

June 2, 1994
csm\131

INTRODUCED BY: CHRISTOPHER VANCE

PROPOSED NO.: 94 - 406

ORDINANCE NO. **11429**

1
2 AN ORDINANCE authorizing the King County
3 Executive to enter into lease agreements
4 with the Mental Health Housing Foundation,
5 a nonprofit organization which has been
6 awarded County Housing Opportunity Funds
7 (HOF), pursuant to Ordinances 9368 and
8 9369, as amended.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

PREAMBLE:

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

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

1 SECTION 2. The King County executive is hereby authorized to enter into
2 lease agreements which are substantially in the form of Attachment A with the
3 Mental Health Housing Foundation.

4 INTRODUCED AND READ for the first time this 11th day of

5 July, 1994.

6 PASSED by a vote of 11 to 0 this 25th day of July, 1994.

7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9 Kent Pullen
10 Chair

11 ATTEST:

12 Gerald A. Peter
13 Clerk of the Council

14 APPROVED this 2nd day of August, 1994

15 Sam Lohr
16 King County Executive

17 Attachment:

18 A. Housing Opportunity Fund Agreements
19
20
21
22
23
24
25
26
27
28
29
30
31
32

11429

HOUSING OPPORTUNITY FUND AGREEMENT

THIS AGREEMENT is entered into this 5th day of August, 1994, between Mental Health Housing Foundation (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 26824 108th Ave., S.E., Kent, WA, 98031.
- 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 mentally ill and who are residents of unincorporated King County.
- H. The Agency and the County are entering into an agreement to improve real property and the value of the improvement will be at least equal to the value of the property.

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

- 1. LEASE AGREEMENT I.** The Agency agrees to lease to the County for a term of 35 years, beginning on August 5, 1994 and ending on August 5, 2029, 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 \$125,000.00 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 December 31, 1994.
- 3. LEASE AGREEMENT II.** The County agrees to lease the Premises to the Agency, for a term of 35 years, beginning on August 5, 1994 and ending on August 4, 2029. Said term shall be one day less than the term of Lease Agreement I. The County agrees to lease the Premises to the Agency 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.

Housing Opportunity Fund Agreement
Page 3

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. _____.

Mental Health Housing Foundation
AGENCY

KING COUNTY, WASHINGTON

By _____

Its _____

By _____

Gary Locke
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

11429

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

292205 75 S 1/2 of N 1/2 of NW 1/2 of SW 1/4 of SE 1/4 TGW POR S 1/2 of N 1/2 of
NE 1/4 of SW 1/4 of SE 1/4 DAF - BEG NW COR of SD SUBD S 88-58-30 E 47.27
FT TH S 05-32-43 E 167.06 FT TO S LN of SD SUBD TH N 89-00-45 W 63.18 FT TO
W LN of SD SUBD TH N 00-04-53 W 166.03 FT TO TPOB - LESS CO RD - AKA
LOT B of KC LOT LN ADJ NO 783014 APPROVED 4/29/87.

EXHIBIT BLEASE AGREEMENT I

THIS LEASE made this ____ day of _____, 1994, by and between Mental Health Housing Foundation, (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:

292205 75 S 1/2 of N 1/2 of NW 1/2 of SW 1/4 of SE 1/4 TGW POR S 1/2 of N 1/2 of NE 1/4 of SW 1/4 of SE 1/4 DAF - BEG NW COR of SD SUBD S 88-58-30 E 47.27 FT TH S 05-32-43 E 167.06 FT TO S LN of SD SUBD TH N 89-00-45 W 63.18 FT TO W LN of SD SUBD TH N 00-04-53 W 166.03 F T TO TPOB - LESS CO RD - AKA LOT B of KC LOT LN ADJ NO 783014 APPROVED 4/29/87.

2. TERM: The term of this Lease shall be for 35 years commencing the 5th day of August, 1994, and shall terminate on the 5th day of August, 2029.
3. RENT: Lessee covenants and agrees to pay Lessor, at Lessor's address, 101 Stewart Street, Suite 1102, Seattle WA, 98101, rent for the 35-year term of this Lease in a total amount not to exceed \$125,000.00 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 December 31, 1994.
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.

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, Lessor shall have the obligation to make all capital improvements and to keep in good repair the structural components of the Premises including roof, exterior walls, foundations and HVAC system.
- 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 Mental Health Housing Foundation'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;

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 Provision of Services; 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:
Mental Health Housing Foundation

LESSEE:
KING COUNTY, WASHINGTON

BY _____

BY _____
Gary Locke
King County Executive

Its _____

APPROVED AS TO FORM:

BY _____
Deputy Prosecuting Attorney

EXHIBIT CLEASE AGREEMENT II

1. **PARTIES.** This Lease dated the _____ day of _____, 1994, is between King County, ("Lessor") a municipal corporation and a political subdivision of the State of Washington, and Mental Health Housing Foundation, ("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:

292205 75 S 1/2 of N 1/2 of NW 1/2 of SW 1/4 of SE 1/4 TGW POR S 1/2 of N 1/2 of NE 1/4 of SW 1/4 of SE 1/4 DAF - BEG NW COR of SD SUBD S 88-58-30 E 47.27 FT TH S 05-32-43 E 167.06 FT TO S LN of SD SUBD TH N 89-00-45 W 63.18 FT TO W LN of SD SUBD TH N 00-04-53 W 166.03 F T TO TPOB - LESS CO RD - AKA LOT B of KC LOT LN ADJ NO 783014 APPROVED 4/29/87.

Post Office Address: 26824 108th Ave, S.E., Kent WA, 98031

3. **TERM.** This lease term shall be for one day less than 35 years and shall begin on the 5th day of August, 1994, and end on the 4th day of August, 2029.
4. **SERVICES IN LIEU OF RENT.** In lieu of payment of rent, Lessee shall acquire and 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 Planning 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

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 October 15, 1994. 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 (5) Tenants at the Premises shall have annual household incomes that do not exceed 17% 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 Planning and Community Development Division.
2. Lessee shall ensure that monthly rent established throughout the term of this Lease:
 - o shall not exceed 1/12 of 30% of 23% of the SMSA median income per person per bedroom.

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.

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 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.
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

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

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

a. General Liability

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

-or-

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

b. Products and Completed Operations

Lessee shall procure and maintain, during the life of this Agreement, 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 d. 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 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, as well as any similar coverage required for this
work by applicable Federal or "Other States" State law.

g. Stop Gap, Employers Contingent Liability

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

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 Best's 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 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.

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 (K.C.C.), 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 K.C.C. 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 K.C.C., 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 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 K.C.C., 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.

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

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

TO Lessee: 101 Stewart Street Suite 1102
Seattle WA, 98101

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.

STATE OF WASHINGTON)
)ss
COUNTY OF KING)

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

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

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

STATE OF WASHINGTON)
)ss
COUNTY OF KING)

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

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

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