



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

January 12, 2010

Ordinance 16745

**Proposed No.** 2009-0637.2

**Sponsors** Gossett and Phillips

1 AN ORDINANCE authorizing the executive to execute  
2 documents for the improvement and leasing of a child care  
3 facility in the Chinook Building; amending Ordinance  
4 14509, Section 36, as amended, and K.C.C. 4.56.180; and  
5 declaring an emergency.

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

7 **SECTION 1. Findings:**

8 A. King County is the owner of the land at 401 Fifth Avenue, Seattle, in King  
9 County, Washington. Goat Hill Properties, a Washington nonprofit corporation, is  
10 leasing the land from King County under a Ground Lease dated as of January 1, 2005.  
11 Goat Hill Properties has developed a building on that land known as the Chinook  
12 Building through issuance of tax-exempt bonds, and has leased the Chinook Building  
13 back to King County under a Project Lease Agreement dated as of January 1, 2005, as  
14 amended by a First Amendment to Project Lease and to Memorandum of Project Lease  
15 dated October 2005.

16 B. The Chinook Building has been developed pursuant to a Master Use Permit  
17 issued by the Seattle Department of Planning and Development, Project 2401763, which  
18 includes an allowance for certain bonus floor area based in part upon the voluntary  
19 agreement to provide approximately nine hundred eighty square feet of child care space

20 pursuant to Seattle Municipal Code ("SMC") 23.49.012, using the "performance option"  
21 as described therein, and as set forth in that certain Covenant Regarding Bonus Floor  
22 Area recorded under King County recording no. 20070223002398 (DPD Covenant).

23 C. Wright Runstad Associates Limited Partnership, a Washington limited  
24 partnership and the developer of the Chinook Building, has represented in writing to King  
25 County that all other requirements of the Covenant Regarding Bonus Floor Area besides  
26 the child care space have been met.

27 D. The county has determined that it is in the public interest to have child care  
28 service provided in the Chinook Building, and to have that child care service set aside  
29 twenty percent of its available capacity for low income families.

30 E. Wright Runstad Associates Limited Partnership, as the developer of the  
31 Chinook Building and in cooperation with the county, rigorously solicited prospective  
32 child care providers and the county carefully selected the Northwest Center, a  
33 Washington non-profit corporation, as the most qualified candidate to provide child care  
34 services in the Chinook Building.

35 F. Northwest Center, consistent with the desires of the county, has negotiated an  
36 agreement with the city of Seattle human services department to receive funding for a  
37 substantial portion of the capital costs for tenant improvements for a child care facility in  
38 the Chinook Building. The funding from the city of Seattle is derived from cash option  
39 payments made with respect to permits for other properties under SMC 23.49.012. These  
40 cash option payments are required to be spent by the city of Seattle to fund capital  
41 expenditures for child care facilities.

42           G. The city of Seattle has approved its funding of the child care tenant  
43 improvements in the Chinook Building subject to various conditions required under SMC  
44 23.12.012, including the granting of a twenty year covenant by the county in favor of the  
45 city of Seattle that requires that the portion of the Chinook Building to be improved for  
46 child care remain in that use for a period of twenty years and that the child care operator  
47 set aside twenty percent of its available capacity for low-income families (hereinafter  
48 "covenant").

49           H. In order to complete satisfaction of conditions to bonus floor area under SMC  
50 23.49.012 and in order to induce the city to provide the funding to Northwest Center for  
51 tenant improvements for the child care facilities in the Chinook Building, the county is  
52 willing to execute and record the covenant.

53           I. The county desires to sublease to Northwest Center for twenty years  
54 approximately nine thousand eight hundred sixty square feet in the Chinook Building to  
55 be used by Northwest Center to operate a child care facility consistent with the  
56 requirements of the covenant and Northwest Center's agreement with the city of Seattle.

57           J. The sublease is an agreement for the use of county property with a bona fide  
58 nonprofit organization that will make improvements to county property and will provide  
59 services that will benefit the public in conformance with K.C.C. 4.56.150.E.

60           K. It is in the best interests of the county to enter into the sublease for a twenty  
61 year term, and the property to be leased complies with the requirements of K.C.C.  
62 4.56.180.A.

63           L. Immediate action by the council approving the covenant and sublease is  
64 necessary for the successful completion of the project because the funding agreement

65 between the city of Seattle and Northwest Center requires that the council authorize the  
66 execution and recording of a covenant committing to child care space in the Chinook  
67 Building for twenty years, with the covenant to be executed and recorded by the county  
68 and then the city before January 15, 2010. If this deadline is not met, the city of Seattle  
69 or Northwest Center could terminate their agreement. In addition, there is a maximum  
70 project budget that the contractor has orally agreed to honor, but the price could change if  
71 there were a delay in starting the project. This ordinance must be enacted as an  
72 emergency ordinance to allow the covenant to be recorded before January 15, 2010 as  
73 required by the agreement between Seattle and Northwest Center.

74 SECTION 2. The King County executive is hereby authorized to execute and  
75 record a twenty year covenant for child care space in the Chinook Building in  
76 substantially the form of Attachment A to this ordinance, and is further authorized to  
77 execute a twenty year sublease for child care in the Chinook Building in substantially the  
78 form of Attachment B to this ordinance.

79 SECTION 3. The appropriate county officials, agents and employees are hereby  
80 authorized to take all actions necessary to implement the covenant and the sublease.

81 SECTION 4. Ordinance 14509, Section 36, as amended, and K.C.C. 4.56.180 are  
82 each hereby amended to read as follows:

83 A. The county may lease real property for a term of years and upon such terms  
84 and conditions as may be deemed in the best interests of the public and the county. A  
85 lease shall not be for a longer term in any one instance than ten years, except as follows:

86 1. If the county determines it to be in the best interest of the county, real  
87 property necessary to the support or expansion of an adjacent facility may be leased to

88 the lessee of the adjacent facility for a term to expire simultaneously with the term of the  
89 lease of the adjacent facility, but not to exceed thirty-five years;

90 2. If the county determines it to be in the best interest of the county, if the  
91 property to be leased is improved or is to be improved and the value of the improvement  
92 is or will be at least equal to the value of the property to be leased, the county may lease  
93 the property for a term not to exceed thirty-five years;

94 3. If the property to be leased is to be used for public recreation and police  
95 training purposes, for parks and recreation purposes, for a hospital or a medical training  
96 and research facility, for a childcare facility to be improved with full or partial funding  
97 from a government-sponsored childcare bonus program, for the county's own use in  
98 accordance with a lease or leaseback arrangement entered into under K.C.C. 4.56.160 E  
99 or for major airport, industrial, office or other commercial purposes or transit-oriented  
100 development, requiring extensive improvements, the county may lease the property for a  
101 term equal to the estimated useful life of the improvements, but not to exceed fifty years;  
102 unless the property is leased to a public housing authority or nonprofit organization in  
103 accordance with RCW 36.34.135, in which case the term may extend to seventy-five  
104 years; and

105 4. Leases entered into under K.C.C. 4.56.160 D may extend for the period of  
106 years necessary to amortize the special purpose funds, not to exceed twenty-five years.

107 B. The lessee shall not improve or alter the leased property in any manner  
108 without the prior written consent of the county, but shall, before making improvements or  
109 alterations, submit plans and designs for the improvement or alteration to the county for  
110 approval. If the plans and designs are disapproved, the improvements or alterations shall

111 be made only with such changes as may be required by the county. Unless otherwise  
112 stipulated, all improvements or alterations erected or made on the leased property shall,  
113 on expiration or sooner termination of the lease, belong to the county without  
114 compensation to the lessee, but the county shall have the option, to be exercised on  
115 expiration or sooner termination of this lease, to require the lessee to remove any or all of  
116 the improvements or alterations. If the lessee fails substantially to make the  
117 improvements or alterations required by the lease, the lease shall be terminated and all  
118 rentals paid shall be forfeited to the county.

119 C. Except for lease or leaseback arrangements entered into under K.C.C.  
120 4.56.160 E, any lease made for a period longer than five years shall contain provisions  
121 requiring the lessee to permit the rents to be adjusted and fixed by the county every five  
122 years, but any lease may provide for more frequent readjustments. If the lease permits  
123 the county to adjust the rent, the county shall give the lessee written notice of the adjusted  
124 rent, in accordance with the terms of the lease. The rent as adjusted shall take effect  
125 thirty days after the date of the notice unless the lessee, within thirty days following the  
126 receipt of the notice from the county, gives the county written notice of the lessee's  
127 rejection of the adjusted rent. If the lessee and the county cannot agree upon the rental  
128 readjustment, the rent shall be adjusted by arbitration. For arbitration, the lessee and the  
129 county shall each select one disinterested arbitrator and the two selected arbitrators shall  
130 select a third. If the two arbitrators have not selected a third arbitrator within thirty days  
131 after the selection of the last selected of the two, either the lessee or the county shall  
132 apply to the presiding judge of the superior court for King County for the appointment of  
133 a third arbitrator. Each arbitrator must be a member of the American Institute of Real

134 Estate Appraisers, the Society of Real Estate Appraisers or other appraisal society or  
135 association having equivalent ethical and professional standards. If a licensing  
136 requirement for real estate appraisers is imposed by any legislative body, each arbitrator  
137 shall also be so licensed. The three arbitrators shall determine a fair rent for the premises  
138 based upon the fair market rental value of the property, as defined in K.C.C. 4.56.010.  
139 The decision of a majority of the arbitrators shall bind both the lessee and the county. At  
140 the conclusion of the arbitration, the arbitrators shall submit written reports to the lessee  
141 and the county. The cost of the arbitration shall be divided equally between the lessee  
142 and the county.

143 D. Except as provided in K.C.C. 4.56.150 D and E and 4.56.160 D, the rent of all  
144 leases of county real property shall be based upon fair market rental value, as defined in  
145 K.C.C. 4.56.010.

146 E. No lease shall be assigned or subleased without the assignment or sublease  
147 being first authorized by the county in writing. All leases, when drawn, shall contain this  
148 provision.

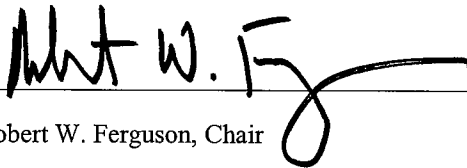
149 F. Notwithstanding the other provisions of this chapter and following such  
150 procedures as may be determined appropriate by the council, the executive may enter into  
151 long-term master leases of county property under which developers: would develop the  
152 property into office and other space required or approved by the county; would lease  
153 some of space back to the county and may lease space unneeded by the county to private  
154 or public entities for private or public uses as approved by the county council; and would  
155 convey all leasehold improvements to the county at the expiration or termination of the  
156 master leases. A master lease shall be subject to approval by the council.

157            SECTION 5. The county council finds as a fact and declares that an emergency  
158 exists and that this ordinance is necessary for the immediate preservation of public peace,  
159 health or safety or for the support of county government and its existing public  
160 institutions.

Ordinance 16745 was introduced on 11/23/2009 and passed as amended by the  
Metropolitan King County Council on 1/11/2010, by the following vote:

Yes: 9 - Ms. Drago, Mr. Phillips, Mr. von Reichbauer, Mr. Gossett,  
Ms. Hague, Ms. Patterson, Ms. Lambert, Mr. Ferguson and Mr. Dunn  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Robert W. Ferguson, Chair

ATTEST:

  
\_\_\_\_\_

Anne Noris, Clerk of the Council

**Attachments:** A. Covenants and Restrictions for Child Care Space, B. Chinook Building Sublease Agreement Between King County Landlord and Northwest Center Tenant--September \_\_\_\_, 2009



16745

Attachment A

AFTER RECORDING, MAIL TO:  
City of Seattle  
Human Services Department  
700 Fifth Avenue, Suite 5800  
P.O. Box 34215  
Seattle, WA 98124-4215  
Attn: Community Facilities

COVENANTS AND RESTRICTIONS FOR CHILD CARE SPACE

GRANTOR: King County

GRANTEE: The City of Seattle

ABBR. LEGAL: Lots 2, 3, 6 and 7, Blk 37, C.D. Boren's Add to the City of Seattle, Vol 1 of Plats, page 25, records of King County (Full legal description on Ex. A)

TAX PARCEL NUMBERS: 0942001105

DOCUMENT AMENDED: 20070223002398

These COVENANTS AND RESTRICTIONS ("Covenant") are made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2009, for the benefit of The City of Seattle, a municipal corporation of the State of Washington (hereinafter called "City"), whose address is Human Services Department, Community Facilities, Suite 5800, 700 Fifth Avenue, P.O. Box 34215 Seattle, WA 98124-4215, by the County of King, a Washington political subdivision ("King County") whose address is Real Estate Services, 500 Fourth Avenue, Room 500, Seattle, WA 98104 (together with its successors in interest, King County is referred to as "Grantor").

WHEREAS King County is the owner of the land at 401 Fifth Avenue, Seattle, in King County, Washington, described on Exhibit A to this Covenant, which is incorporated herein by this reference ("Land"), and is the lessee under a Project Lease Agreement dated as of January 1, 2005, as amended by a First Amendment to Project Lease and to Memorandum of Project Lease dated October, 2005 (as so amended, the "Lease") of the building developed thereon (the Land and all improvements now and hereafter thereon are referred to as the "Property"); and

WHEREAS Goat Hill Properties, a Washington nonprofit corporation ("GHP"), is leasing the land from King County under a Ground Lease dated as of January 1, 2005 ("GHP Ground Lease"), and has developed a building on such land ("Building") with revenue obtained

through issuance of tax-exempt bonds ("Bond Proceeds"), and has leased the Building thereon to King County under the Lease;

WHEREAS such building is to include the portions described and depicted as a child care facility on Exhibit B hereto, which is incorporated herein by this reference ("Child Care Space"), and King County has subleased the Child Care Space to Northwest Center, a Washington nonprofit corporation ("NWC") pursuant to a sublease dated \_\_, 2009 ("Sublease");

WHEREAS the improvements on the above property are being developed pursuant to a Master Use Permit issued by the Seattle Department of Planning and Development, Project 2401763, which includes allowance of certain bonus floor area based in part upon the voluntary agreement to provide child care space pursuant to SMC Section 23.49.012, using the "performance option" as described therein, as set forth in that certain Covenant Regarding Bonus Floor Area recorded under King County recording no. 20070223002398 ("DPD Covenant"), which stated that it rescinded a covenant recorded under King County recording no. 20051007001784;

WHEREAS NWC has negotiated with the City's Human Services Department ("HSD," which term shall include any successor department or agency of the City) for additional funding, from cash contributions made with respect to permits for other properties under SMC 23.49.012, for certain capital costs of the Child Care Space; and

WHEREAS HSD has approved such funding subject to various conditions, including the granting of this Covenant, pursuant to a Child Care Facility Agreement between City and NWC ("HSD Agreement"); and

WHEREAS, in partial satisfaction of conditions to bonus floor area under SMC 23.49.012 and in order to induce the City to provide additional funding to NWC for improvements to the Child Care Space, Grantor is willing to grant this Covenant;

NOW, THEREFORE, in consideration of the foregoing, Grantor hereby grants, agrees to, and imposes upon the Grantor's fee interest in the Land ("Fee Interest"), and on any interest in Property hereafter acquired by Grantor, the following covenants and restrictions; provided that so long as the GHP Ground Lease and the Lease remain in effect, nothing herein shall constitute an encumbrance upon King County's or GHP's leasehold interests or interests in the Building:

**1. Lease and Sublease; Development of Child Care Space.**

(a) King County represents and warrants that it is the sole lessee of the Building under the Lease, with a term expiring December 31, 2029; that the Lease has not been modified and is in full force and effect; that in compliance with the Lease King County has subleased the entire Child Care Space to NWC pursuant to the Sublease with a minimum term ending no earlier than the earlier of five years after the Child Care Space is placed into service or NWC

receives the Department of Early Learning license required for provision of child care services in the Child Care Space; that the Sublease has not been modified and is in full force and effect; that King County has approved the improvements to the Child Care Space to be made pursuant to the "Plans" as referenced in the HSD Agreement or as amended in accordance with the HSD Agreement; and that King County has taken all actions necessary to direct GHP to cause a part of the improvements to the Child Care Space to be designed, permitted and constructed with \$295,000 of Bond Proceeds held by GHP.

(b) King County represents, warrants and agrees that NWC has, and shall have for the term of the Sublease, all rights of access, ingress and egress to and from the Child Care Space, both interior and exterior, reasonably necessary for the operation of the Child Care Space.

2. **Use.** For so long as this Covenant shall remain in effect, the Child Care Space, consisting of no less than 6,934 square feet of interior space and 2,926 square feet of exterior play area, shall be used solely as a child care facility in compliance with the terms of this Covenant.

3. **Term.** This Covenant shall be in effect from the date hereof through December 31, 2029, unless the City shall execute and record a document expressly terminating this Covenant on or as of an earlier date ("Term"). The first date upon which this Covenant is no longer in effect is referred to as the "Termination Date". The foregoing notwithstanding, if during any period or periods while this Covenant is in effect the Child Care Space or any part thereof shall be in any use inconsistent with the terms of this Covenant, and if the City shall record a notice or notices of such inconsistent use, the term of this Covenant shall be extended for a cumulative period equal to the total of all periods of use inconsistent with this Covenant. For any period in which the Child Care Space is used in any manner inconsistent with the terms of this Covenant or any period in which the provision of child care services ceases due wholly or in material part to the actions of the City, such period or periods shall be subtracted from the Term.

4. **Covenants for Child Care Use.** Grantor covenants and agrees for the benefit of the City as follows:

(a) Grantor shall, through its sublease, operating agreement or similar arrangement require that the Child Care Space shall be operated in substantial conformance with the following documents as approved by the City and as they may be amended with the consent of the City: the Sublease, or a replacement sublease or operating agreement with a licensed child care provider for the operation of the Child Care Space; and the management plan prepared by NWC dated \_\_\_\_\_, 2009 or another management plan prepared by a substitute child care provider for the Child Care Space. Each sublease or operating agreement shall provide that the child care provider agrees to operate the Child Care Space consistent with the terms of this Covenant, and to provide reports and documentation to the City to demonstrate such compliance.

(b) A proposed amendment to a sublease, operating agreement or management plan for the Child Care Space may be submitted by the Grantor and the child care provider to the City, under cover of a transmittal stating the reasons for the proposed changes, the time for review under this section and the effect of failure to respond. Proposed changes shall be submitted in the form of marked text to show clearly the specific words to be deleted, if any, and the new text proposed. HSD will consent to (with or without conditions), deny, or waive review of the proposed changes, or give notice to the Grantor and the child care provider that HSD requires more information to respond, in each case by delivery of written notice to the County and child care provider within ten (10) Working Days of receipt of the proposed changes, unless HSD finds that the proposed changes are so extensive that further time is required for review, in which case HSD may give notice within that ten (10) working day period that the review period is extended by up to ten (10) more working days. If the City requires further information, and the County and child care provider provide that information in writing, the City will approve (with or without conditions), deny, or waive review of the proposed changes within ten (10) Working Days of the receipt of the information. If HSD denies, or consents with conditions, the City shall set forth reasons for its actions. The City shall not unreasonably delay or deny approval, or impose any conditions not reasonably related to the purpose of assuring the provision of child care consistent with this Covenant; provided that the City shall not in any circumstances be liable in damages for any delay, denial, or condition or any loss or damage caused thereby. If HSD fails to respond within the applicable period, such failure will be deemed as consent by HSD to the changes, except to the extent that the changes would be contrary to the express requirements for child care space provided under the performance option pursuant to SMC 23.49.012 as in effect on June 1, 2009, a copy of which requirements is attached to this Covenant as Exhibit C and incorporated herein by this reference. No approval by HSD of or consent by HSD to any sublease, management plan, or changes shall constitute or be construed as a waiver of the requirements of any applicable ordinance, regulation or permit or as any assurance that the terms of any document or actions thereunder will conform to the requirements of any law, ordinance, regulation, or permit.

For purposes of this Agreement, a "Working Day" is a day that is not a Saturday, Sunday, or City of Seattle holiday.

(c) Grantor shall, through its sublease, operating agreement or similar arrangement require that the Child Care Space, with capacity for approximately sixty (60) children, subject to licensing limitations, ages six (6) weeks through six (6) years shall be licensed and maintained in operation, with no less than required staffing, at least eleven (11) hours per day, five (5) days per week, fifty (50) weeks per year. Capacity to serve one child is referred to as a "child care slot" herein.

