Social and Health Services non-discrimination forms, where applicable) provided by the County and shall 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 KCC, 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 (M/WB) utilization requirements specified in the County's request for proposal and identified in Lease Agreement II. If a contract subject to this Lease is awarded to a firm or individual certified by the State of Washington Office of Minority and Women's Business Enterprise and recognized by King County as a minority or women's business, the M/WB set-aside provisions shall not apply provided that the certified firm shall perform at least 25% of the work of this contract itself.

- b. Request approval for any proposed substitution of M/WBs. The King County Office of Civil Rights and Compliance will approve the substitution of a certified M/WB when:
 - (1) The M/WB cannot perform the necessary tasks; or
 - (2) The M/WB is unwilling to perform the necessary tasks.
- c. Comply with those provisions of the King County Code which applied to the original contract regarding the percentage use of minority business enterprises and/or women's business enterprises whenever contract supplements, amendments or change orders are made which affect the total dollar value of Lease Agreement II.
- d. Not engage in agreements between a responding party and a minority business enterprise and/or women's business enterprise in which said minority and/or women's business enterprise promise to not provide subcontracting quotations to other responding or potential responding parties.

Contained within KCC, Chapter 4.18 is a provision calling for the establishment of Countywide goals for contracting with minority/women's business enterprises. Goals for this Lease are 14 percent for minority businesses and 8 percent for women's businesses.

- e. Maintain relevant records and information necessary to document compliance with KCC, Chapter 4.18 and the contractor's utilization of minority and women's businesses in its overall public and private business activities and shall include the right of the County to inspect such records.
2. Failure to comply with the provisions of KCC, Chapter 4.18 may result in:
- a. Suspension or cancellation of Lease Agreement II in part or in whole;
 - b. Disqualification and/or disbarment of the violator from participation in County contracts for a period of up to five years;
 - 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 KCC, 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 KCC, Chapter 4.18.;

F. SUBCONTRACTS AND PURCHASES

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

20. 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 any 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.
21. 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 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 \$125,000.00 less \$3,571.43 for each full year that this lease has been in full force and effect. The balance of the proceeds shall be paid to Lessee.
22. 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.
23. ENTIRE AGREEMENT - AMENDMENTS. This Lease Agreement II 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.

Lease Agreement II

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

TO Lessor: King County Housing and Community Development Program
Key Tower
700 Fifth Avenue, Suite 3700
Seattle, WA 98104-5037

TO Lessee: Robert J Fox Trustee
P.O. Box 6398
Bellevue WA 98008-0398

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.

25. SEVERABILITY. If any term or provision of this Lease Agreement II or an application of any term or provision to any person or circumstance is invalid or unenforceable, 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.
26. 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.
27. CAPTIONS. The captions in this lease are for convenience only and do not in any way limit or amplify the provisions of this lease.
28. TIME IS OF THE ESSENCE. Time is of the essence in 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.
29. CUMULATIVE REMEDIES. No provision of this lease precludes Lessor from pursuing any other remedies for Lessee's failure to perform his obligations.
30. NO THIRD PARTY BENEFICIARY. This Lease Agreement II is 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__.

LESSEE:

LESSOR:
KING COUNTY, WASHINGTON

BY _____

BY _____

Its _____

For, Ron Sims
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 **designee** of 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