(d) Grantor shall, through its sublease, operating agreement or similar arrangement require that at least twenty (20) percent of the child care slots in the Child Care Space shall be reserved at all times for, and affordable to, families with annual incomes at or

below the U.S. Department of Housing and Urban Development Low Income Standard for Section 8 Housing based on family size (or, if such standard shall no longer be published, a standard established by the Human Services Director based generally on eighty (80) percent of the median family income of the Metropolitan Statistical Area, or division thereof, that includes Seattle, adjusted for family size). For each family with a child counted toward meeting such requirement, Grantor shall, through its sublease, operating agreement or similar arrangement require the day care provider to cause to be obtained and maintained a certification, in a form approved by the City, in which all of the adult members of the family over the age of eighteen (18) years certify household income on the date of initial application for enrollment, and no less frequently than annually thereafter, except that if the child care provider shall have received written notice from the City that participation in a particular program provides sufficient evidence of income eligibility, then documentation showing the family's participation in that program may substitute for income certification. Alternately, child care slots shall be deemed to meet these conditions if they serve, and are limited to, (i) children receiving child care subsidy from the City of Seattle, or State Department of Early Learning, and/or (ii) children whose families have annual incomes no higher than the above standard who are charged according to a sliding fee scale such that the fees paid by any family do not exceed the amount it would be charged, exclusive of subsidy, if the family were enrolled in the City of Seattle Child Care Subsidy Program.

(e) Grantor shall, through its sublease, operating agreement or similar arrangement, require that any child care provider operate the Child Care Space in full compliance with all applicable federal, State and local requirements.

(f) Grantor shall, through its sublease, operating agreement or similar arrangement require that the Child Care Space shall be maintained in decent, safe and sanitary condition, with all necessary utilities and fixtures for operation thereof. Grantor shall maintain in a decent, safe and sanitary condition, with all necessary utilities and fixtures for operation thereof, all parts of the Property providing access to the Day Care Space.

(g) If the Sublease, or any other sublease or operating agreement for the Child Care Space, shall be terminated, or if the sublessee or operator shall cease to operate the Child Care Space as a child care facility, the Grantor shall promptly notify the City, and shall make good faith efforts to secure a replacement sublessee or operator, unless the Grantor is a properly licensed child care provider and elects to operate the Child Care Space directly. Such efforts shall include, without limitation, offering to a qualified, reputable, experienced, licensed and financially capable child care operator that expresses interest and is acceptable to, or referred by, the City, a sublease or operating agreement on terms substantially the same as the sublease or operating agreement most recently in effect, with consent of HSD, for the Child Care Space, for a period of five (5) years or the remaining term of this Covenant, whichever is shorter. The Grantor shall not be required to provide subsidies for operation of the Child Care

Space in order to secure a new sublessee or operator. The Grantor agrees, however, that inability to secure a sublessee or operator shall not be grounds for relief from the restriction on use in Section 2 of this Covenant.

5. **Nondiscrimination.** Grantor shall, through its sublease, operating agreement or similar arrangement require that the Child Care Space shall be operated in full compliance with all applicable nondiscrimination laws, regulations and ordinances, including without limitation SMC Chapters 14.04 and 14.06 and that all of the child care slots shall be available to the general public and shall be offered to the public on terms no less favorable than those offered to employees of Grantor. Grantor further agrees that Grantor shall, through its sublease, operating agreement or similar arrangement require that with respect to the Child Care Space that the sublessee or operator shall not engage in, nor permit, any act or practice that would be prohibited by any such law, regulation or ordinance but for the existence of any present or future exemption therein, or other limit on the effect thereof, that is based on the type of organization, character, mission or beliefs of any entity owning, leasing, subleasing or operating the Child Care Space.

6. **No Adverse Effects.** Grantor shall refrain from any modifications to the Property or other actions that would adversely affect the suitability of the Child Care Space for the use intended by this Covenant, and shall not cause or permit any use of the Property that would materially impair the suitability of the Child Care Space for such use.

7. **Run with the Land; Remedies.** At all times prior to the Termination Date, this Covenant shall run with the Fee Interest in the Land and with any interest in the Property hereafter acquired by Grantor, and shall be binding on Grantor and its heirs, executors, administrators, devisees, successors and assigns of any of the foregoing, provided that so long as the GHP Ground Lease and the Lease remain in effect, nothing herein shall constitute an encumbrance upon King County's or GHP's leasehold interests or interests in the Building. Grantor shall not transfer the Property or any portion thereof that includes the Child Care Space or provides access thereto, or is otherwise reasonably necessary to the operation of the Child Care Space, to anyone unless the transferee agrees in writing to be bound by the provisions of this Covenant to the same extent as the transferor and the City receives a copy of the transferee's agreement prior to the transfer, but the covenants and restrictions herein shall be binding on any such transferee regardless of whether such written agreement is obtained. This Covenant may be enforced by The City of Seattle, which shall have all remedies available at law or in equity in case of any breach of the terms hereof. Grantor agrees that such remedies may include, without limitation, specific performance, injunctions, appointment of a receiver, and restitution of any unjust enrichment that may accrue to Grantor or its successors or assigns from any transfer or use of the Property or any part thereof contrary to the terms hereof.

8. **Casualty or Condemnation.**

A. *Grantor's Obligations.* In the event that all or part of the Child Care Space is damaged to the extent that it is rendered unusable for the purpose intended hereby, or the

Child Care Space is destroyed by fire or other casualty to the structure in which it located, or by the taking by condemnation or deed in lieu of condemnation, then Grantor may, in its sole discretion, elect to repair, restore or replace the lost Child Care Space. If the Grantor does repair, restore or replace the Child Care Space, then such space shall continue to be used consistent with this Covenant. If Grantor elects not to repair, restore or replace the Child Care Space, then this Covenant shall terminate. If this Covenant terminates under this subsection A and there are insurance or condemnation proceeds reasonably attributable wholly or in part to the Child Care Space (including its structural elements and fixtures), payable to or for the benefit of the Grantor, then in consideration for the funds provided by the City for the improvements to the Child Care Space, the City shall be entitled to receive a portion of those proceeds determined as follows: First, the total proceeds attributable to the Child Care Space shall be multiplied by a fraction equal to the total amount paid by the City to NWC for improvements to the Child Care Space under the HSD Agreement ("City Payment") divided by the sum of the City Payment plus the amount of Bond Proceeds applied to the design, permitting, construction and improvement costs reasonably attributable to the Child Care Space that were expended pursuant to the Lease. Second, the resulting amount shall be reduced by 1/20<sup>th</sup> of the resulting amount for each full year the Covenant had previously been in force and Grantor had been in compliance with the Covenant.

B. *Extension of Term for Loss of Use.* Notwithstanding Section 3 hereof, if any casualty loss or condemnation results in the loss of use of more than fifty percent (50%) of the Child Care Space for a period of one year or more, and the County elects to repair, restore or replace the lost Child Care Space, then the term of this Covenant shall be automatically extended beyond the original term hereof for a period equal to the period of time for which such loss of use continued beyond the period of one year.

9. **No Other Bonuses.** Grantor agrees that the Child Care Space shall not be eligible to satisfy bonus conditions under SMC Title 23 for any other project than the one identified above. Without limiting the foregoing, at no time shall any exterior portion of the Child Care Space include any area for which a bonus is or has been allowed under any provision of SMC Title 23 or former Title 24 other than for Child Care Space.

10. **Miscellaneous.** This Covenant shall be governed by the laws of the State of Washington. Grantor, for itself and its successors and assigns, consents to the jurisdiction of the courts of the State of Washington and to venue of any proceedings brought hereunder in King County, Washington. If any provision of this Covenant, or the application thereof to any conditions or circumstances, shall be found to be invalid or unenforceable, the parties intend that the validity or enforceability of the other provisions, or of such provision as applied to other conditions or circumstances, as the case may be, shall not be impaired. This Covenant is the product of negotiation and shall not be construed strictly against any party as the drafter of any part hereof.

11. **Time.** Time is of the essence of Grantor's obligations hereunder.

12. **Entire Agreement, Amendments.** This Covenant, together with the HSD Agreement, contains the entire agreement and understanding of the parties with respect to the subject matter hereof. This Covenant may be amended only by a written document signed by an authorized officer of the City and by an authorized officer of the Grantor, or its successor in interest. This Covenant modifies the DPD Covenant only with respect to the amount and location of Child Care Space that is committed to satisfy the conditions of SMC 23.49.012, and does not supersede or replace the DPD Covenant.

Exhibits:

- A. Legal description of Property
- B. Floor Plans of Child Care Space
- C. Excerpt from SMC 23.49.012

EXECUTED as of the day and year first above written.

COUNTY OF KING

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

The foregoing Covenant is accepted.

THE CITY OF SEATTLE

By: \_\_\_\_\_

\_\_\_\_\_  
Director, Human Services Department

**THE CITY OF SEATTLE ACKNOWLEDGMENT**

STATE OF WASHINGTON

COUNTY OF KING

|  
ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Director of the Human Services Department of THE CITY OF SEATTLE, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated this \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
*(Signature of Notary)*

\_\_\_\_\_  
*(Legibly Print or Stamp Name of Notary)*

Notary public in and for the state of Washington,  
residing at

\_\_\_\_\_  
My appointment expires \_\_\_\_\_

**COUNTY ACKNOWLEDGMENT**

STATE OF WASHINGTON

| ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_, of KING COUNTY, a political subdivision of the State of Washington to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
*(Signature of Notary)*

\_\_\_\_\_  
*(Legibly Print or Stamp Name of Notary)*

Notary public in and for the state of Washington,  
residing at

\_\_\_\_\_  
My appointment expires \_\_\_\_\_

16745

Attachment B

CHINOOK BUILDING

SUBLEASE AGREEMENT

BETWEEN

KING COUNTY  
*Landlord*

and

NORTHWEST CENTER  
*Tenant*

September \_\_, 2009

## SUBLEASE AGREEMENT

### Chinook Building Sublease

THIS SUBLEASE is made this \_\_\_\_ day of August, 2009, between KING COUNTY, a political subdivision of the State of Washington ("Landlord"), and NORTHWEST CENTER, a Washington nonprofit public benefit corporation ("Tenant").

As parties hereto, Landlord and Tenant agree:

#### 1. LEASE DATA AND EXHIBITS

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) **Building:** Known as Chinook Building, or such other name as Landlord may designate from time to time, situated on a portion of the real property more particularly described in Section 2 hereof, with an address of \_\_\_\_\_, Seattle, Washington.

(b) **Premises:** Consisting of the area on the first (1<sup>st</sup>) floor of the Building known as retail suite number \_\_\_\_ and that balcony area on the second (2<sup>nd</sup>) floor of the Building, and including the interior stairwell, as outlined on the floor plans attached hereto as Exhibit A, including Tenant Improvements described in Exhibit D. The mailing address of the Premises is \_\_\_\_\_, Seattle, Washington 9810\_\_.

(c) **Square Footage of Premises:** Landlord and Tenant agree that the Premises shall contain approximately 6,984 rentable square feet of interior space on the first floor of the Building and 2,926 square feet of outdoor space on the second floor of the Building. The actual rentable area of the Premises shall be calculated by the Architect and confirmed by Landlord and Tenant in writing within thirty (30) days after the Commencement Date.

(d) **Master Lease:** Landlord leases the Building from Goat Hill Properties, LLC ("Master Landlord") pursuant to that Project Lease Agreement dated January 1, 2005, as amended.

(e) **Tenant Improvement Allowance:** To be provided pursuant to Exhibit D, attached hereto.

(f) **Commencement Date:** The Commencement Date shall be the date which is 90 days after the date on which the last of the following conditions has been satisfied: The King County Council has approved this Sublease, the Tenant Improvements are substantially completed; and a final Certificate of Occupancy or other evidence of the right to legally occupy the Premises has been issued for the Premises and all portions of the building necessary for the use and enjoyment of the Premises.

(g) **Term and Expiration Date:** Two hundred and forty (240) months (20 years) after the Fixed Cost Reimbursement Commencement Date (or as may be extended to include the Renewal Term(s) pursuant to the provisions of Section 5 of Exhibit C (Addendum to Sublease) hereto). The first sixty (60) months (5 years) immediately following the Fixed Cost Reimbursement Commencement Date shall constitute the ("Initial Term") for purposes of Section 5 of Exhibit C.

(h) **Fixed Cost Reimbursement Commencement Date:** No rent shall be payable by Tenant under this Sublease. Tenant shall pay to Landlord a Fixed Cost Reimbursement in accordance with Section 10 below. The Fixed Cost Reimbursement Commencement Date shall be the earlier of: (a) the first day of the second calendar month following the date Tenant receives the Department of Early Learning license required for provision of child care services in the Premises, commonly referred to as a "Full License: Child Care Center" ("Full License"), or (b) the date on which Tenant begins providing child care services at the Premises.

(i) **Security Deposit:** None (\$0).

(j) **Permitted Use:** Day care and early education center.

NORTHWEST CENTER CHILD CARE LEASE

(k) **Landlord's and Tenant's Leasing Broker.** Neither Landlord or Tenant have engaged the services of a real estate broker with respect to this Sublease.

(l) **Parking:** Tenant shall have the right to purchase a minimum of one (1) permit plus such additional permits as may be available to park automobiles in the Building Garage on an unassigned self-park basis at the prevailing rate for the general public. The Building Garage is not the parking area located within the Building, but the "Goat Hill Garage" located on Sixth Avenue, with secure access to the Building via a tunnel under Fifth Avenue. No fee shall be charged to Tenant's customers for drop off and pick up transient parking in the Designated Drop Off Area described in Section 9 of Exhibit C (or any replacement drop off area)

(m) **Notice Addresses:**

Landlord: King County  
Facilities Management Division  
Real Estate Services Section  
King County Administration Building  
500 Fourth Avenue, Room 500  
Seattle, Washington 98104  
Attn: Manager

Tenant: Northwest Center  
7272 W. Marginal Way S.  
Seattle, WA 98108  
Attn: Jane Dobrovolny

(n) **Payment Address:**

King County  
Facilities Management Division  
Real Estate Services Division  
King County Administration Building  
500 Fourth Avenue, Room 500  
Seattle, Washington 98104

(o) **Exhibits:** The following exhibits or riders are made a part of this Sublease:

Exhibit A - Floor Plan of Premises  
Exhibit B - Rules & Regulations  
Exhibit C - Addendum to Sublease  
Exhibit D - Landlord's Work and Tenant Improvements  
Exhibit E - Copy of Full License (to be attached upon issuance)  
Exhibit F - Covenants and Restrictions for Child Care Space

2. **PREMISES:** Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 (b) hereof as shown on Exhibit A attached hereto and incorporated herein, together with rights of ingress and egress over common areas in the Building located on the land ("Land") more particularly described as:

Lots 2, 3, 6 and 7 in Block 37 of Plat of an Addition to the Town of Seattle, as laid out on the claims of C. D. Boren and A. A. Denny and H. L. Yesler (commonly known as C. D. Boren's Addition to the City of Seattle), according to plat recorded in Volume 1 of plats at Page(s) 25, in King County, Washington.  
APN: 094200-1105-03.

3. **COMMENCEMENT AND EXPIRATION DATES:**

(a) **Commencement Date:** Landlord and Tenant shall cooperate and Tenant shall use commercially reasonable efforts to complete the Tenant Improvements (as defined on **NORTHWEST CENTER CHILD CARE LEASE**

Exhibit D) and obtain the final Certificate of Occupancy for the Premises as soon as reasonably practicable. The Commencement Date is the date set forth in Section 1(f) above.

**(b) Delays:** In the event, due to delays from any cause, the Premises are not available for occupancy by Tenant with Tenant Improvements substantially completed within one hundred eighty (180) days after the date of this Sublease, Landlord may terminate this Sublease by written notice; provided, however, that such period shall be extended for delays due to causes beyond the reasonable control of Tenant.

**(c) Fixed Cost Reimbursement Commencement Date:** The Fixed Cost Reimbursement Commencement Date is the date set forth in Section 1(h) above.

**(d) Confirmation of Commencement Date and Fixed Cost Reimbursement Commencement Date:** After the Commencement Date and the Fixed Cost Reimbursement Commencement Date are established, Landlord and Tenant shall mutually confirm the same in writing.

**(e) Expiration Date:** This Sublease shall expire on the date specified in Section 1(g).

**4. [Intentionally omitted]**

**5. FIXED COST REIMBURSEMENT:** Commencing on the Fixed Cost Reimbursement Commencement Date, Tenant shall pay to Landlord the Fixed Cost Reimbursement as provided in Section 10 without deduction or offset in lawful money of the United States in advance on or before the first day of each month at Landlord's Payment Address set forth in Section 1(m) hereof, or to such other party or at such other place as Landlord may hereafter from time to time designate in writing. The Fixed Cost Reimbursement for any partial month at the beginning or end of the Sublease term shall be prorated in proportion to the number of days in such month. In the event of nonpayment of the Fixed Cost Reimbursement or any other amounts required to be paid by Tenant under this Sublease, Landlord shall have all remedies provided for in the case of nonpayment of rent.

**6. [Intentionally omitted]**

**7. PARKING:** Use of parking in the Building Garage by Tenant shall be subject to such reasonable rules and regulations as Landlord or its parking operator, or the City of Seattle may publish from time to time. Tenant shall provide Landlord with thirty (30) days prior written notice of the number of parking permits requested by Tenant, and of any changes in those requirements. Short-term hourly parking shall be offered in the Building Garage (as defined in Section 1(l)) on a space available basis during Normal Business Hours (as defined in Section 9(b)) except Saturdays, Sundays or legal holidays, for Tenant's clients and customers. Hourly parking shall be offered at market rates. Permitted parking shall be offered at the prevailing rates for public parking established by the independent garage operator.

**8. USE:** The Premises are to be used only for use described in Section 1(j) above ("Permitted Use"), and for no other business or purpose without the prior written consent of Landlord, which consent may be withheld if Landlord, in its sole discretion, determines that any proposed use is inconsistent with or detrimental to the maintenance and operation of the Building as a first-class office building or is inconsistent with any restriction on use of the Premises, the Building, or the Land contained in any lease, mortgage, or other instrument or agreement by which Landlord is bound or to which any of such property is subject. Tenant shall not commit any act that will increase the then existing cost of insurance on the Building without Landlord's consent. Tenant shall promptly pay upon demand the amount of any increase in insurance costs caused by any act or acts of Tenant, excluding any acts related or incidental to normal activities consistent with the Permitted Use. Tenant shall not commit or allow to be committed any waste (other than ordinary wear and tear) upon the Premises, or any public or private nuisance or other act which disturbs the quiet enjoyment of any other tenant in the Building (except to the extent related or incidental to normal activities consistent with the Permitted Use) or which is unlawful. Tenant shall not, without the written consent of

**NORTHWEST CENTER CHILD CARE LEASE**

Landlord, use any apparatus, machinery or device in or about the Premises which will cause any substantial noise, vibration or fumes. Tenant shall not permit smoking in the Premises; Landlord has designated all internal portions of the Building as a smoke-free zone. If any of Tenant's office machines or equipment should disturb the quiet enjoyment of any other Tenant in the Building, then Tenant shall provide adequate insulation, or take other action as may be necessary to eliminate the disturbance. Tenant shall comply with all laws relating to its use or occupancy of the Premises and shall observe such reasonable rules and regulations (not inconsistent with the terms of this Sublease) as may be adopted and made available to Tenant by Landlord from time to time for the safety, care and cleanliness of the Premises or the Building, and for the preservation of good order therein; provided, however, that Tenant shall be excused from observing such rules and regulations to the extent necessary to permit Tenant to conduct normal activities consistent with the Permitted Use. The Building Rules in force at the execution date of this Sublease are attached hereto as Exhibit B. Tenant further agrees to fully comply with, and perform all obligations imposed on the "child care provider" in the Covenants and Restrictions for Child Care Space which will be executed and recorded in favor of the City of Seattle in substantially the form attached hereto as Exhibit F ("**Covenant**"). Tenant further agrees to refrain from committing any act or omission that would violate or cause Landlord to violate the provisions of the Covenant.

#### **9. SERVICES AND UTILITIES:**

(a) **Standard Services:** Landlord shall cause the public and common areas of the Building to be maintained in good order and condition consistent with the operation and maintenance of a first-class office building in downtown Seattle, Washington. No janitorial service shall be provided by Landlord as a standard service.

(b) **Normal Business Hours:** Building hours shall be from 7:00 a.m. to 6:00 p.m. on weekdays ("**Normal Business Hours**"). The Building will be closed Saturdays, Sundays and legal holidays. During other than Normal Business Hours, Landlord may restrict access to the Building in accordance with the Building's security system, provided that Tenant shall have at all times during the term of this Sublease (24 hours of all days) reasonable access to the Premises.

(c) **Interruption of Services:** Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of any services or facilities provided by Landlord pursuant to this Sublease due to any cause whatsoever. No temporary interruption or failure of such services or facilities incident to the making of repairs, alterations, or improvements, or due to accident, strike or conditions or events beyond Landlord's reasonable control shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder. Landlord shall use its best efforts in good faith to minimize any disruption of Tenant's use of the Premises arising from any interruption or failure of such services or facilities.

(d) **Additional Services:** The Building mechanical system is designed to accommodate heating loads generated by lights and equipment using up to three (3) watts per square foot. Before installing lights and equipment in the Premises which in the aggregate exceed such amount, Tenant shall obtain the written permission of Landlord, and Landlord shall not unreasonably refuse to grant such permission.

(e) **Energy Conservation:** Tenant shall comply with Landlord's reasonable instructions for the use of drapes, blinds and thermostats in the Building.

#### **10. COSTS OF OPERATIONS AND REAL ESTATE TAXES:**

##### **(a) Fixed Cost Reimbursement:**

Commencing on the Fixed Cost Reimbursement Commencement Date, Tenant shall pay as "**Fixed Cost Reimbursement**" its share of Taxes, Operating Costs and common area maintenance ("**CAM**") charges in an amount equal to \$1.10 per rentable square foot of the interior portion of the Premises (initially 6,984 rentable square feet); provided, however, that the per rentable square foot amount of Fixed Cost Reimbursement shall increase by Three and Three Tenths Cents (\$0.033) on each anniversary of the Fixed Cost Reimbursement Commencement Date during the term of this Sublease (including the Extended Term(s), if any).

##### **(b) Definitions:**

(i) For the purposes of this section, "**Taxes**" shall mean taxes, Washington State Leasehold Excise Tax, and assessments (including special district levies) on real and personal property payable during any calendar year or fiscal year, based on the actual

assessment period, with respect to the Land, the Building and all property of Landlord, real or personal, used directly in the operation of the Building and located in or on the Building, together with any taxes levied or assessed in addition to or in lieu of any such taxes or any tax upon leasing of the Building or the rents collected (excluding any net income or franchise tax).

(ii) For purposes of this Section, "**Operating Costs**" or "**Costs**" shall mean all expenses of Landlord for maintaining, operating and repairing the Land and Building and the personal property used in connection therewith, including without limitation insurance premiums, utilities not separately metered to the Premises, customary management fees and other expenses which in accordance with generally accepted accounting and management practices would be considered an expense of maintaining, operating or repairing the Building.

(c) **Monthly Installments:** At the beginning of each calendar year of the Sublease term, Landlord shall furnish Tenant a written statement of the Fixed Cost Reimbursement payable by Tenant for each month of such calendar year (based on \$1.10 per square foot during the first 12 months of the Sublease term commencing on the Fixed Cost Reimbursement Commencement Date, as annually increased by Three and Three Tenths Cents (\$0.033) as of each anniversary of the Fixed Cost Reimbursement Commencement Date, as set forth above). Tenant shall pay such monthly amount of the Fixed Cost Reimbursement during the calendar year.

(d) **Personal Property Taxes:** Tenant shall pay all personal property taxes with respect to property of Tenant located on the Premises or in the Building. "Property of Tenant" shall exclude Landlord's Work and Tenant Improvements, but include all other improvements which are paid for by Tenant and "personal property taxes" shall include all property taxes assessed against the property of Tenant, whether assessed as real or personal property.

#### 11. CARE OF PREMISES:

Landlord shall perform all maintenance and repairs reasonably determined by Landlord as necessary to maintain the Premises and the Building as a first-class office building; provided that Landlord shall not be required to maintain or repair any property of Tenant or any appliances (such as refrigerators, microwave ovens, and the like) which are within the Premises. Tenant shall take good care of the interior, non-structural portions of the Premises. Tenant shall not make any alterations, additions or improvements ("**Alterations**") in or to the Premises, or make changes to locks on doors, or add, disturb or in any way change any plumbing or wiring ("**Changes**") without first obtaining the written consent of Landlord which shall not be unreasonably, conditioned or delayed and, where appropriate, in accordance with plans and specifications reasonably approved by Landlord. As a condition to its approval, Landlord may require Tenant to remove such Alterations or Changes upon the expiration or earlier termination of the Term and to restore the Premises to the condition they were in prior to such Alterations or Changes, including restoring any damage resulting from such removal, all at Tenant's Expense. Tenant shall reimburse Landlord for any reasonable sums expended for examination and approval of the architectural and mechanical plans and specifications of the Alterations and Changes and direct costs reasonably incurred during any inspection or supervision of the Alterations or Changes. Notwithstanding anything contained herein to the contrary, any and all Alterations and/or Changes required to be made to Tenant's trade fixtures and/or personal property in the Premises by any amendment to any applicable building, health, safety, fire, nondiscrimination, or similar law or regulation ("**law**"), or any new law shall be made at Tenant's sole expense, and any other Alterations and/or Changes in the Premises required by any amendment to any law shall be made at Landlord's sole expense. All damage or injury done to the Premises or Building by Tenant or by any persons who may be in or upon the Premises or Building with the express or implied consent of Tenant, including but not limited to the cracking or breaking of any glass of windows and doors, shall be paid for by Tenant.

12. **ACCESS:** Tenant shall permit Landlord and its agents to enter into and upon the Premises at all reasonable times, after not less than twenty-hour (24) hours' prior telephone notice to Tenant's on-site manager (except in the case of an emergency where no prior notice shall be required), for the purpose of inspecting the same or for the purpose of cleaning, repairing, altering or improving the Premises or the Building. Upon reasonable (not less than twenty-hour (24) hours) prior notice, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective tenants within the period of one hundred eighty (180) days prior to the expiration or sooner termination of the Sublease term. Landlord shall not unreasonably interfere with Tenant's use of the Premises for the Permitted Use when exercising Landlord's rights granted under this Section 12.

### **13. DAMAGE OR DESTRUCTION:**

#### **(a) Damage and Repair:**

If the Building is damaged by fire or any other cause to such extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed thirty percent (30%) of the replacement value of the Building (exclusive of foundations) just prior to the occurrence of the damage, then Landlord may no later than the sixtieth (60<sup>th</sup>) day following the damage, give Tenant a notice of election to terminate this Sublease. In the event of such election, this Sublease shall be deemed to terminate on the third (3<sup>rd</sup>) day after the giving of said notice, and Tenant shall surrender possession of the Premises within a reasonable time thereafter, and the Fixed Cost Reimbursement shall be apportioned as of the date of said damage and any Fixed Cost Reimbursement paid for any period beyond such date shall be repaid to Tenant. If the cost of restoration as estimated by Landlord shall amount to less than thirty percent (30%) of said replacement value of the Building, or if Landlord does not elect to terminate this Sublease, Landlord shall restore the Building and the Premises (including Landlord's Work and Tenant Improvements) with reasonable promptness, subject to delays beyond Landlord's control and delays in the making of insurance adjustments by Landlord, and this Sublease shall remain in effect. Notwithstanding the foregoing, Tenant shall have the right to terminate this Sublease upon written notice to Landlord if Landlord is likely or actually to be unable to complete its repair and restoration of the Building (including the Premises) within One Hundred Eighty (180) days after the date of destruction. To the extent that the Premises are rendered untenantable, the Fixed Cost Reimbursement shall proportionately abate, except to the extent such damage was caused by the intentional misconduct or gross negligence of Tenant, Tenant's officers, contractors, agents, employees, clients, customers, or licensees, in which event the Fixed Cost Reimbursement shall abate only to the extent Landlord receives proceeds from any rental income insurance policy to compensate Landlord for such loss. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or of the Building. Landlord shall use its best efforts to effect such repairs and restoration promptly.

#### **(b) Destruction During Last Year of Term:**

In case the Building shall be substantially destroyed by fire or other cause at any time during the last twelve (12) months of the Term of this Sublease, either Landlord or Tenant may terminate this Sublease upon written notice to the other party hereto given within sixty (60) days of the date of such destruction.

#### **(c) Tenant Improvements:**

Landlord shall carry insurance on the Tenant Improvements provided in Exhibit D following the Commencement Date as a part of the Building and the Premises as well as improvements or appurtenances to the Premises; however, Landlord will not carry any insurance on Tenant's furniture, furnishings, removable fixtures or equipment of Tenant under this Sublease and Landlord shall not be obligated to repair any damage thereto or replace the same.

### **14. WAIVER OF SUBROGATION:**

Whether a loss or damage is due to the negligence of either Landlord or Tenant, their agents or employees, or any other cause, Landlord and Tenant do each hereby release and relieve the other, their agents or employees, from responsibility for, and waive their entire claim of recovery for (i) any loss or damage to the real or personal property of either located anywhere in the Building or on the Land, including the Building itself, arising out of or incident to the occurrence of any of the perils which are covered by their respective property insurance policies, and (ii) any loss resulting from business interruption at the Premises or loss of rental income from the Building, arising out of or incident to the occurrence of any of the perils which are covered by a business interruption insurance policy or loss of rental income insurance policy held by Landlord or Tenant. Each party shall use best efforts to cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subrogated.

### **15. INDEMNITY AND HOLD HARMLESS:**

Tenant agrees to indemnify and hold King County harmless as provided herein to the maximum extent possible under law. Accordingly, Tenant agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected

**NORTHWEST CENTER CHILD CARE LEASE**



officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Tenant's exercise of rights and privileges granted by this Sublease, except to the extent of Landlord's sole negligence. Tenant's obligations under this section shall include:

- (a). The duty to promptly accept tender of defense and provide defense to King County at Tenant's own expense;
- (b). Indemnification of claims made by the Tenant's own employees or agents; and,
- (c). Waiver of Tenant's immunity under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify King County, which waiver has been mutually negotiated by the parties.

In the event it is necessary for the County to incur attorney's fees, legal expenses or other costs to enforce the provisions of this section, all such fees, expenses and costs shall be recoverable from Tenant.

#### **16. INSURANCE:**

**(a) Liability Insurance:** Tenant shall, throughout the term of this Sublease and any renewal hereof, at its own expense, keep and maintain in full force and effect, a policy of commercial general liability (occurrence form) insurance, including contractual liability insuring Tenant's activities upon, in or about the Premises or the Building against claims of injuries to persons or death and property damage loss with a combined single limit of not less than Three Million Dollars (\$3,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the aggregate. Landlord, Master Landlord and the Building manager shall be named as additional insureds.

**(b) Property Insurance:** Tenant shall, throughout the term of this Sublease and any renewal thereof, at its own expense, keep and maintain in full force and effect, "All Risk" Property insurance coverage (earthquake and flood optional) on Tenant's personal property in an amount not less than one hundred percent (100%) of the replacement value thereof. Landlord shall, throughout the term of this Sublease and any renewal thereof, at Landlord's expense, keep and maintain in full force and effect, "the property insurance coverage required to be carried by Landlord as tenant under the Master Lease.

**(c) Insurance Policy Requirements:** All insurance required under this Section 16 shall be with companies rated A- VIII or better by A.M. Best or otherwise reasonably approved by Landlord. No insurance policy required under this Section 16 shall be cancelled or reduced in coverage except after thirty (30) days prior written notice to Landlord, except after ten (10) days prior written notice to Landlord in the case of non-payment of premium.

**(d) Evidence of Insurance:** Tenant shall deliver to Landlord prior to the Commencement Date, and from time to time thereafter, copies of policies of such insurance or certificates of insurance, including additional insured endorsement(s) evidencing the existence of insurance coverage as required above and evidencing Landlord, Master Landlord and the Building manager as additional insureds thereunder. In no event shall the limits of any insurance policy required under this Section 16 be considered as limiting the liability of Landlord or Tenant under this Sublease.

**(e) Primary Policies:** In regard to any loss of or damage to Tenant's trade fixtures and/or personal property, Tenant's insurance coverage shall be primary insurance and any insurance and/or self-insurance maintained by Landlord, its officers, officials, employees or agents shall not contribute with Tenant's insurance.

#### **17. ASSIGNMENT AND SUBLETTING:**

**(a) Assignment or Sublease:** Tenant shall not assign, mortgage, encumber or otherwise transfer this Sublease nor sublet the whole or any part of the Premises without in each case first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed so long as the proposed assignee is a non-profit or governmental organization that will use the Premises for the Permitted Use, is reputable,  
**NORTHWEST CENTER CHILD CARE LEASE**

experienced and licensed to carry out the Permitted use, and has adequate creditworthiness and financial capacity to fulfill the Tenant's obligations under this Sublease. No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Sublease; provided, however, that Tenant shall be relieved from its obligations and liabilities under this Sublease that accrue after the date of such assignment, subletting or other transfer, if the assignee, subtenant or transferee is reputable and has adequate creditworthiness to support Tenant's financial obligations under this Sublease. Consent to any such assignment, subletting or transfer shall not operate as a waiver of the necessity for consent to any subsequent assignment, subletting or transfer. Each request for an assignment or subletting must be accompanied by a Processing Fee of \$500 in order to reimburse Landlord for expenses, including attorneys fees, incurred in connection with such request ("**Processing Fee**"). Tenant shall provide Landlord with copies of all assignments, subleases and assumption instruments.

**(b) Landlord Right to Terminate Portion of Sublease:** If such consent is requested, Landlord reserves the right to terminate this Sublease, or if consent is requested for subletting less than the entire Premises to terminate this Sublease with respect to the portion for which such consent is requested, at the proposed effective date of such subletting, in which event Landlord may enter into the relationship of Landlord and Tenant with any such proposed subtenant or assignee, based on the rent (and/or other compensation ) and the terms agreed to by such subtenant or assignee and otherwise upon the terms and conditions of this Sublease.

**(c) Tenant Transfer of Sublease:** If a Tenant is a corporation, partnership, or any other entity, any transfer of this Sublease by merger, consolidation or liquidation, or any change in the ownership of or power to vote a majority of its outstanding voting stock, partnership interests, or other ownership interests, shall constitute an assignment for the purpose of this Section; provided, however, that Tenant's merger or consolidation with another nonprofit entity (and such post-merger/consolidation entity's assumption of Tenant's rights and obligations hereunder) shall not be deemed to constitute an assignment for the purpose of this Section.

**(d) Assignee Obligations:** As a condition to Landlord's approval, any potential assignee otherwise approved by Landlord shall assume in writing all obligations of Tenant under this Sublease and shall be jointly and severally liable with Tenant for rental and other payments and performance of all terms, covenants and conditions of this Sublease (unless Tenant is relieved from its obligations hereunder pursuant to the provisions of (a) above).

**(e) Sublessee Obligations:** Any sublessee shall assume all obligations of Tenant as to that portion of the Premises which is subleased and shall be jointly and severally liable with Tenant (unless Tenant is relieved from its obligations hereunder pursuant to the provisions of (a) above) for rental and other payments and performance of all terms, covenants, and conditions of this Sublease with respect to such portion of the Premises.

**18. SIGNS:** Tenant shall not place or in any manner display any sign, graphics, or other advertising matter anywhere in or about the Premises or the Building at places visible (either directly or indirectly) from anywhere outside the Premises without first obtaining Landlord's written consent thereto, which consent to be at Landlord's reasonable discretion. Any such consent by Landlord shall be upon the understanding and condition that Tenant shall remove the same at the expiration or sooner termination of this Sublease and Tenant shall repair any damage to the Premises or the Building caused thereby. Landlord shall not unreasonably withhold its consent to normal Tenant signage within the Premises which Landlord determines is consistent in Landlord's opinion with the Building's image and signage and graphics program. Prior to the Commencement Date, Landlord shall, at Landlord's cost and expense, include Tenant in the Building directory, and at Tenant's cost and expense, install exterior signs generally described in Exhibit D-1 ("**Tenant's Exterior Signage**").

**19. LIENS AND INSOLVENCY:**

**(a) Liens:** Tenant shall keep its interest in this Sublease, the Premises, the Land and the Building free from any liens arising out of any work performed and materials ordered or obligations incurred by or on behalf of Tenant, including the Tenant Improvements provided for in Exhibit D, and hereby indemnifies and holds Landlord harmless from any liability from any such lien. In the event any lien is filed against the Building, the Land or the Premises by any person claiming by, through or under Tenant, Tenant shall, upon request of Landlord and at Tenant's expense, immediately cause such lien to be released of record or furnish to

**NORTHWEST CENTER CHILD CARE LEASE**

Landlord a bond, in form and amount and issued by a surety reasonably satisfactory to Landlord, indemnifying Landlord, the Land and the Building against all liability, costs and expenses, including attorneys fees, which Landlord may incur as a result thereof. Provided that such bond has been furnished to Landlord, Tenant, at its sole cost and expense and after written notice to Landlord, may contest, by appropriate proceedings conducted in good faith and with due diligence, any lien, encumbrance or charge against the Premises arising from work done or materials provided to or for Tenant, if, and only if, such proceedings suspend the collection thereof against Landlord, Tenant and the Premises and neither the Premises, the Building nor the Land nor any part thereof or interest therein is or will be in any danger of being sold, forfeited or lost.

(b) **Insolvency:** If Tenant becomes insolvent or voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of Tenant, Landlord at its option may terminate this Sublease and Tenant's right of possession under this Sublease and in no event shall this Sublease or any rights or privileges hereunder be an asset of Tenant in any bankruptcy, insolvency or reorganization proceeding.

## 20. DEFAULT:

(a) **Cumulative Remedies:** All rights of Landlord herein enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies provided in this Sublease, Landlord shall be entitled to restrain by injunction the violation or threatened violation of any of the covenants, agreements or conditions of this Sublease, including the Covenant.

(b) **Tenant's Right to Cure:** Tenant shall have a period of five (5) business days from the date of written notice from Landlord to Tenant within which to cure any default in the payment of the Fixed Cost Reimbursement and other sums due hereunder. Tenant shall have a period of twenty (20) days from the date of written notice from Landlord to Tenant within which to cure any other default hereunder; provided, however, that with respect to any such default capable of being cured by Tenant which cannot be cured within twenty (20) days, the default shall not be deemed to be uncured if Tenant commences to cure within twenty (20) days and for so long as Tenant is diligently pursuing the cure thereof.

(c) **Abandonment:** Abandonment shall be defined as an absence from the Premises of twenty (20) days or more while Tenant is in default or Landlord otherwise reasonably determines that Tenant has abandoned the Premises and its interest under this Sublease. Any abandonment by Tenant shall be considered a default with no right to cure, allowing Landlord to re-enter the Premises as hereinafter set forth.

(d) **Landlord's Exclusive Remedy:** Upon abandonment or an uncured default of this Sublease by Tenant, Landlord, at its option and as its exclusive remedy, may terminate this Sublease upon written notice to Tenant, enter the Premises, and expel, remove or put out Tenant or any other persons who may be thereon, together with all personal property found therein. In the case of any default, reentry and dispossession, Tenant shall pay all unpaid Fixed Cost Reimbursement which has accrued through the date of termination, together with such expenses as Landlord may reasonably incur for attorneys fees and costs in dispossessing Tenant of the Premises and putting the Premises in good order and preparing the same for re-rental.

(e) **Trade Fixtures:** Tenant shall have no right to, and Tenant agrees that it will not, remove any trade fixtures or moveable furniture from the Premises at any time while Tenant is in default hereunder.

21. **PRIORITY:** Notwithstanding anything to the contrary contained herein, Landlord and Tenant acknowledge that this agreement is actually a sublease. The Premises and Land are subject to that certain Project Lease Agreement dated as of January 1, 2005, as amended by a First Amendment to Project Lease and to Memorandum of Project Lease dated October, 2005 (together, the "**Master Lease**") between Goat Hill Properties ("**Master Landlord**") as lessor and Landlord as lessee, a copy of which has been delivered to Tenant. Tenant shall fully comply with all applicable terms of the Master Lease, including without limitation Paragraph 7 thereof, regarding the use of the Premises. This Sublease shall not be terminable by Tenant, but may be terminated by Landlord, by reason of any termination of the Master Lease by summary proceedings or otherwise. If requested by Master Landlord or its successor under the Sublease, as the case may be, Tenant shall enter into a new

**NORTHWEST CENTER CHILD CARE LEASE**

lease with Master Landlord for the balance of the term of this Sublease upon the same terms and conditions as set forth herein. Tenant hereby waives the provisions of any statute or rule of law now or hereafter in effect which may give Tenant any right of election to terminate this Sublease or to surrender possession of the Premises in the event the Master Lease is terminated.

**22. SURRENDER OF POSSESSION:** Subject to the terms of Section 13 relating to damage and destruction, upon expiration of the term of this Sublease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved (subject to Tenant's obligation to remove any Alterations or Changes if so requested by Landlord at the time of Landlord's granting of its consent thereto pursuant to Section 11, above), reasonable use and wear and tear, casualty and condemnation damages excepted.

**23. REMOVAL OF PROPERTY:** Tenant shall remove all of its movable personal property, telephone, data and computer cabling, and trade fixtures installed in the Premises by Tenant which can be removed without material damage to the Premises at the expiration or earlier termination of this Sublease, and shall pay Landlord any damages for injury to the Premises or Building resulting from such removal; provided, however, that no such personal property shall be removed from the Premises in the event of termination of this Sublease as a result of a Tenant default hereunder. All improvements and additions to the Premises shall thereupon become the property of Landlord.

**24. NON-WAIVER:** Waiver by Landlord or Tenant of any term, covenant or condition herein contained or any breach thereof shall not be deemed to be a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of any payment hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Sublease, other than the failure of Tenant to pay the amount so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such payment.

**25. HOLDOVER:** If Tenant shall, with the written consent of Landlord, hold over after the expiration of the term of this Sublease, such tenancy shall be deemed a month-to-month tenancy, which tenancy may be terminated as provided by applicable law. During such tenancy, Tenant agrees to pay to Landlord 150% of the Fixed Cost Reimbursement in effect upon the date of such expiration as stated herein (subject to the annual increase described herein), and Landlord and Tenant shall be bound by all of the terms, covenants and conditions herein specified, so far as applicable; provided, however, that if such holdover tenancy occurs with Landlord's express written consent, Tenant shall pay 100% of such Fixed Cost Reimbursement during such tenancy. Acceptance by Landlord of the Fixed Cost Reimbursement after such expiration or earlier termination shall not result in a renewal of this Sublease. The foregoing provisions of this Section 25 are in addition to and do not affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant shall hold over after the expiration or earlier termination of this Sublease without the written consent of Landlord, such occupancy shall be deemed an unlawful detainer of the Premises subject to the applicable laws of the State of Washington.

**26. CONDEMNATION:**

**(a) Entire Taking:** If all of the Premises or such portions of the Building as may be required for the reasonable use of the Premises as determined by Tenant, are taken by eminent domain, this Sublease shall automatically terminate as of the date title vests in the condemning authority and all Fixed Cost Reimbursement shall be paid to that date.

**(b) Constructive Taking of Entire Premises:** In the event of a taking of a material part, but less than all, of the Premises, where Tenant shall reasonably determine that the remaining portions of the Premises cannot be economically and effectively used by it (whether on account of physical, economic, aesthetic or other reasons), Tenant shall forward a written notice to Landlord of such determination not more than sixty (60) days after the date of taking. The term of this Sublease shall expire effective as of the date of such taking.

**(c) Partial Taking:** In case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Sublease shall continue in full

force and effect and the Fixed Cost Reimbursement shall be reduced based on the reduction in the rentable square footage of the Premises, such Fixed Cost Reimbursement reduction to be effective as of the date title to such portion vests in the condemning authority. If a portion of the Premises shall be so taken which renders the remainder of the Premises unsuitable for continued occupancy by Tenant under this Sublease as determined by Tenant, Tenant may terminate this Sublease by written notice to Landlord within sixty (60) days after the date of such taking and the term of this Sublease shall expire upon such date as Tenant shall specify in such notice not later than sixty (60) days after the date of such notice.

**(d) Awards and Damages:** Landlord reserves all rights to damages to the Premises for any partial, constructive, or entire taking by eminent domain; provided, however, that Tenant shall have the right to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses, business interruption or taking of Tenant's personal property and leasehold improvements paid for by Tenant.

**27. NOTICES:** All notices under this Sublease shall be in writing and delivered in person or sent by registered or certified mail, or nationally recognized courier (such as Federal Express, DHL, etc.), postage prepaid, to Landlord and to Tenant at the Notice Addresses provided in Section 1(m) (provided that after the Commencement Date any such notice may be mailed or delivered by hand to Tenant at the Premises) and to the holder of any mortgage or deed of trust at such place as such holder shall specify to Tenant in writing; or such other addresses as may from time to time be designated by any such party in writing. Notices mailed as aforesaid shall be deemed given on the date of such mailing.

**28. COSTS AND ATTORNEYS FEES:** If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Sublease, including any suit by Landlord for the recovery of the Fixed Cost Reimbursement or other payments hereunder or possession of the Premises, each party shall, and hereby does, to the extent permitted by law, waive trial by jury and the losing party shall pay the prevailing party a reasonable sum for attorneys fees in such suit, at trial and on appeal, and such attorneys fees shall be deemed to have accrued on the commencement of such action.

**29. [Intentionally omitted]**

**30. ESTOPPEL CERTIFICATES:** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement prepared by Landlord stating: The date this Sublease was executed and the date it expires; the date the term commenced and the date Tenant accepted the Premises; the amount of the Fixed Cost Reimbursement and the date to which the Fixed Cost Reimbursement has been paid; and certifying to the extent true: That this Sublease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (or specifying the date and terms of agreement so affecting this Sublease); that this Sublease represents the entire agreement between the parties as to this leasing; that all conditions under this Sublease to be performed by Landlord have been satisfied; that all required contributions by Landlord to Tenant on account of the Tenant Improvements have been received; that on this date there are no existing claims, defenses or offsets which Tenant has against the enforcement of this Sublease by Landlord; that the security deposit is as stated in the Sublease; and such other matters as Landlord may reasonably request. It is intended that any such statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser of Landlord's interest or the holder of any mortgage upon Landlord's interest in the Building. If Tenant shall fail to respond within twenty (20) days of receipt by Tenant of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee and that this Sublease is in full force and effect, that there are no uncured defaults in Landlord's performance, that the security deposit is as stated in the Sublease, and that not more than one month's Fixed Cost Reimbursement has been paid in advance.

**31. TRANSFER OF LANDLORD'S INTEREST:** In the event of any transfers of Landlord's interest in the Premises or in the Building, other than a transfer for security purposes only, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer and such transferee shall have no obligation or liability with respect to any matter occurring or arising

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prior to the date of such transfer. Tenant agrees to attorn to the transferee provided the transferee expressly assumes for the benefit of Tenant the obligations, liabilities, covenants and warranties of Landlord under the Sublease which accrue from and after the date of transfer.

**32. RIGHT TO PERFORM:** If Tenant shall fail to pay any sum of money required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) days after notice thereof by Landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform any such other act on Tenant's part to be made or performed as provided in this Sublease. Any sums paid by Landlord hereunder shall be immediately due and payable by Tenant to Landlord.

**33. QUIET ENJOYMENT:** Tenant shall have the right to the peaceable and quiet use and enjoyment of the Premises, subject to the provisions of this Sublease, as long as Tenant is not in default hereunder.

**34. AUTHORITY:** If Tenant is a corporation, limited liability company, limited liability partnership or limited or general partnership, each individual executing this Sublease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Sublease on behalf of Tenant, in accordance with a duly adopted resolution or consents of all appropriate persons or entities required therefor and in accordance with the formation documents of Tenant, and that this Sublease is binding upon Tenant in accordance with its terms. At Landlord's request, Tenant shall, prior to execution of this Sublease, deliver to Landlord a copy of a resolution or consent, certified by an appropriate officer, partner or manager of Tenant authorizing or ratifying the execution of this Sublease.

**35. HAZARDOUS MATERIALS:**

**(a) Tenant Obligations:**

(i) Tenant shall not dispose of or otherwise allow the release of any hazardous waste or materials in, on or under the Premises or the Building, or any adjacent property, or in any improvements placed on the Premises. Tenant represents and warrants to Landlord that Tenant's intended use of the Premises does not involve the use, production, disposal or bringing on to the Premises of any hazardous waste or materials, except only ordinary and general office supplies typically used in first-class downtown office buildings and only in such quantities or concentrations as allowed under applicable laws, rules and regulations. As used in this Section, the term "hazardous waste or materials" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) pursuant to any statute, regulation, rule or ordinance now or hereafter in effect. Tenant shall promptly comply with all such statutes, regulations, rules and ordinances, and if Tenant fails to so comply Landlord may, after reasonable prior notice to Tenant (except in case of emergency) effect such compliance on behalf of Tenant. Tenant shall immediately reimburse Landlord for all costs incurred in effecting such compliance.

(ii) Tenant agrees to protect, defend, indemnify and hold harmless Landlord against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including, without limitation, consultant fees, attorneys' fees and disbursements) which may be imposed on, incurred or paid by Landlord, or asserted in connection with (i) any misrepresentation, breach of warranty or other default by Tenant under this Sublease, or (ii) the acts or omissions of Tenant, or any subtenant or other person for whom Tenant would otherwise be liable, resulting in the release of any hazardous waste or materials.

**(b) Landlord Obligations:**

Landlord represents to Tenant that, to the best of Landlord's knowledge, no hazardous waste or materials have been generated, stored or disposed of on the Premises other than in compliance with all applicable laws. Landlord will hold Tenant harmless from and indemnify Tenant against any actual costs resulting from any breach of this representation or resulting from the release of hazardous waste or materials on the Premises by Landlord or its employees, agents or contractors. Landlord shall not be responsible for any hazardous waste or materials resulting from the acts of other Tenants or occupants of the Building or other third parties, or for consequential damages arising from the presence of any hazardous wastes or materials on the Premises or in the Building.

**36. TELECOMMUNICATIONS LINES AND EQUIPMENT:**

**(a) Location of Tenant's Equipment and Landlord Consent:**

(i) Tenant shall have the right to use any and all communications or computer wires, cables and related devices serving the Premises and under the control of Landlord on the Commencement Date (collectively, the "Existing Lines"). If the Existing Lines are not sufficient, Tenant may install additional communications or computer wires, cables and related devices at the Building in or serving the Premises (collectively, the "New Lines") with Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant shall locate all electronic telecommunications equipment (other than the Existing Lines and the New Lines) within the Premises.

(ii) If Landlord consents to Tenant's proposal for the New Lines, Tenant shall pay all costs in connection therewith. Tenant shall further insure that (I) Tenant's contractor complies with Landlord's reasonable requirements governing any work performed; (II) Tenant's contractor provides all insurance reasonably required by Landlord; (III) any work performed shall comply with all applicable laws and regulations; and (IV) as soon as the work is completed, Tenant shall submit "as-built" drawings to Landlord. Tenant shall have no obligation to remove any of the Existing Lines or the New Lines upon expiration or sooner termination of this Sublease.

**(b) Landlord's Rights:** Landlord may (but shall not have the obligation to):

(i) Install new communications or computer wires, cables and related devices ("Lines") at the Building;

(ii) Create additional space for Lines at the Building; and

(iii) Direct, monitor and/or supervise the installation, maintenance, replacement and removal of, the allocation and periodic re-allocation of available space (if any) for, and the allocation of excess capacity (if any) on, any Lines now or hereafter installed at the Building; Landlord, Tenant or any other party (but Landlord shall have no right to monitor or control the information transmitted through such lines).

**37. GENERAL:**

**(a) Headings:** Titles to Sections of this Sublease are not a part of this Sublease and shall have no effect upon the construction or interpretation of any part hereof.

**(b) Successors and Assigns:** All of the covenants, agreements, terms and conditions contained in this Sublease shall inure to and be binding upon Landlord and Tenant and their respective, successors and assigns.

**(c) Payment of Brokers:** Landlord shall pay the commissions due those real estate brokers or agents named in Section 1(k). If Tenant has dealt with any other person or real estate broker with respect to leasing or renting space in the Building, Tenant shall be solely responsible for the payment of any fee due said person or firm and Tenant shall indemnify and hold Landlord harmless against any liability in respect thereto, including Landlord's attorneys' fees and costs in defense of any such claim.

**(d) Entire Agreement:** This Sublease contains all covenants and agreements between Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Sublease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Sublease shall not be altered, modified or added to except in writing signed by Landlord and Tenant.

**(e) Severability:** Any provision of this Sublease which shall be held invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

**(f) Overdue Payments:** Tenant acknowledges that a late payment of the Fixed Cost Reimbursement or other sums due hereunder will cause Landlord to incur costs not contemplated by this Sublease. Such costs may include, but not be limited to, processing

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and accounting charges, and penalties imposed by terms of any contracts, mortgages or deeds of trust covering the Building. Therefore, in the event Tenant shall fail to pay the Fixed Cost Reimbursement or other sums payable by Tenant under this Sublease for five (5) days after such amount is due, then Tenant shall pay Landlord a late charge ("**Late Charge**") equal to 5% of such amount owing, but not in excess of the highest rate permitted by law. In addition to any Late Charges which may be incurred hereunder, any Fixed Cost Reimbursement or other sums payable by Tenant under this Sublease which are more than thirty (30) days past due, shall bear interest at a rate equal to 8% per annum but not in excess of the highest lawful rate permitted under applicable laws, calculated from the original due date thereof to the date of payment ("**Overdue Fee**"); provided, however, the minimum Overdue Fee shall be \$100.00. In addition, if payments are received by check or draft from Tenant, and two (2) or more of such checks or drafts are dishonored by the bank or other financial institution they were drawn upon in any twelve (12) month period, Landlord may thereafter require all Fixed Cost Reimbursement payments due hereunder from Tenant to Landlord to be made by bank cashier's or bank certified check or other similar means of payment and Landlord shall not be required to accept any checks or drafts of Tenant which do not comply with such requirements.

**(g) Force Majeure:** Except for the payment of the Fixed Cost Reimbursement and other sums payable by Tenant, time periods for Tenant's or Landlord's performance under any provisions of this Sublease shall be extended for periods of time during which Tenant's or Landlord's performance is prevented due to circumstances beyond Tenant's or Landlord's reasonable control.

**(h) Right to Change Public Spaces:** Landlord shall have the right at any time, without thereby creating an actual or constructive eviction or incurring any liability to Tenant therefor, to change the arrangement or location of such of the following as are not contained within the Premises or any part thereof: entrances, passageways, doors and doorways, corridors, stairs, toilets and other like public service portions of the Building. Nevertheless, in no event shall Landlord diminish any service, change the arrangement or location of the elevators serving the Premises, make any change which shall diminish the area of the Premises, make any change which shall interfere with access to the Premises or change the character of the Building from that of a first-class office building.

**(i) Governing Law:** This Sublease shall be governed by and construed in accordance with the laws of the State of Washington.

**(j) Building Directory:** Landlord shall maintain in the lobby of Building a directory which shall include the name of Tenant and any other names reasonably requested by Tenant in proportion to the number of listings given to comparable Tenants of the Building.

**(k) Building Name:** The Building shall be known by such name as Landlord may designate from time to time.

*[Signatures on following pages]*



IN WITNESS WHEREOF this Sublease has been executed the day and year first above set forth.

**TENANT:**

NORTHWEST CENTER,  
a Washington nonprofit corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**TENANT ACKNOWLEDGMENT**

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING         )

THIS IS TO CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_, 2009, 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 Northwest Center, and acknowledged the said instrument to be the free and voluntary act and deed of said nonprofit corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

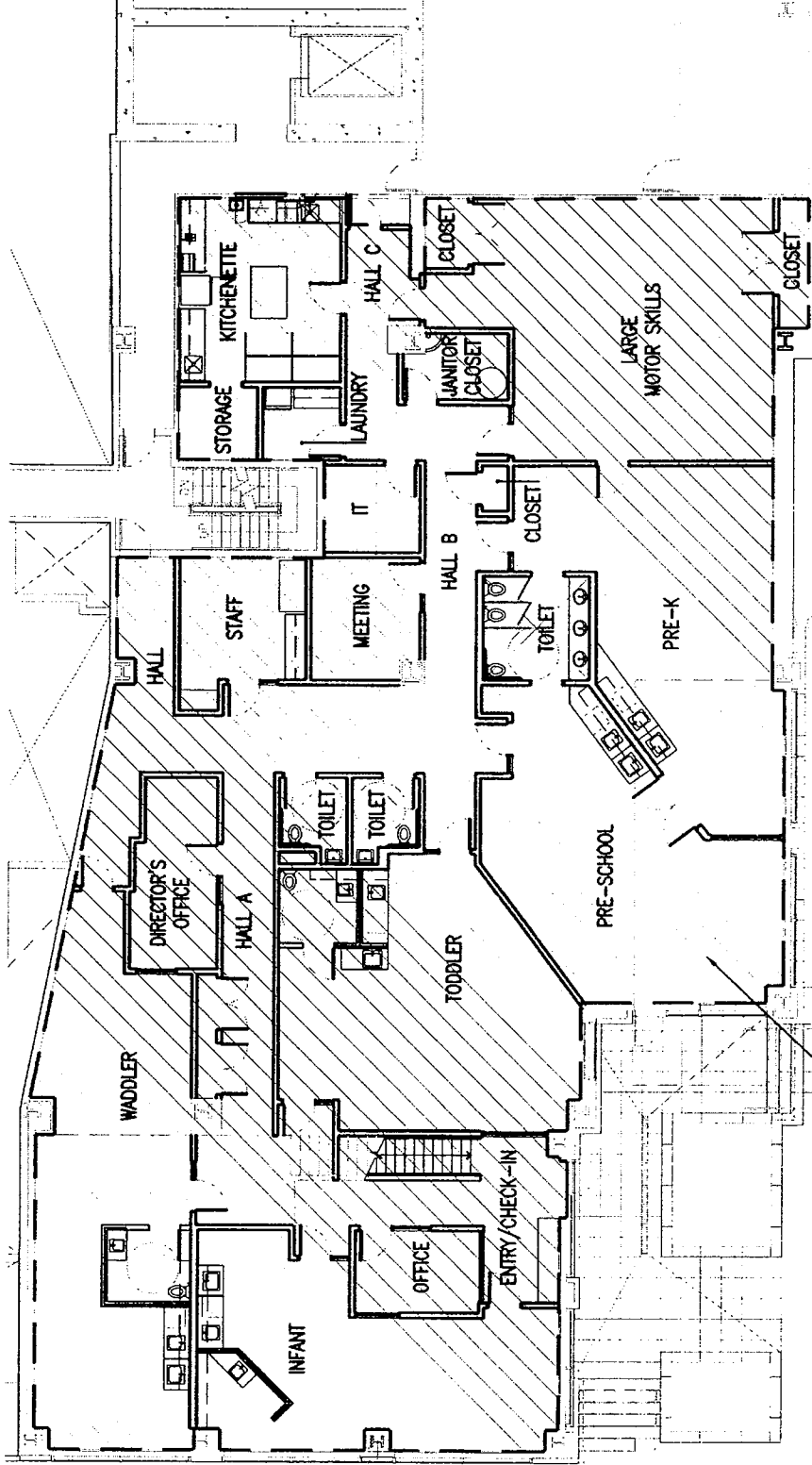
WITNESS my hand and official seal the day and year in this certificate first above written.

Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
Notary public in and for the state of \_\_\_\_\_,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_



**EXHIBIT A**

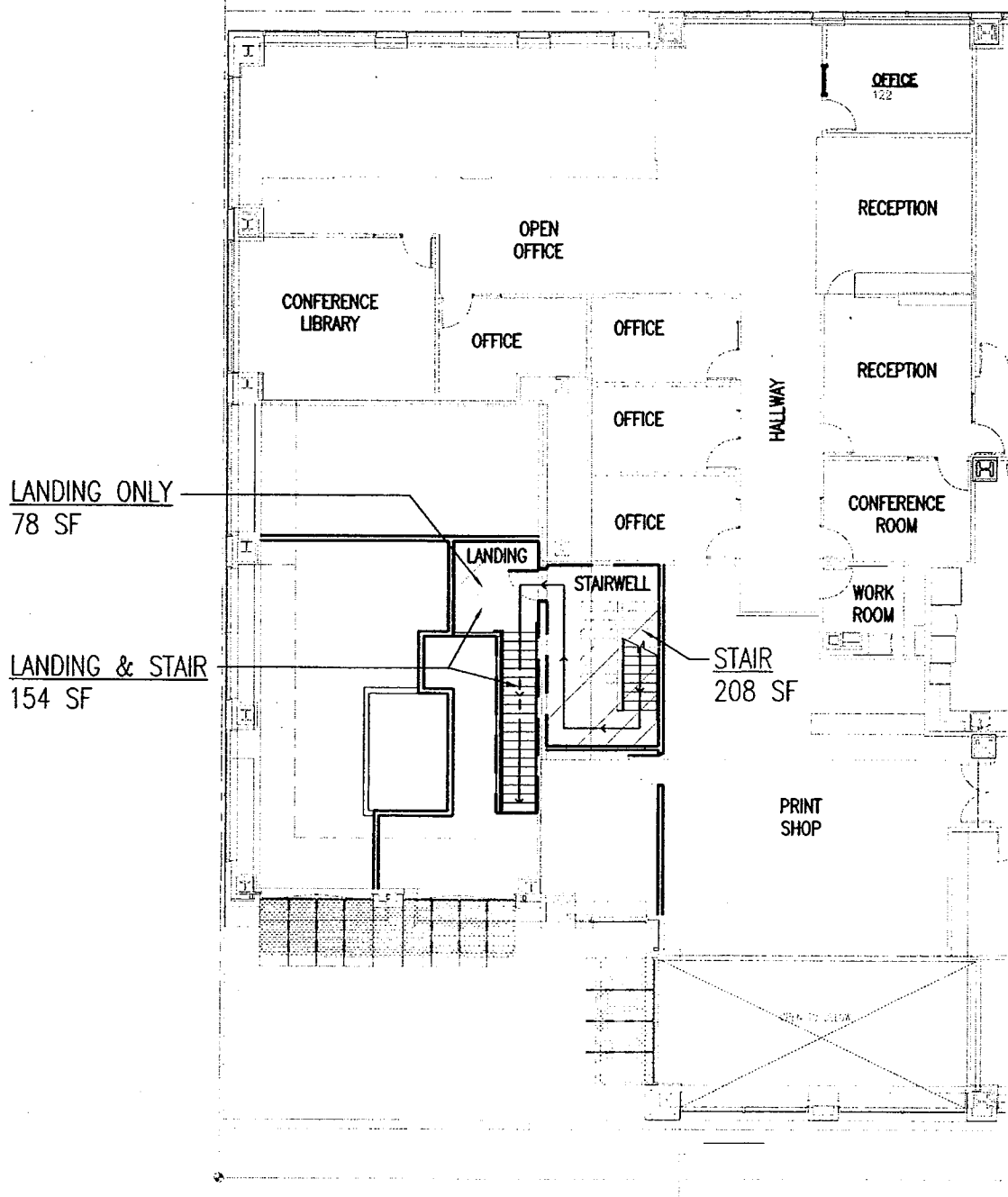
**FLOOR PLANS OF PREMISES**



LEVEL A (INCLUDING STAIR)  
6,934 SF

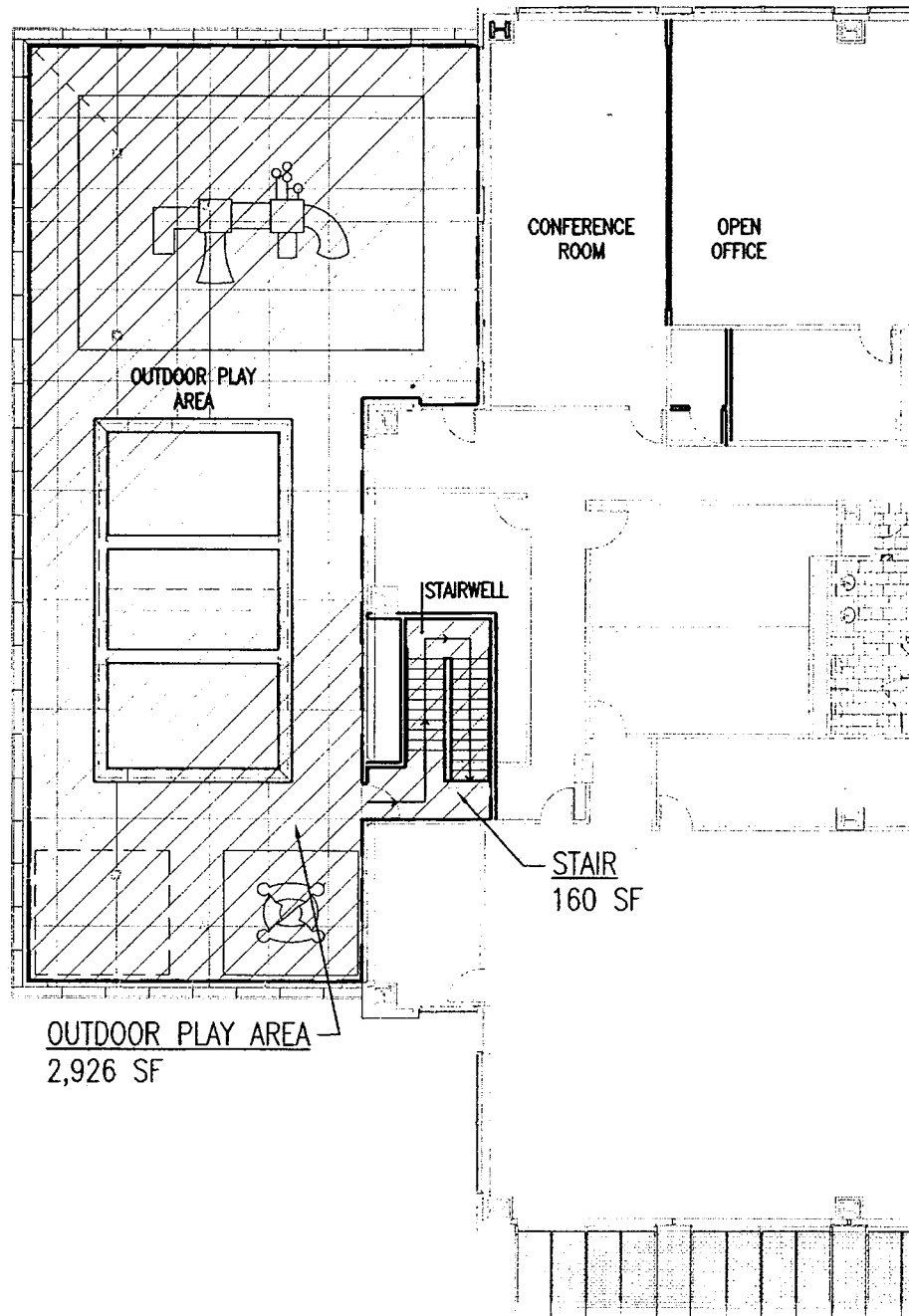
Child Care Space -- LEVEL A (Not to Scale)

SQUARE FOOTAGE CALCULATIONS HAVE BEEN TAKEN BASED ON THE CAD BACKGROUND DRAWINGS AS PROVIDED TO PATANO+HAERMANN ARCHITECTS, AND HAVE BEEN TAKEN FROM THE INSIDE FACE OF THE EXISTING INTERIOR WALLS AT THE DAYCARE AND STAIR AREAS, AND THE INSIDE FACE OF THE PROPOSED GUARDRAIL PANELS AT THE 2ND LEVEL PLAY AREA. NEW WALLS WITHIN THE DAYCARE SPACE AT LEVEL A HAVE BEEN INCLUDED IN THE CALCULATIONS. INTERIOR WINDOW SILLS WERE NOT INCLUDED IN THE SQUARE FOOTAGE CALCULATIONS.



Child Care Space - LEVEL 1 (Not to Scale)

SQUARE FOOTAGE CALCULATIONS HAVE BEEN TAKEN BASED ON THE CAD BACKGROUND DRAWINGS AS PROVIDED TO PATANO+HAUFERMAN ARCHITECTS, AND HAVE BEEN TAKEN FROM THE INSIDE FACE OF THE EXISTING INTERIOR WALLS AT THE DAYCARE AND STAIR AREAS, AND THE INSIDE FACE OF THE PROPOSED GUARDRAIL PANELS AT THE 2ND LEVEL PLAY AREA. NEW WALLS WITHIN THE DAYCARE SPACE AT LEVEL A HAVE BEEN INCLUDED IN THE CALCULATIONS. INTERIOR WINDOW SILLS WERE NOT INCLUDED IN THE SQUARE FOOTAGE CALCULATIONS.



## Child Care Space – LEVEL 2 (Not to Scale)

SQUARE FOOTAGE CALCULATIONS HAVE BEEN TAKEN BASED ON THE CAD BACKGROUND DRAWINGS AS PROVIDED TO PATANO+HAFERMANN ARCHITECTS, AND HAVE BEEN TAKEN FROM THE INSIDE FACE OF THE EXISTING INTERIOR WALLS AT THE DAYCARE AND STAIR AREAS, AND THE INSIDE FACE OF THE PROPOSED GUARDRAIL PANELS AT THE 2ND LEVEL PLAY AREA. NEW WALLS WITHIN THE DAYCARE SPACE AT LEVEL A HAVE BEEN INCLUDED IN THE CALCULATIONS. INTERIOR WINDOW SILLS WERE NOT INCLUDED IN THE SQUARE FOOTAGE CALCULATIONS.

## EXHIBIT B

### **BUILDING RULES AND REGULATIONS**

1. **Enforcement of Rules.** Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other Tenant but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

2. **Directory.** The directory of the Building will be provided exclusively for the display of the name and location of Tenants and Landlord reserves the right to exclude any other names therefrom.

3. **Emergency Information.** Tenant must provide Landlord with names and telephone numbers to contact in case of emergency. Tenant must fill out a Tenant emergency information sheet and return it to Landlord's office within three (3) days of occupancy.

4. **Sign.** No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed or affixed on or to any part of the outside or inside of the Building, the Premises or the surrounding area without the written consent of Landlord being first obtained. If such consent is given by Landlord or, Landlord may regulate the manner of display of the sign, placard, picture, advertisement, name or notice. Landlord shall have the right to remove any sign, placard, picture, advertisement, name or notice which has not been approved by Landlord or is being displayed in a non-approved manner without notice to and at the expense of Tenant. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall that may appear unsightly from outside of the Premises.

5. **Access.** The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective Premises. This includes obstructing halls, passages, entrances, exits, elevators, stairways, balconies and roof with furniture, trash or deliveries. Halls, passages, entrances, exits, elevators, stairways, balconies and the roof are not for the use of the general public and Landlord shall in all cases retain the right to control thereof and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building or its Tenants; provided, however, that nothing herein contained shall be construed to prevent access by persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. No Tenant and no employees or invitees of any Tenant shall go upon the roof of the Building.

6. **Locks and Keys.** Tenant shall not place any additional lock or locks on any door in the Premises or Building without Landlord's prior written consent. Landlord shall furnish a reasonable number of keys to the locks on the doors in the Premises to Tenant at move in. All keys to the Building, Premises, rooms and toilet rooms shall be obtained from Landlord's office and Tenant shall not, from any other source, duplicate or obtain keys or have keys made. Tenant, upon termination of the tenancy, shall deliver to Landlord the keys to the Building, Premises, rooms and toilet rooms that shall have been furnished.

7. **Installation of Burglar and Informational Services.** If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain and comply with Landlord's instructions in their installation.

8. **Floor Loads.** Tenant shall not place a load upon any floor of the Premises, which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any Tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be

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responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

**9. Deliveries and Moving Materials within Building.** The Building freight elevator shall be available for use by all Tenants in the Building, subject to such reasonable scheduling as Landlord, in its discretion, shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord. Tenant's initial move in and subsequent deliveries of bulky items, such as furniture, safes and similar items shall, unless otherwise agreed in writing by Landlord, be made only at times designated by Landlord. At least 24 hours prior notice is required for unusually large or heavy deliveries in order that floor protection may be placed to distribute the load and protect the stone lobby floor. No deliveries shall be made which impede or interfere with other Tenants or the operation of the Building. Hand trucks and delivery carts are not permitted on passenger cars except by permission of Landlord. Tenant shall be solely liable for any and all damage resulting from the above activities.

**10. Unapproved Equipment.** Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Tenant shall not furnish any cooling or heating to the Premises, including, without limitation, the use of any electronic or gas heating devices, fans or space heaters, without Landlord's prior written consent.

**11. Vending Machines.** No vending machine shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

**12. Fire Regulations.** Tenant agrees that it shall comply with all fire regulations that may be issued from time to time by Landlord. Tenant also shall provide Landlord with the names of a designated responsible employee to represent Tenant in all matters pertaining to fire regulations.

**13. Safety.** Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents. Tenant, Tenant's agents, employees, contractors, guests and invitees shall comply with Landlord's reasonable requirements relative thereto.

**14. Hazardous Substances.** Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or material or any Hazardous Materials as defined in Section 35 of the Sublease (including but not limited to asbestos or lead based paints) or use any method of heating or air conditioning other than that supplied by Landlord.

**15. Nuisance.** Except to the extent related or incidental to normal activities consistent with the Permitted Use, Tenant shall not use, keep or permit to be used or kept any food or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other Tenants or those having business in the Building. No animals (other than those aiding disabled persons such as "seeing eye" dogs) or birds shall be brought in or kept in or about the Premises or the Building. Except to the extent related or incidental to normal activities consistent with the Permitted Use, Tenant shall not make or permit to be made any disturbing noises or disturb or interfere with occupants of this or neighboring Buildings or Premises, or with those having business with such occupants, by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. No Tenant shall throw anything out of doors or down the passageways.

**16. Restrooms.** The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from a violation of this rule shall be borne by Tenant who, or whose employees, sublessees, assignees, agents, licensees, or invitees, shall have caused it.

**17. Janitorial Services.** Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Any

**NORTHWEST CENTER CHILD CARE LEASE**



janitorial service provided pursuant to Section 9(a) of the Sublease shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture and other special services.

**18. No Defacing Premises.** Tenant shall not overload the floor of the Premises, shall not mark on or drive nails, screw or drill into the partitions, woodwork or plaster (except as may be incidental to the hanging of wall decorations), and shall not in any way deface the Premises or any part thereof.

**19. Floor Covering.** No Tenant shall lay linoleum, tile, carpet or other similar floor coverings so that the same shall be affixed to the floor or the Premises in any manner except as approved by Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by Tenant by whom, or by whose contractors, agents, sublessees, licensees, employees or invitees, the floor covering shall have been laid.

**20. No Antennas.** Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof or exterior walls of the Building, or the interior of windows. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

**21. Bicycles.** Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Landlord for such purposes.

**22. Window Coverings.** Tenant shall observe Landlord's rules with respect to maintaining standard window coverings at all windows in the Premises so that the Building presents a uniform exterior appearance.

**23. Telephones.** Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for or stringing of wires will be allowed without the consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

**24. Pest Extermination.** Tenant shall utilize the termite or pest extermination service designated by Landlord to control termites and pests in the Premises. Except as included in Basic Costs, Tenant shall bear the cost and expense of such extermination services.

**25. Non-Smoking Building.** The Building is a non-smoking Building. Tenant shall prohibit smoking in the entirety of the Premises in compliance with WAC 296-62.

**26. Time of Repairs and Maintenance.** Tenant shall carry out Tenant's permitted repair, maintenance, alterations, and improvements in the Premises only during times agreed to in advance by Landlord and in a manner which will not interfere with the rights of other tenants in the Building.

**27. Tenant Advertising.** Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promotion or advertising the business of Tenant except as Tenant's address.

**28. No Soliciting.** Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and Tenant shall cooperate to prevent such activities.

**29. Disorderly Conduct.** Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

**30. Building Closure.** During all hours on Saturdays, Sundays, legal holidays and on weekdays between the hours of 6:00 p.m. and 7:00 a.m. the following day, access to the Building or to the halls, corridors, or stairways in the Building, or to the Premises may be refused unless the person has a pass or is properly identified. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion or any structural damage from any cause whatsoever, Landlord reserves the right to prevent access to the Building during the continuance of the same, by closing the doors or otherwise, for the

**NORTHWEST CENTER CHILD CARE LEASE**

safety of the tenants and protection of the Building and property located therein. Anything to the foregoing notwithstanding, Landlord shall have no duty to provide security protection for the Building at any time or to monitor access thereto.

**31. Premises Closure.** Tenant shall see that the doors of the Premises are closed and securely locked before leaving the Building and that all water faucets, water apparatus and electricity are entirely shut off before Tenant or Tenant's employees leave the Building. Tenant shall be responsible for any damage to the Building or other Tenants' premises caused by a failure to comply with this rule.

**32. Building Name and Address.** Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and/or the street address of the Building of which the Premises is a part.

**33. Observance of Rules.** Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, licensees, sublessees, assigns, and invitees.

**34. Additional Rules.** Landlord reserves the right to make such other Rules and Regulations or amendments hereto as, in its reasonable judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

**35. Sublease.** These Rules and Regulations are in addition to, and are made a part of, the terms, covenants, agreements and conditions of Tenant's lease of its Premises in the Building.

## EXHIBIT C

### ADDENDUM TO LEASE

Capitalized terms in this Addendum shall have the meanings set forth in the Lease. In case of conflicting definitions or terms, the definitions contained herein shall control.

1. Public Benefit. Landlord, its employees and the King County public, will receive substantial benefits from the expansion of Tenant's Child Development Program into the Building. Northwest Center is a nonprofit organization in existence since 1965 that provides individualized child development, early education, daycare and early intervention services to children with and without disabilities. Particular strengths of Tenant's program include strong financial backing; superior staff pay, training and benefits; a low staff-to-child ratio; and the integration of children with special needs. The public will benefit from the City of Seattle capital grant requirements that 20 percent of the available placements in the center located at the Premises be made available to families making less than 80 percent of the median family income, and this new facility will help alleviate the current waiting list for such services. King County employees are encouraged to enroll and will benefit from the program being located in the Building, which will benefit Landlord through enhanced employee productivity and recruitment. Landlord is entering into this Lease with the understanding that it is doing so in compliance with King County Code Section 4.56.150.E as an agreement for use of county property with a bona fide nonprofit organization for the provision of services that will benefit the public. Except as specifically provided herein, subject to the applicable laws and provisions of this Lease, Tenant shall have the unrestricted right to make decisions concerning its programs relating to the Permitted Use operated at the Premises, including without limitation the nature of such programs and selection of the participants, subject to the provisions of the Covenants and Restrictions for Child Care Space, attached to the Lease as Exhibit F. Tenant's operation of the Premises as a day care and early education center will also discharge Landlord's obligation under the Covenant, the Master User Permit for the Building, and a Covenant for Bonus Floor Area and Rescission of Prior (2005) Covenant Regarding Bonus Floor Area recorded under King County recording no. 20070223002398, all of which require Landlord to provide certain child care facility space.
2. Rent. In recognition of the benefits to be received by Landlord and the public as described in Section 1 above, no rent (other than the Fixed Cost Reimbursement) shall be paid under this Lease, and Landlord shall provide the GHP Tenant Improvements with the Retail TI Allowance as described in Exhibit D.
3. Quality of Service. Tenant understands that Landlord expects Tenant's premises to be an amenity for the Building and its tenants. As an amenity, Tenant is to provide quality service to tenants and visitors. Quality service shall include neatly-groomed, friendly, knowledgeable employees, clean premises and experienced on-site management.
4. Services and Utilities
  - 4.1 Landlord shall cause to be maintained the public and common areas of the Building, such as lobbies, elevators, stairs, corridors, and public restrooms, in reasonably good order and condition consistent with the operation and maintenance of the Building as a first-class office building in downtown Seattle, except for damage occasioned by any negligence or intentional misconduct of Tenant or Tenant's officers, contractors, agents, invitees, licensees, or employees, the repair of which damage shall be paid for by Tenant.
  - 4.2 Landlord shall make available to Tenant electricity, water, and heating/air-conditioning at mutually agreed upon times. Separate meters will be installed as part of the construction of the Tenant Improvements to measure the use of electricity (including electricity for heating/air conditioning), water, sewer and gas (or alternately, usage of all or some of the utilities shall be measured by engineer's estimate). Tenant shall be responsible for paying the costs of these utilities. Landlord shall be responsible for the maintenance of the heating and air-conditioning system to and within the Premises. However, should Tenant alter in any way the system, including thermostats and diffusers, any repair necessitated thereby shall be at Tenant's expense.

4.3 Section 11 of the Lease notwithstanding, Tenant shall be responsible for the maintenance of the Premises and for all cleanup of debris resulting from the operation of the Tenant's programs whether within the Premises, in the garage, in the Building lobbies, or in the outdoor play area, including costs of garbage containers and garbage removal service. Landlord shall provide for the hauling of garbage from the trash compactor. Tenant shall be responsible for delivering garbage to the trash compactor. Landlord may, in its reasonable discretion, designate the route Tenant shall use to take trash from the Premises to the trash compactor.

4.4 Landlord will wash the exterior of the windows at reasonable intervals up to one (1) time per calendar quarter (but not less frequently than two (2) times per calendar year) at Landlord's expense; if Tenant wishes more frequent window washing, Tenant may contract for such service with Landlord.

5. Extension Term; Early Termination.

The Term of this Lease shall automatically renew for three (3) additional periods of five (5) years ("the "Renewal Term(s)") on the same terms and conditions of the Lease as are provided for in the initial Term, with the exception of the Retail TI Allowance. Unless Tenant provides written notice at least twelve (12) months in advance of the Initial Term or subsequent Renewal Term as applicable that it will be terminating the Lease and vacating the Premises, the Lease will automatically renew upon the date of the expiration of the Initial Term or prior Renewal Term. Once such notice is delivered to Landlord, it shall be irrevocable by Tenant. Tenant acknowledges and agrees that notwithstanding anything to the contrary in the Lease, the automatic Renewal term shall not extend to any assignee or subtenant of Tenant, or to any portion of the Premises assigned or sublet by Tenant, without the written consent in advance of Landlord, and any attempt to do so by any such assignee or subtenant of Tenant, or by Tenant in connection with such assigned or subleased portion of Premises, without the advanced written consent of Landlord, shall be deemed null and void.

6. Use: Tenant shall not commit or allow to be committed any waste upon the Premises (other than ordinary wear and tear), or any public or private nuisance or other act which disturbs the quiet enjoyment of any other tenants in the Building (except to the extent related or incidental to normal activities consistent with the Permitted Use) or which is unlawful. Tenant shall not, without the written consent of Landlord, use any apparatus, machinery or device in or about the Premises which will cause any substantial noise, vibration or fumes. Tenant shall not permit smoking in the Premises; Landlord has designated all internal portions of the Building as a smoke-free zone. Tenant shall comply with all laws relating to its use or occupancy of the Premises and shall observe such reasonable rules and regulations (not inconsistent with the terms of this Lease) as may be adopted and made available to Tenant by Landlord from time to time for the safety, care and cleanliness of the Premises or the Building, and for the preservation of good order therein.

7. Name: Throughout the term of this Lease, Tenant shall do business under the name Northwest Center. The name shall not be changed without prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

8. Service Elevator: Throughout the term of this Lease, Tenant shall have the non-exclusive use of the service elevator during Normal Business Hours.

9. Drop Off Area: Landlord and Tenant acknowledge that a designated drop-off area ("**Designated Drop-Off Area**") is necessary for the Permitted Use. To that end, Landlord and Tenant shall cooperate to secure a Designated Drop-Off Area from the City of Seattle adjacent to the Premises, or alternatively utilize other areas owned or leased by Landlord, including the Goat Hill Garage. If at any point during the Term of the Lease, Tenant loses the legal right to exclusively use the Designated Drop-Off Area for its intended purpose for reasons beyond Tenant's reasonable control, Landlord and Tenant shall work cooperatively to secure an alternative area for the Designated Drop-Off Area.

10. Full License Contingency:

10.1 In the event Tenant does not obtain the Full License within ninety (90) days after the date of a Certificate of Occupancy or other evidence of the right to legally

occupy the Premises for the Permitted Use, either party shall have the right to terminate this Lease by written notice delivered to the other party within thirty (30) days following such date, which termination shall be effective thirty (30) days following the delivery of such notice. Notwithstanding the foregoing, in the event Tenant obtains the Full License within thirty (30) days following delivery of a termination notice hereunder by either party, such termination notice shall be deemed void and this Lease shall continue in full force and effect. Upon the issuance of the Full License, a copy of the Full License shall be attached to Exhibit E hereto.

10.2 Notwithstanding any contrary provision of Section 20 of the Lease, in the event at any time after the Fixed Cost Reimbursement Commencement Date the Full License is revoked or Tenant otherwise loses the legal ability to operate for the Permitted Use in the Premises for reasons not within Tenant's reasonable control, Tenant's obligation to pay the Fixed Cost Reimbursement hereunder shall be suspended in full until such licensing or legal right to operate is restored. Landlord shall not knowingly take or permit its employees, contractors, agents or tenants to take or permit any action to cause the Full License to be revoked, or to adversely affect Tenant's ability to perform its obligations relating to the Full License. The Full License requirements existing as of the date of this Lease are attached hereto as Exhibit E (to be accompanied by the Full License upon issuance per Section 10.1 above). Landlord shall be bound by any subsequently enacted Full License requirements, excluding any capital improvement requirements for the Premises, only from and after receipt of written notice of such requirements from Tenant, and only for violation of such requirements first arising after Landlord's receipt of such requirements. In the event the Fixed Cost Reimbursement is suspended hereunder for one hundred twenty (120) consecutive days, then either party may thereafter terminate this Lease by written notice to the other party, which termination shall be effective thirty (30) days following delivery of such notice. Notwithstanding the foregoing, in the event the Full License or other right to operate the Premises for the Permitted Use is restored within thirty (30) days following delivery of a termination notice hereunder by either party, such termination notice shall be deemed void, this Lease shall continue in full force and effect and Tenant shall resume paying the Fixed Cost Reimbursement.

11. X. Anti-Discrimination.

Landlord and Tenant shall not discriminate on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age, or presence of any sensory, mental or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under KCC ch. 12.16. Landlord and Tenant shall 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, Chapter 49.60 of the Revised Code of Washington, and Title VI and VII of the Civil Rights Act of 1964.

## EXHIBIT D

### LANDLORD'S WORK AND TENANT IMPROVEMENTS

I. **PREMISES SHELL CONDITION:** The condition of the Premises as of the date of this Lease, prior to commencement of any Tenant Improvements (defined below), shall include the following improvements constructed and paid for by Master Landlord:

A. **Walls:** Core and perimeter walls includes metal framing, sound batt insulation, drywall, and fire taped only.

B. **Floor:** Concrete slab floor prepared to receive floor covering. Floor loading capacities: eighty pounds (80) per square foot live load; twenty pounds (20) per square foot partition load.

C. **Mechanical:** The heating ventilation and air conditioning system for the Building is a VAV system with medium velocity ductwork installed in a loop on the floor and is available for Tenant's connection via Tenant's branch ductwork. A one inch hydronic hot water supply and return piping are available within the Premises for Tenant's connection to a Tenant-supplied VAV unit. Primary cooling duct loop: based on Building standard mechanical system is designed to accommodate heating loads generated by lights and equipment up to 3.0 watts per square foot; if Tenant's design or use of the Premises results in concentrated loads in excess of 3.0 watts per square foot, then any additional engineering design and installation of mechanical equipment and/or controls required to accommodate such excess shall be provided as part of the Tenant Improvements pursuant to Section II of this Exhibit D.

D. **Electrical:** A 100 amp, 3 phase, 120/208 volt electrical panel, and e-mon d-mon are provided at the Electrical Room 104, located 6' from the Premises, for Tenant's exclusive use.

E. **Fire Sprinklers:** Code compliant fire sprinkler system with upright heads provided in the Premises.

II. **TENANT IMPROVEMENTS:** Certain tenant improvements ("**Tenant Improvements**") shall be installed in the Premises in accordance with the following terms and conditions, the Letter Agreement attached hereto as Exhibit D-1 ("**Letter Agreement**"), the Child Care Facility Agreement attached hereto as Exhibit D-2 ("**Facility Agreement**") and the Tenant Improvement Development Agreement attached hereto as Exhibit D-3 ("**Development Agreement**"). The Letter Agreement, the Facility Agreement and the Development Agreement may be collectively referred to herein as the "**Tenant Improvement Agreements.**"

A. Wright Runstad Associates Limited Partnership ("**Developer**") shall enter into a direct contract for the Tenant Improvements ("**Construction Contract**") with a general contractor ("**Contractor**") approved by Master Landlord, Landlord and Tenant. Developer shall be engaged by Master Landlord to construct the portion of the Tenant Improvements ("**GHP Tenant Improvements**") funded by the Retail TI Allowance (defined below) as described in this Work Letter and the Letter Agreement. The Retail TI Allowance totals \$295,000 and shall include money spent for the GHP Tenant Improvements before and after the execution of this Agreement. Developer shall be engaged by Tenant pursuant to the Development Agreement to construct the portion of the Tenant Improvements funded pursuant to the Facility Agreement ("**NWC Tenant Improvements**"). Together the GHP Tenant Improvements and the NWC Tenant Improvements shall be referred to as the "**Tenant Improvements.**" The Developer's engagement to construct the Tenant Improvements shall include the pre-construction,

construction and completion phases of the project. The Retail TI Allowance and the funds made available under the Facility Agreement ("**City Funds**") may be collectively referred to herein as the "**TI Funds**." The City Funds total \$994,608. The Development Agreement shall have a Guaranteed Maximum all-in price ("**GMP**") for the Tenant Improvements that will not exceed \$1,289,608.

B. GHP as to the GHP Tenant Improvements and NWC as to the NWC Tenant Improvements shall require Developer to construct the Tenant Improvements in conformance with the plans and specifications produced by Patano+Hafermann Architects as Project #808, and dated July 30, 2009, and recognized by the Seattle Department of Planning and Development as Project #6201111) (the "**Plans**").

C. No cost of the of the Tenant Improvements shall ever be an obligation of Landlord. Further, Landlord's sole obligation in the event of Developer's failure to perform its obligations shall be to use reasonable efforts to enforce Landlord's rights under the Master Lease and Letter Agreement to have the GHP Tenant Improvements completed.

D. If Tenant requests a change, addition or alteration to the Plans, it must first obtain written approval from Landlord and Master Landlord. After obtaining such approval, Tenant shall make such request to Developer. Thereafter, Developer shall have such revisions to the Plans prepared. Promptly upon completion of the revisions, Developer shall notify Tenant in writing of the estimated increased cost, if any, which would be chargeable to Tenant by reason of such change, addition or deletion. Tenant, within two (2) business days, shall notify Developer in writing whether it desires to proceed with such change, addition or deletion. In the absence of such a written authorization to proceed with the change, addition or alteration, Developer shall disregard the requested change, addition or alteration. In the event Tenant approves such revision (including the cost of revision of the Plans and estimated cost increases) and such revision results in higher actual construction costs exceeding the TI Funds, such increased costs which exceed the TI Funds but don't exceed the Developer's estimate shall be deemed "**Excess Costs**" and Tenant shall pay such Excess Costs upon demand.

E. **Prevailing Wages.** Developer shall cause the Construction Contract to obligate the Contractor and subcontractors of every tier in connection with the Construction Contract to pay the prevailing wage, as defined in RCW ch. 39.12, to the workmen, laborers and mechanics as may then be determined by the Washington State Department of Labor and Industries for the particular craft in the particular geographic location. Developer shall submit to Landlord verification from the Contractor that prevailing wages have been paid on the Tenant Improvements. The Construction Contract shall provide that failure to meet these obligations shall entitle Landlord to seek indemnification from the Contractor for any liability incurred by Landlord under chapter 39.12 RCW.

**III. RETAIL TI ALLOWANCE:** Landlord has requested Master Landlord to cause a portion of the Tenant Improvements to be constructed at Master Landlord's cost and expense, using the "Retail TI Allowance" as defined in the Letter Agreement. The Retail TI Allowance shall be applied toward the cost of the GHP Tenant Improvements. No cost of the Tenant Improvements shall ever be an obligation of Landlord. Because the Retail TI Allowance shall be applied prior to a substantial portion of the City Funds, the parties expect that the Retail TI Allowance will be fully utilized in the construction of the Tenant Improvements.

**Exhibit D-1**

**Letter Agreement**

**GOAT HILL PROPERTIES**  
**1218 Third Avenue, Suite 1403**  
**Seattle, Washington 98101**

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\_\_\_\_\_, 2009

King County  
Facilities Management Division  
800 King County Administration Building  
500 Fourth Avenue  
Seattle, WA 98104

***Re: Tenant Improvements for Child Care Space***

Dear King County:

This letter is written with reference to the Project Lease Agreement dated January 1, 2005, as amended ("Lease") between Goat Hill Properties as Landlord ("GHP") and King County as Tenant ("County"). Capitalized terms not otherwise defined in this letter shall have the meaning assigned to them in the Lease.

Certain tenant improvements were anticipated to be constructed for a child care space ("Child Care Space") within the Premises as part of the Project constructed pursuant to the Lease, and arising from bonus floor area conditions associated with the Master Use Permit ("MUP") from the City of Seattle ("City"). Occupants of the child care space were not identified during the initial build-out of the Project. Northwest Center ("NWC") has now been identified as the occupant and operator of the Child Care Space, and NWC requires completion of certain tenant improvements ("Tenant Improvements"). These Tenant Improvements are necessary in order to allow County to sublease the Child Care Space under that certain Sublease Agreement between King County and NWC dated \_\_\_\_\_, 2009 ("Sublease").

The Tenant Improvements will include modifications to certain work that may still be under warranty by the Project's General Contractor, including alterations to the fire sprinklers, electrical, cabling, walls and flooring and HVAC delivery systems. In order not to void the warranty for this work and to deliver the Tenant Improvements in a timely manner to meet County's Sublease obligations, County has requested GHP to engage Wright Runstad Associates Limited Partnership ("Developer") to cause a portion of the Tenant Improvements ("GHP Tenant Improvements") to be constructed at GHP's cost and expense using funds remaining in the Project Fund held by Trustee ("Project Funds"). In addition, NWC will engage Developer to construct the remainder of the tenant improvements for the Premises ("NWC Tenant Improvements") with funds made available by the City of Seattle pursuant to that Child Care

**NORTHWEST CENTER CHILD CARE LEASE**



Facility Agreement dated August 5, 2009, by and between NWC and the City ("City Funds"). The GHP Tenant Improvements and the NWC Tenant Improvements together make up the Tenant Improvements. Developer's engagement to construct the Tenant Improvements shall include the pre-construction, construction and completion phases of the project. No cost of the Tenant Improvements shall ever be an obligation of the County.

Accordingly, in consideration of the mutual covenants and agreements set forth in this Letter Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, GHP, Developer and County agree as set forth in this Letter Agreement with respect to the Tenant Improvements.

**1. Description of the Tenant Improvements.** The Tenant Improvements shall be constructed in conformance with the plans and specifications produced by Patano+Hafermann Architects as Project #808, and dated July 30, 2009, and recognized by the Seattle Department of Planning and Development as Project #6201111 (the "Plans"), and the budget under which they will be constructed evidencing that all of the Project Funds will be expended in the course of construction of the Tenant Improvements is attached hereto as **EXHIBIT A**. The Tenant Improvements are further described in the Work Letter attached to the Sublease ("Work Letter") and the Tenant Improvement Development Agreement ("Development Agreement") dated \_\_\_\_\_, 2009 by and between Developer and NWC, copies of which have been provided to GHP by County. GHP and County agree that the Tenant Improvements will not decrease the value of the Premises and will enhance County's use and occupancy of the Premises.

**2. Developer.** Developer, which is the Developer under the Lease, is contractually obligated to GHP by its signature below and to NWC pursuant to the Development Agreement to manage the design and construction of the Tenant Improvements. Developer will undertake the work in a manner consistent with the requirements of the Lease, the Sublease, the Development Agreement and this Letter Agreement.

**3. Retail Tenant Improvements Allowance.** Pursuant to the terms of the Work Letter between County and Subtenant, the total amount of Project Funds to be dedicated to the cost of the GHP Tenant Improvements to be constructed pursuant to this letter agreement shall not exceed \$295,000 ("Retail TI Allowance") and shall include money spent for the Tenant Improvements before and after the execution of this Agreement. Pursuant to the Development Agreement, the total cost of the Tenant Improvements shall not exceed \$1,289,608 ("Retail TI Maximum Price"). Accordingly, notwithstanding anything to the contrary herein, GHP's obligation hereunder to cause the GHP Tenant Improvements to be constructed shall be limited such that GHP shall have no obligation to commit more than the Retail TI Allowance to the cost of the Tenant Improvements.

**4. Contract.** GHP shall require Developer to cause a construction schedule (together with the Plans referred to as the "Project Documents") to be prepared based upon the Plans. Such construction schedule shall be submitted to GHP and County for review and approval. Once approved, GHP shall cause Developer to enter into a construction contract with a general contractor ("TI General Contractor") for the construction of the Tenant Improvements. The proposed TI General Contractor and the form of construction contract shall be subject to  
**NORTHWEST CENTER CHILD CARE LEASE**

review and approval by GHP and County, such approval not to be unreasonably withheld. The construction contract for the Tenant Improvements shall be on the basis of a guaranteed maximum all-in price that shall be no greater than the Retail TI Maximum Price and shall specifically provide that County shall have no obligation to TI General Contractor under the construction contract for the cost of the Tenant Improvements. The construction contract for the Tenant Improvements shall also provide that TI General Contractor shall complete the Tenant Improvements within the contract sum (as it may be amended by change order), and in a good and workmanlike manner, free from material defects in work and materials and in substantial accordance with the Project Documents. Developer shall cause TI General Contractor to complete any minor "punch list" work in a timely manner. Developer shall cause the TI General Contractor to secure for the benefit of GHP and NWC all warranties and guarantees of the work by all contractors, suppliers and manufacturers of components of the Tenant Improvements. Upon substantial completion of the Tenant Improvements, Developer shall cause the General Contractor to assign such warranties to GHP and NWC. After substantial completion and during the warranty period, GHP shall exert its good faith effort to enforce any such warranties on behalf of County, and at County request, GHP shall assign to County any such warranty right. During this period, Developer shall assist GHP and NWC to enforce any warranties or guarantees with respect to the Tenant Improvements. The construction contract shall provide a warranty of materials and workmanship for a period of two (2) years from substantial completion with respect to all work, materials and components of the Tenant Improvements.

**5. Covenant Against Liens and Construction Costs Obligation.** GHP covenants to cause Developer to keep the Premises free and clear of all construction liens related to the Tenant Improvements, and that the cost of construction of the Tenant Improvements shall never be an obligation of County.

**6. Insurance.** The insurance requirements specified below which TI General Contractor must meet in connection with the Tenant Improvements shall be specifically set forth in any construction contract.

**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. Professional Liability:**

Professional Liability, Errors and Omissions coverage.

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

**3. 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.

**4. Workers' Compensation:**

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

**5. Employer's Liability or "Stop-Gap":**

The protection provided by the Workers' Compensation policy Part 2 (Employer's Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy.

**C. Minimum Limits of Insurance**

The TI General Contractor shall maintain limits no less than the following:

1. *General Liability*: \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
2. *Professional Liability, Errors and Omissions*: \$2,000,000
3. *Automobile Liability*: \$2,000,000 combined single limit per accident for bodily injury and property damage.
4. *Workers' Compensation*: Statutory requirements of the State of Washington.
5. *Employers' Liability or "Stop Gap" coverage*: \$2,000,000.

In connection therewith, Developer shall cause both County and GHP to be named as additional insureds on TI General Contractor's policy of commercial liability insurance.

**7. Indemnity.** County, GHP, NWC and Developer shall each be named as an indemnitee in TI General Contractor's construction contract, and specifically included among the acts or omissions for which indemnification would be required, the Contractor's obligation to comply with chapter 39.12 RCW.

**8. Construction Representative.** To ensure timely communications with regard to the Tenant Improvements, GHP and County shall each name a construction representative. GHP's construction representative shall be Misty Baskett. County's construction representative shall be as designated by the Director of the Facilities Management Division from time to time.

**9. Attorneys' Fees.** Attorneys' fees reasonably incurred by GHP in connection with the negotiation of this letter agreement as well as the related contracts shall be payable from funds remaining the Project Fund held by Trustee.

**10. No Third-Party Rights.** The provisions of this letter agreement are for the sole and exclusive benefit of GHP, County, NWC and Developer. None of the rights or obligations of the parties herein set forth (or implied) is intended to confer any claim, cause of action or other right whatsoever upon or otherwise hereunder, and shall not create a contractual relationship

with, or cause of action in favor of any contractor, or any subcontractor, worker, supplier, mechanic, architect, or other third party having dealings with GHP, County, NWC or Developer in any manner.

**11. Prevailing Wage.** GHP shall cause the construction contract to obligate TI General Contractor and subcontractors of every tier in connection with the construction of the Tenant Improvements to pay the prevailing wage, as defined in RCW ch. 39.12, to the workmen, laborers and mechanics as may then be determined by the Washington State Department of Labor and Industries for the particular craft in the particular geographic location. GHP shall submit to County verification from TI General Contractor that prevailing wages have been paid on the Tenant Improvements. Any construction contract shall provide that failure to meet these obligations shall entitle County to seek indemnification from TI General Contractor for any liability incurred by County under chapter 39.12 RCW.

If the foregoing correctly reflects your understanding with respect to the Tenant Improvements, please arrange for the execution of both originals of this letter agreement and then return one of the fully executed originals to the undersigned at your earliest convenience.

Sincerely,

GOAT HILL PROPERTIES

By \_\_\_\_\_  
John Finke  
Vice President

**ACKNOWLEDGED AND APPROVED**  
this \_\_\_\_ day of July, 2009:

KING COUNTY

By \_\_\_\_\_  
Kathy Brown, Director  
Facilities Management Division

**APPROVED AS TO FORM:**

By \_\_\_\_\_  
Senior Deputy Prosecuting Attorney

**NORTHWEST CENTER CHILD CARE LEASE**

**DEVELOPER'S ACKNOWLEDGMENT**

WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP ("Developer") hereby acknowledges receipt of the foregoing letter agreement between Goat Hill Properties and King County with regard to the construction of certain Tenant Improvements as described therein. Developer hereby agrees to cause the construction of the Tenant Improvements in accordance with such letter agreement. In recognition that Developer has previously received consideration from GHP to carry out the Tenant Improvements, unless otherwise agreed by GHP and Developer, no additional fee shall be payable to Developer in connection with the services provided by Developer hereunder.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

**DEVELOPER:**

**WRIGHT RUNSTAD ASSOCIATES  
LIMITED PARTNERSHIP,**  
a Washington limited partnership

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit D-2**  
**Facility Agreement**

CHILD CARE FACILITY AGREEMENT  
(CHINOOK BUILDING)

THIS AGREEMENT is made as of the 5<sup>th</sup> day of August, 2009 by and between NORTHWEST CENTER, a Washington nonprofit corporation (hereinafter "Agency"), and THE CITY OF SEATTLE, a municipal corporation acting by and through its HUMAN SERVICES DEPARTMENT (hereinafter "City," referring to the corporate entity; or "HSD," referring specifically to the Human Services Department of the City) concerning a portion of the building on property commonly known as the Chinook Building, at 401 Fifth Ave., Seattle, WA ("Building") on land owned by King County ("County").

RECITALS

A. The specific portion of the Property addressed by this Agreement is that area of approximately 6,934 square feet of interior space and 2,926 square feet of outdoor space, all identified as the child care facility on Attachment A, which is hereby incorporated by reference ("Child Care Space").

B. The land on which the Building is located is owned by the County. The County has leased the land to Goat Hill Properties, a Washington nonprofit corporation ("GHP"), which owns fee title to the Building. The County is the lessee of the Building under a Project Lease Agreement dated as of January 1, 2005 from GHP, as amended, with a term ending December 31, 2029. GHP has entered into a Development Agreement with Wright Runstad Associates Limited Partnership, as developer of the Building ("Wright Runstad"),

C. The Building is being developed pursuant to a Master Use Permit issued by the City Department of Planning and Development ("DPD"), project no. 2401763 (the development of the Building, including the completion of the Child Care Space, is referred to as the "Project"). The Project has qualified for additional chargeable floor area, above the base floor area allowed under Chapter 23.49 of the City Land Use Code, subject to satisfaction of certain conditions, which are generally documented in a "Covenant for Bonus Floor Area and Rescission of Prior (2005) Covenant Regarding Bonus Floor Area" recorded under King County recording no. 20070223002398. These conditions include the provision of certain child care facility space in accordance with the "performance option" under SMC Section 23.49.012. The Child Care Space contains greater floor area and will provide more child care than required as a condition to bonus floor area for the Project. Under SMC Section 23.49.012, developers of other projects in downtown Seattle have elected to obtain bonus floor area by making cash contributions to the City be used to mitigate a portion of the additional need for child care space created by their projects, in lieu of providing the child care space directly. HSD is willing to pay a portion of those contributions to the Agency to be used for part of the cost of development of the Child Care Space, subject to certain conditions.

D. The Agency is a charitable organization that has among its purposes the provision of child care services. The Agency has negotiated a sublease with the County for the operation of the Child Care Space.

COPY

- E. The Child Care Space requires substantial improvements in order to be placed in service.
- F. The completion of the Improvements to the Child Care Space and its operation by the Agency will mitigate a portion of the impact of increased commercial development in Downtown Seattle, and help fulfill public purposes of the City.

## AGREEMENT

In consideration of the foregoing and the mutual covenants herein, the parties agree as follows:

### 1. PURPOSE

This Agreement ("Agreement") is entered into for the purpose of establishing and limiting a mutually beneficial arrangement whereby HSD provides partial funding for improvements to the Child Care Space. The Agency will cause to be constructed the Improvements (as defined in Section 5 below) to the Child Care Space partly funded by HSD under this Agreement, except that portion of the Improvements that GHP shall cause to be constructed as described below. The Agency shall operate the Child Care Space consistent with this Agreement.

### 2. CHILD CARE SPACE; SUBLEASE, COVENANT

2.1 The Agency shall sublease the Child Care Space from the County in order to provide child care space consistent with the terms of the Covenant described below. The Agency confirms that it has inspected the Child Care Space and has participated in the development of the Plans (as defined in Section 5) for Improvements to the Child Care Space, and that upon completion of the Improvements the Child Care Space will be suitable for operation of a child care facility consistent with this Agreement.

2.2 The Agency acknowledges that it has reviewed the document in substantial form and content entitled "COVENANTS AND RESTRICTIONS FOR CHILD CARE SPACE" ("Covenant") that is intended to be executed by the County and recorded against its interest in the land in order to commit the use of Child Care Space to the purposes intended by SMC 23.49.012 for a twenty-year period, and will be attached as an exhibit to the Memorandum of Agreement between the City and the County ("Memorandum of Agreement"). The Agency agrees that upon the recording of the Covenant, as it may be modified pursuant to any agreement between the City and the County, the Covenant shall be binding upon the Agency as sublessee for the duration of its tenancy, provided that any modification to the form of Covenant attached to the Memorandum of Agreement shall not impose any material additional obligations on the Agency. To the extent the terms of the Covenant provide that the Grantor shall cause performance or compliance with terms through a sublease, operating agreement or similar arrangement, the Agency shall be obligated directly to perform or comply with the stated terms.

2.3 The Agency acknowledges that except for the use of 981 square feet of the Child Care Space to satisfy part of the conditions to bonus floor area for the Project, no part of the Child Care



Space may be used to satisfy any conditions of additional floor area under any permit under the City's Land Use Code, as now or hereafter in effect.

### 3. FUNDING AMOUNT; CONDITIONS; USE OF FUNDS

3.1 HSD has reserved \$994,608.00 (NINE HUNDRED NINETY-FOUR THOUSAND SIX HUNDRED EIGHT AND NO/100 DOLLARS) for payment to the Agency for use solely for a part of the capital costs of the Child Care Space Improvements. The City shall by August 13, 2009 disburse to the Agency the sum of \$490,266.00 ("Initial Disbursement") to be deposited in the account described in subsection 3.6 and used in accordance with that subsection.

3.2 The Agency may not draw upon or otherwise obligate any of the Initial Disbursement until all of the following conditions are satisfied:

- (a) The Metropolitan King County Council, by ordinance, authorizes the execution and recording of the Covenant, and following the effective date of such ordinance the County delivers to the City the Covenant, duly executed and acknowledged by the County and in recordable form, and the City executes and records such Covenant ("Covenant Delivery Date").
- (b) The Agency shall be a duly licensed child care provider under State of Washington laws and regulations.
- (c) The Agency shall have entered into a sublease, with the County as sublessor, for the entire Child Care Space, with a term of at least five years, and with an extended term subject to approval by County ordinance, all on terms acceptable to HSD.
- (d) The Agency shall have submitted to HSD a Management Plan for operation of the Child Care Space, acceptable to HSD, and HSD shall have given its written approval to the Management Plan.
- (e) The Agency, through its developer, or the County, or GHP shall have obtained all permits and approvals necessary to establish and improve the Child Care Space and all related facilities necessary for its use and for licensing under State laws and regulations.
- (f) The Agency shall have entered into a development agreement with Wright Runstad for construction of the Improvements, and Wright Runstad shall have entered into a contract with a general contractor, consistent with Section 6.2 below.
- (g) The Agency shall have obtained such written agreements and consents, on terms acceptable to HSD, with or from the County, GHP, and Wright Runstad, as are reasonably necessary for the Agency to cause the Improvements to be made and for GHP to cause the construction of a portion of the Improvements as specified in the Agency's sublease with the County using \$295,000.00 of bond proceeds from the bonds issued for the Project.

3.3 As a condition to the Agency's right to receive any funds in excess of the amount to be disbursed under subsection 3.2 hereunder:

(a) All funds disbursed under subsection 3.2 hereunder shall have been applied to costs of the Improvements consistent with this Agreement, and at least \$295,000.00 in additional funds from sources other than the City shall have been expended for the Improvements to the Child Care Space, in accordance with the Plans, as defined in Section 5;

(b) The Agency shall have submitted an invoice with supporting documentation satisfactory to HSD showing the capital costs incurred for the Child Care Space for which disbursement is sought, and the cumulative amounts that will have been expended for the line items in the Budget upon application of the requested disbursement.

Any amounts reserved under this Agreement that are not required to pay capital costs of the Improvements shall be retained by the City.

3.4 The City shall have the right to hold back up to 10% of the funds reserved hereunder (of which an amount equal to 5% of the amount of the construction contract under Section 6.2 below shall constitute statutory retainage) until the Child Care Space is completed and (a) with respect to the statutory retainage, when all conditions for release under RCW Chapter 60.28 shall have been satisfied, and (b) with respect to the balance, to the extent it is required to pay or reimburse capital costs of the Improvements, when all conditions in subsection 5.3 are satisfied. The Agency must satisfy conditions to disbursement of funds reserved under this Agreement for the Child Care Space by two hundred forty (240) days after the Covenant Delivery Date. The City will have no obligation to make any further disbursements after that date.

3.5 All conditions of funding are for the benefit and protection of the City, and may be waived or extended in the discretion of HSD, but any waiver for purposes of one disbursement shall not waive the condition with respect to any further disbursement.

3.6 Any funds disbursed by the City to the Agency under this Agreement shall be deposited in a bank account maintained by the Agency solely for the purpose of payment of the costs of the Improvements, consistent with the budget attached to this Agreement as Attachment B, as the same may be modified with the approval of HSD (the "Budget"). The Agency shall draw money from that account only for the purpose of payment to unrelated parties for costs of the Improvements, consistent with the Budget, and for reimbursement to the Agency for itemized costs of the Improvements otherwise paid by the Agency and expressly approved in writing by HSD. If, upon completion of the Improvements and payment of all costs of the Improvements for which money in the account may be used under this subsection, or upon earlier termination of this Agreement, there remains an unused balance in the account, the Agency shall refund the balance to the City on demand. If it shall be determined upon audit, or by a court of competent jurisdiction, that any amount funds disbursed by the City or from such account were used for any purpose not authorized under this Agreement, the Agency shall reimburse the City on demand, with interest from the date of disbursement by the City at 12% per annum. The Agency shall have no obligation to repay the City for any amounts drawn from the account consistent with this subsection. The Agency shall provide to HSD promptly upon request copies of bank statements and such other records of deposits to and disbursements from the account as HSD may request. This subsection 3.6 shall survive termination of this Agreement.

#### 4. EQUIPPING, OPERATION AND MAINTENANCE OF CHILD CARE CENTER

CHILD CARE FACILITY AGREEMENT- 4

DM09-5214  
Northwest Center  
Chinook Building Child Care

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4.1 The Agency shall install in the Child Care Center, at the Agency's expense or with funds other than those provided by the City, all equipment and furnishings, not included within the scope of the Improvements, that are reasonably necessary to operate the Child Care Center.

4.2 The Agency shall commence operations in the Child Care Space by the deadline set forth in Section 5.3 of this Agreement, and shall continuously operate the Child Care Center in conformity with the Management Plan approved by HSD, with the Covenant, and with all applicable laws and regulations.

4.3 The Agency shall comply with the terms of its sublease and take all actions necessary to maintain the sublease in effect and to preserve its rights under the sublease.

4.4 The Agency shall remain a duly licensed child care provider in the State of Washington.

## 5. IMPROVEMENTS

5.1 The improvements to the Child Care Space to be performed under this Agreement ("Improvements") are identified in the plans and specifications produced by Patano+Hafermann Architects as Project #808, and dated July 30, 2009, and recognized by the Seattle Department of Planning and Development as Project #6201111 (the "Plans"). The Child Care Space shall be improved in accordance with the Plans except to the extent any changes are accepted by HSD. The Agency may propose specific changes to the Plans in writing by delivering them to HSD, under cover of a transmittal stating the time for review under this subsection. HSD will accept, reject, accept with conditions, or waive review of proposed changes to Plans, by notice to the Agency's developer within ten (10) working days of receipt of the proposed changes. Failure to respond by HSD within the ten-day period will be deemed as acceptance by HSD of the changes for purposes of this subsection, but shall not waive or modify any other requirement of this Agreement.

5.2 The Agency shall require its developer to ensure that the design and construction will conform to City and State standards for a child care facility, including without limitation those referred to in SMC 23.49.012, and all applicable laws and regulations relating to accessibility for persons with disabilities.

5.3 The Agency shall use commercially reasonable efforts to cause all of the following conditions to be satisfied no later than two hundred seventy (270) days after the Covenant Delivery Date:

- (a) the Improvements shall be completed, with all fixtures, furnishings, equipment and amenities necessary for purposes of operation of a licensed child care facility;
- (b) the Seattle Department of Planning and Development shall have issued a final certificate of occupancy for the Child Care Space;
- (c) the Child Care Space shall have been approved for licensing by the State of Washington Department of Early Learning and any other applicable state or local governmental agencies responsible for the regulation of licensed childcare providers;
- (d) all other portions of the Building and building systems that are reasonably necessary to the operation of the Child Care Space, shall be completed and functioning; and

(e) the Agency's sublease with the County for the Child Care Space shall be in full force and effect, and the Agency shall have taken occupancy under the sublease.

In any event the Agency shall commence operations in the Child Care Space no later than 90 days after having been issued a final certificate of occupancy for the Child Care Space, unless prevented by casualty or actions beyond the Agency's reasonable control.

## 6. CONSTRUCTION REQUIREMENTS; CITY OF SEATTLE PROVISIONS

6.1 HSD shall have the right to inspect the work upon reasonable notice.

6.2 Agency is the contract awarding authority for the work and is responsible for all related requirements. Except for that portion of the Improvements that GHP shall cause to be constructed, the Agency shall contract with Wright Rundstad as developer, which shall contract with a qualified general contractor for the Improvements, under a form of contract acceptable to HSD. The construction contract shall include the standard provisions required for work on the Property pursuant to the Master Lease between GHP and the County, including without limitation provisions requiring payment of at least the Washington State prevailing wages for public works projects, and shall include a provision for retainage of 5% of the total contract amount, consistent with RCW 60.28.011. Any change orders to the construction contract that would materially affect the design of the Child Care Space, or that cumulatively exceed in 1% of the total construction contract amount, shall require the written consent of HSD, not to be unreasonably withheld or delayed.

6.3 The Agency shall require its developer to require the general contractor to provide a bond consistent with the terms of SMC Ch. 23.48, unless waived in writing by HSD.

6.4 The Agency shall comply and require contractors to comply with the City Fair Contracting Practices ordinance, SMC Ch. 14.10, and with SMC Ch. 20.42, the City Equality in Contracting Ordinance.

6.5 The Agency shall comply with the requirements of SMC Chapter 20.45, regarding equal benefits.

## 7. INDEMNIFICATION AND INSURANCE

7.1 Agency shall defend, indemnify and hold the City harmless from any and all losses, claims, actions, and damages suffered or claimed by any person or entity by reason of personal injury or property damage to the extent caused by any actual or alleged unlawful, negligent, reckless, or intentionally wrongful act or omission of the Agency or any of its officers, employees, or agents related to the development, improvement or operation of the Child Care Space; or by reason of any actual or alleged defects in the development or improvement of the Child Care Facility to the extent caused by the actual or alleged unlawful, negligent, reckless, or intentionally wrongful act or omission of the Agency or any of its officers, employees, or agents; or by reason of the failure to pay any amounts due from the Agency to any person in connection with such development or improvement. If, as a consequence of any such actual or alleged act, omission, defect, or nonpayment, any suit or action is brought against the City, the Agency, upon notice of

commencement thereof, shall defend the same at no cost and expense to the City, and promptly satisfy any final judgment adverse to the City; provided, that the City retains the right to participate in such action.

7.2 The indemnification obligations set forth in this Section 7 shall survive termination of this Agreement.

7.3 For purposes of this Agreement only, the Agency specifically and expressly waives its immunity and limitation on liability under any industrial insurance legislation including but not limited to Title 51 RCW, and acknowledges that this waiver was specifically entered into after mutual negotiation.

7.4 The Agency shall obtain from its developer, Wright Runstad, an indemnity and hold harmless for the benefit of the City in regard to the development and improvement of the Child Care Space and in regard to actual or alleged defects therein. Additionally, Wright Runstad will include a provision in its contract with its prime contractor requiring that "The City of Seattle" be an additional insured for primary and non-contributory limits of liability under the contractor's Commercial General Liability insurance for the full limits of liability available under its liability insurance program, whether such limits are primary, excess, contingent or otherwise.

7.5 Agency shall continuously maintain in force at all times during the term of this Agreement Commercial General Liability insurance or equivalent with a minimum limit of liability of \$5,000,000 each occurrence combined single limit bodily injury and property damage subject to the following:

(a) Such insurance (i) may be evidenced with primary limits or any combination of primary and/or excess/umbrella limits, (ii) shall neither exclude nor sublimit sexual/and or physical molestation claims, and (iii) shall include "The City of Seattle" as an additional insured for primary and non-contributory limits of liability for the full limits of liability available under Agency's liability insurance program, whether such limits are primary, excess, contingent or otherwise.

(b) Certification of valid insurance evidencing compliance with this subparagraph shall be maintained continuously on file with the City. The certificate holder shall be "The City of Seattle, P.O. Box 94669, Seattle, WA 98124-4669" but certification shall not be mailed but shall be delivered in electronic form emailed as an attachment to email address riskmanagement@seattle.gov or faxed to (206) 470-1279.

In the event that Agency and the City shall mutually agree that insurance coverages and/or limits of liability are at any time not commercially available or affordable, the City may agree to temporarily adjust the insurance requirements herein.

## 8. COMPLIANCE WITH LAWS

The Agency shall require its developer to cause the completion of the Child Care Space to be performed in compliance with all applicable federal and state statutes and City ordinances, including without limitation all environmental laws and all federal, state and local laws and regulations in regard to the handling and disposing of hazardous substances.

## 9. ENTIRE AGREEMENT; AMENDMENTS

This Agreement constitutes the entire agreement and understanding between the parties related to City funding of the Child Care Space, and supersedes any prior agreements or understandings, written or oral, on that subject. No amendment or modification of this Agreement shall be binding unless in writing and signed by authorized officials of both parties. No waiver of any provision hereof shall be effective unless made expressly in writing and signed by an authorized official of the party granting the waiver.

## 10. NOTICES

All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this Agreement by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if sent by U.S. Mail, postage prepaid, and addressed as follows, or to such other address as either party may inform the other by notice:

### TO CITY:

Seattle Human Services Department  
Attn: Community Facilities: Child Care Bonus Program  
700 Fifth Avenue, Suite 5800  
P.O. Box 34215  
Seattle, Washington 98124-4215

### TO AGENCY:

NORTHWEST CENTER  
Attn: Jane Dobrovolny  
7272 West Marginal Way South  
P.O. Box 80827  
Seattle, Washington 98108-0827

## 11. MISCELLANEOUS

11.1 The section headings hereof are for convenience only and shall not be used to expand or interpret the meaning of any part of this Agreement.

11.2 Time is of the essence of all provisions hereof.

11.3 If any portion of this Agreement shall be deemed void, illegal or unenforceable, the balance of this Agreement shall not be affected thereby.

11.4 This Agreement shall be interpreted under the laws of the State of Washington. This Agreement is the product of negotiation and shall not be construed strictly against any party as the drafter hereof.

11.5 The relationship of the Agency to the City under this Agreement is that of an independent contractor. Nothing in this Agreement shall authorize the Agency to act on behalf of the City or to bind the City.

## 12. TERMINATION

12.1 Unless earlier terminated under subsection 12.2, this Agreement shall terminate on the date when the sublease of the Child Care Space to the Agency, or any extension or replacement for that sublease, shall terminate.

12.2 If the conditions in Section 3.2 of this Agreement for Agency to draw upon or otherwise obligate the Initial Disbursement are not fully satisfied by January 15, 2010, then either party may terminate this Agreement by notice to the other, effective immediately upon such notice, and in such case Agency shall promptly return to the City the Initial Disbursement along with any interest earned thereon. If after the Covenant Delivery Date the construction of the Improvements does not commence within thirty (30) days or if construction of the Improvements shall be abandoned or substantially discontinued for thirty (30) days or longer, then the City may terminate this Agreement by notice to the Agency, effective immediately or after such cure period as the City may designate.

12.3 The termination of this Agreement shall not terminate the Covenant, nor shall it affect the enforceability of any section or subsection that by its terms survives termination.

NORTHWEST CENTER

By 

Name: Tom Everitt

Title: President & CEO

Date: 8/4/09

THE CITY OF SEATTLE

By 

Name: Alan Painter

Title: Director, Human Services Department

Date: 8-5-09

CHILD CARE FACILITY AGREEMENT- 9

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Northwest Center  
Chinook Building Child Care

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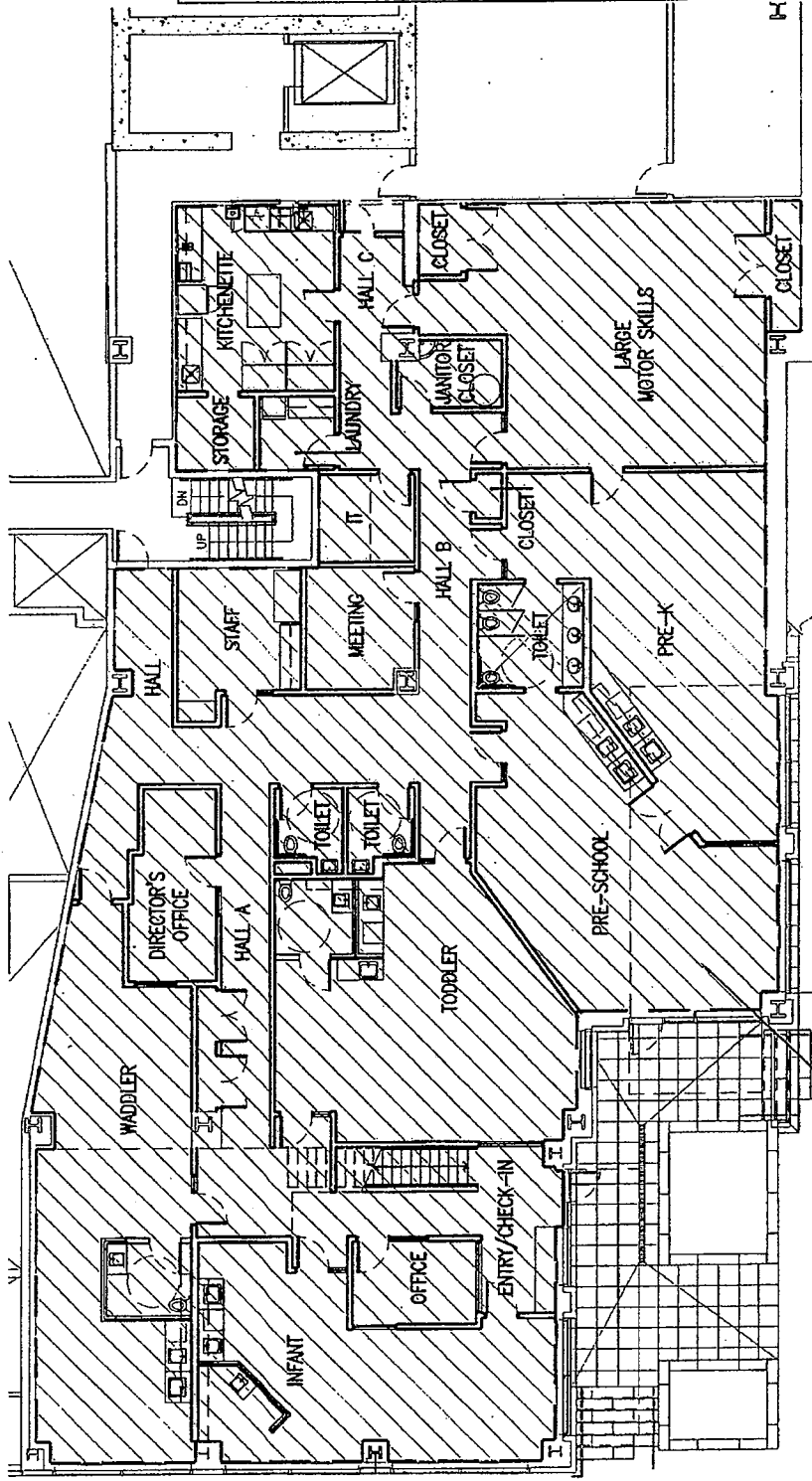
ATTACHMENTS:

A – Plan of Child Care Space

B -- Budget



Attachment A - Plan of Child Care Space



LEVEL A (INCLUDING STAIR)

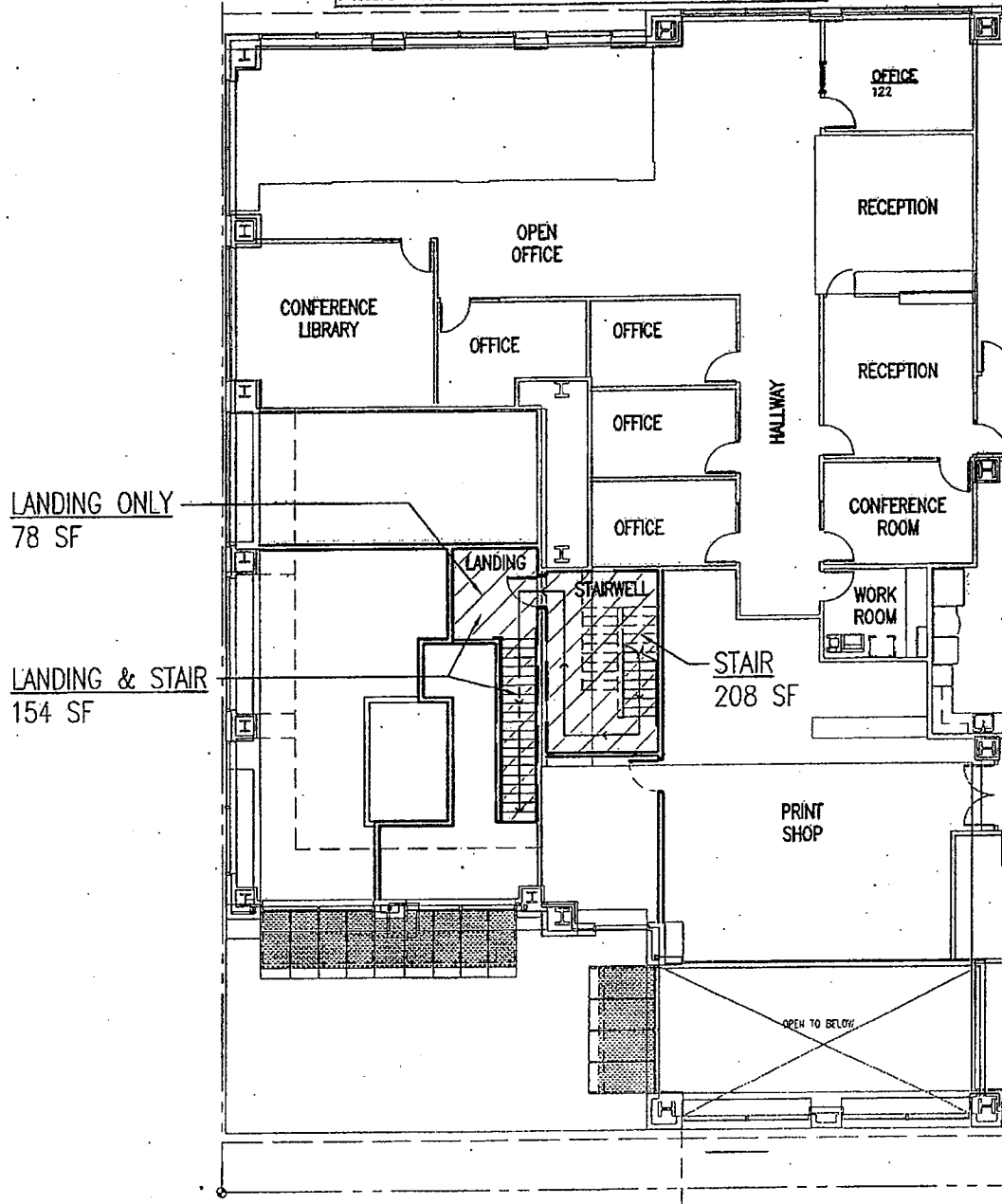
6,934 SF

Child Care Space - LEVEL A (Not to Scale)

SQUARE FOOTAGE CALCULATIONS HAVE BEEN TAKEN BASED ON THE CAD BACKGROUND DRAWINGS AS PROVIDED TO PATANO+HAERMANN ARCHITECTS, AND HAVE BEEN TAKEN FROM THE INSIDE FACE OF THE EXISTING INTERIOR WALLS AT THE DAYCARE AND STAIR AREAS, AND THE INSIDE FACE OF THE PROPOSED GUARDRAIL PANELS AT THE 2ND LEVEL PLAY AREA. NEW WALLS WITHIN THE DAYCARE SPACE AT LEVEL A HAVE BEEN INCLUDED IN THE CALCULATIONS. INTERIOR WINDOW SILLS WERE NOT INCLUDED IN THE SQUARE FOOTAGE CALCULATIONS.

COPY

Attachment A - Plan of Child Care Space

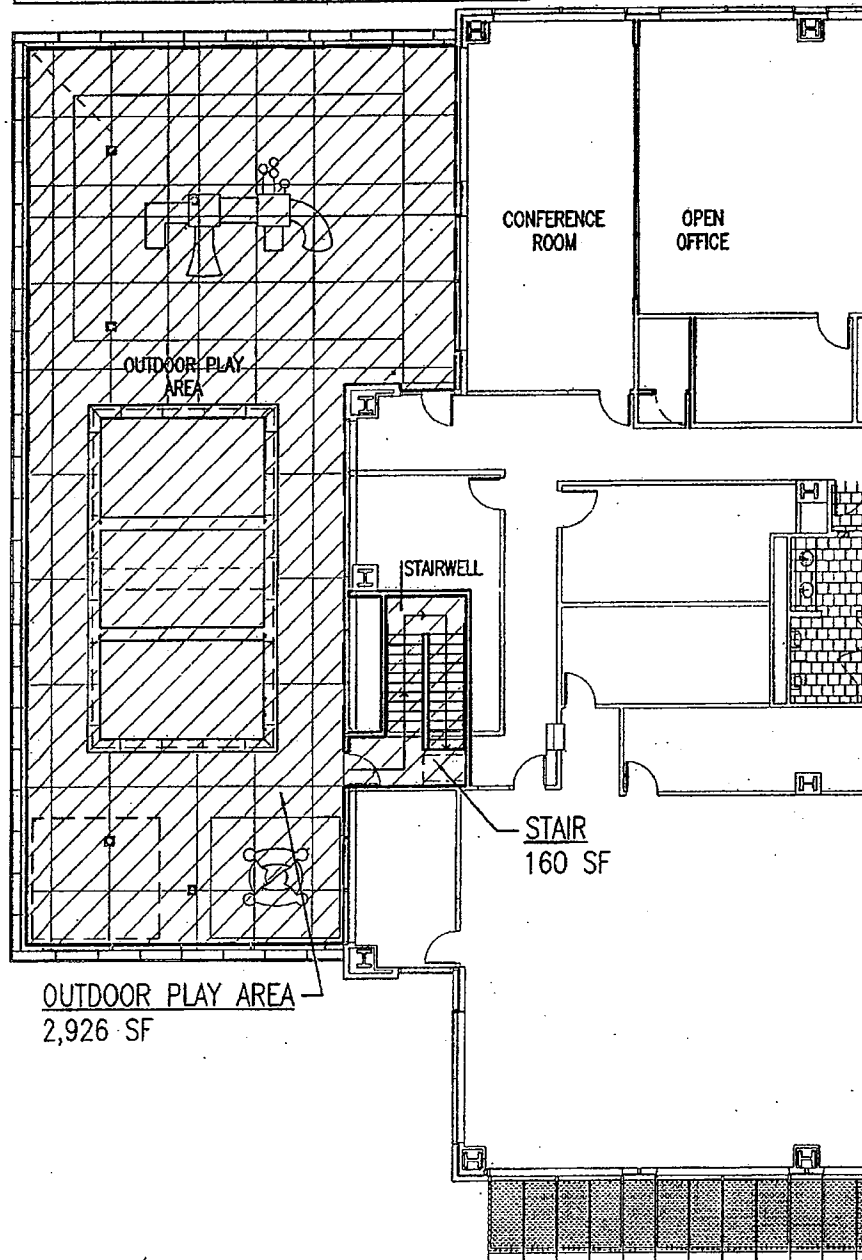


Child Care Space - LEVEL 1 (Not to Scale)

SQUARE FOOTAGE CALCULATIONS HAVE BEEN TAKEN BASED ON THE CAD BACKGROUND DRAWINGS AS PROVIDED TO PATANO+HAFERMANN ARCHITECTS, AND HAVE BEEN TAKEN FROM THE INSIDE FACE OF THE EXISTING INTERIOR WALLS AT THE DAYCARE AND STAIR AREAS, AND THE INSIDE FACE OF THE PROPOSED GUARDRAIL PANELS AT THE 2ND LEVEL PLAY AREA. NEW WALLS WITHIN THE DAYCARE SPACE AT LEVEL A HAVE BEEN INCLUDED IN THE CALCULATIONS. INTERIOR WINDOW SILLS WERE NOT INCLUDED IN THE SQUARE FOOTAGE CALCULATIONS.

COPY

Attachment A - Plan of Child Care Space



Child Care Space - LEVEL 2 (Not to Scale)

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COPY

**Attachment B - Budget**

**Acquisition Site Control**

Land/Building Acquisition	_____
Real Estate Taxes	_____
Title Insurance	_____
Closing Costs	_____
Appraisal	_____
Other: Insurance	_____

**Professional Services**

Architectural Services	\$122,000
Planning/Feasibility Studies	_____
Engineering Studies	\$6,000
Hazardous Materials Consultant	_____
Legal Fees	_____
Project & Const. Mgmt.	\$25,000
Dev. Consultant/Fundraising	_____
Consulting Services	\$2,000
Other: Bid Costs	_____
Other: Soft Cost Contingency	_____

**Construction/Rehabilitation**

Construction/Tenant Improvements	\$998,332
Construction Sales Tax	\$94,841
Hazardous Materials Abatement	_____
Permits	\$8,640
Construction Contingency	\$32,795
Testing & Inspections	_____
Utility Fees	_____
Other: Tenant Improvements	_____

**Total Project Cost \$1,289,608**

**Funding Summary**

<u>Source</u>	<u>Total</u>	<u>Comments</u>
City - CCB Mitigation Funds	\$994,608	_____
City - Other	_____	_____
Other - Government	_____	_____
County: King County	_____	_____
State: _____	_____	_____
Federal: HUD	_____	_____
Other: Tenant Improvement Allowance	\$295,000	GHP Bond Proceeds
Private Foundation/Corporation	_____	_____
Agency Capital	_____	_____
Donations/Capital Campaign	_____	_____
<b>Total Project Revenue</b>	<b>\$1,289,608</b>	

**COPY**

DM#09-5214  
Northwest Center  
Chinook Building Care

City of Seattle - Human Services Department  
 700 Fifth Avenue, Suite 5800  
 PO Box 34215  
 Seattle, Washington 98124-4215  
 Invoice Form - Line Item Disbursement

Project Manager's Name: Ken Astrein	Division: HIBGA	Phone Number: 684-0377
Agency Name: Northwest Center		Invoice Number:
Agency Address: 7272 West Marginal Way South, P.O. Box 80827, Seattle, Washington 98108-0827		Invoice Period:
Project/Program Name: Chinook Build Child Care		Contract Number: DM #09-5214
Contact Person's Name & Phone Number: Jane Dobrovolny: 378-6340		Contract Period: 7/31/09 - 9/30/10
Description	Total Cost	
Capital Improvement Costs - Chinook Building Child Care		
	Subtotal	\$

Deductions \_\_\_\_\_

NET AMOUNT OF THIS REQUEST	\$
----------------------------	----

	Total
Contract Budget	\$994,608.00
Less Previous Reimbursements	\$
Less Net Amount of this Request	\$
Equals Contract Balance	\$

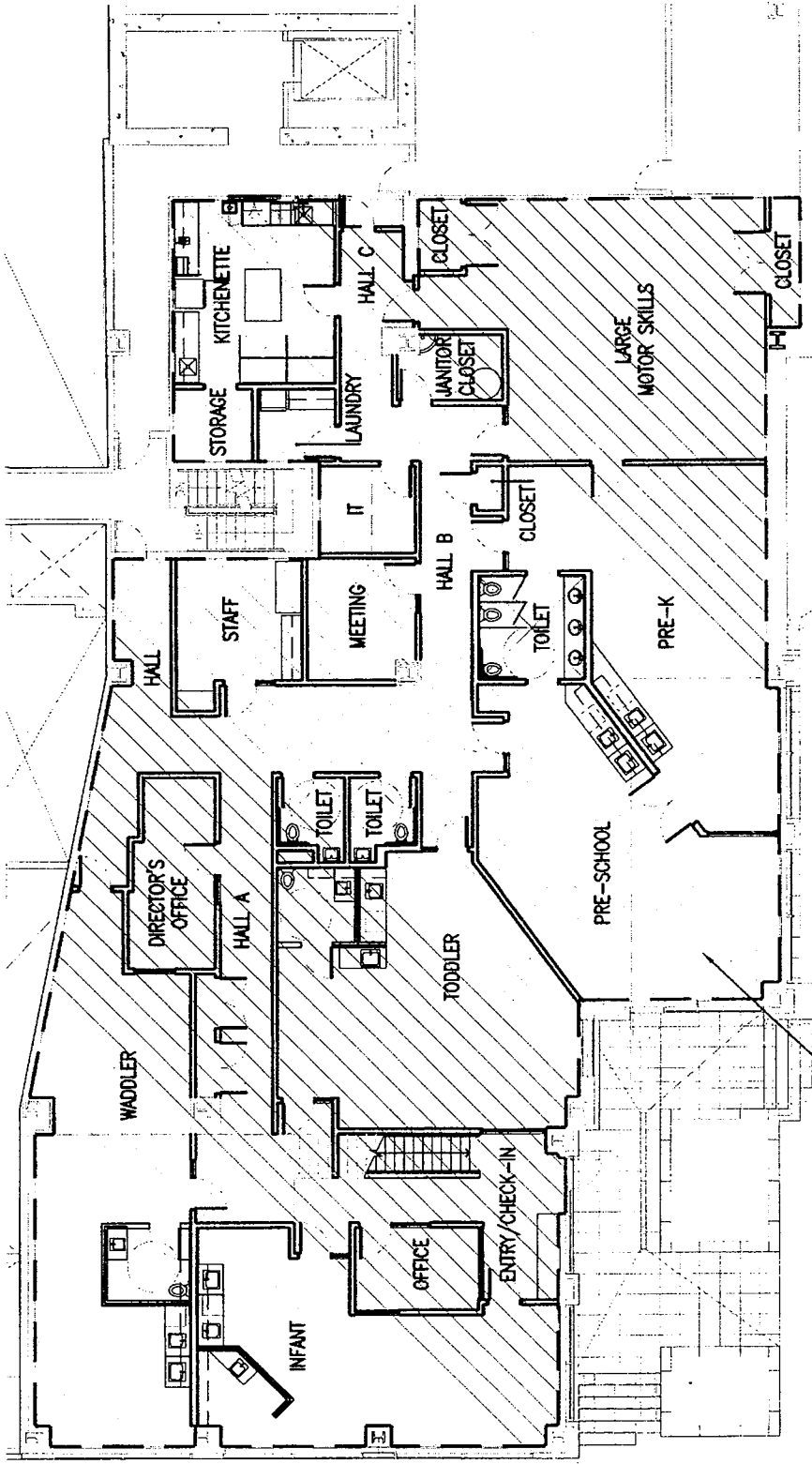
**INVOICE CERTIFICATION**

I, the undersigned, do hereby certify under penalty of perjury under the laws of the State of Washington, to the best of my knowledge and belief after diligent inquiry, that  
 (1) the materials have been furnished, the services rendered or the labor performed, all as described in the above invoice and other materials submitted with this request, for the Project described in the Child Care Facility Agreement with the above contract number;  
 (2) all construction to date has been performed in accordance with the plans and specifications approved by any City agency with jurisdiction over the Project, and in accordance with all applicable codes and permits; and  
 (3) all conditions to disbursement under the Child Care Facility Agreement have been satisfied and the Agency is entitled to disbursement of funds in the amount set forth above under the Child Care Facility Agreement.

Agency hereby requests disbursement of the amount stated above. I am authorized to authenticate and certify to the foregoing and to request this disbursement on behalf of the Agency.

Typed Name and Title	Authorized Signature	Date
<b>HSD Project Manager Certification</b>	<b>HSD Finance Analyst Certification</b>	
_____ Project Manager's Signature      Date	Appropriation Number: _____  Amount to be Paid: _____  _____ Examiner's Signature      Date	

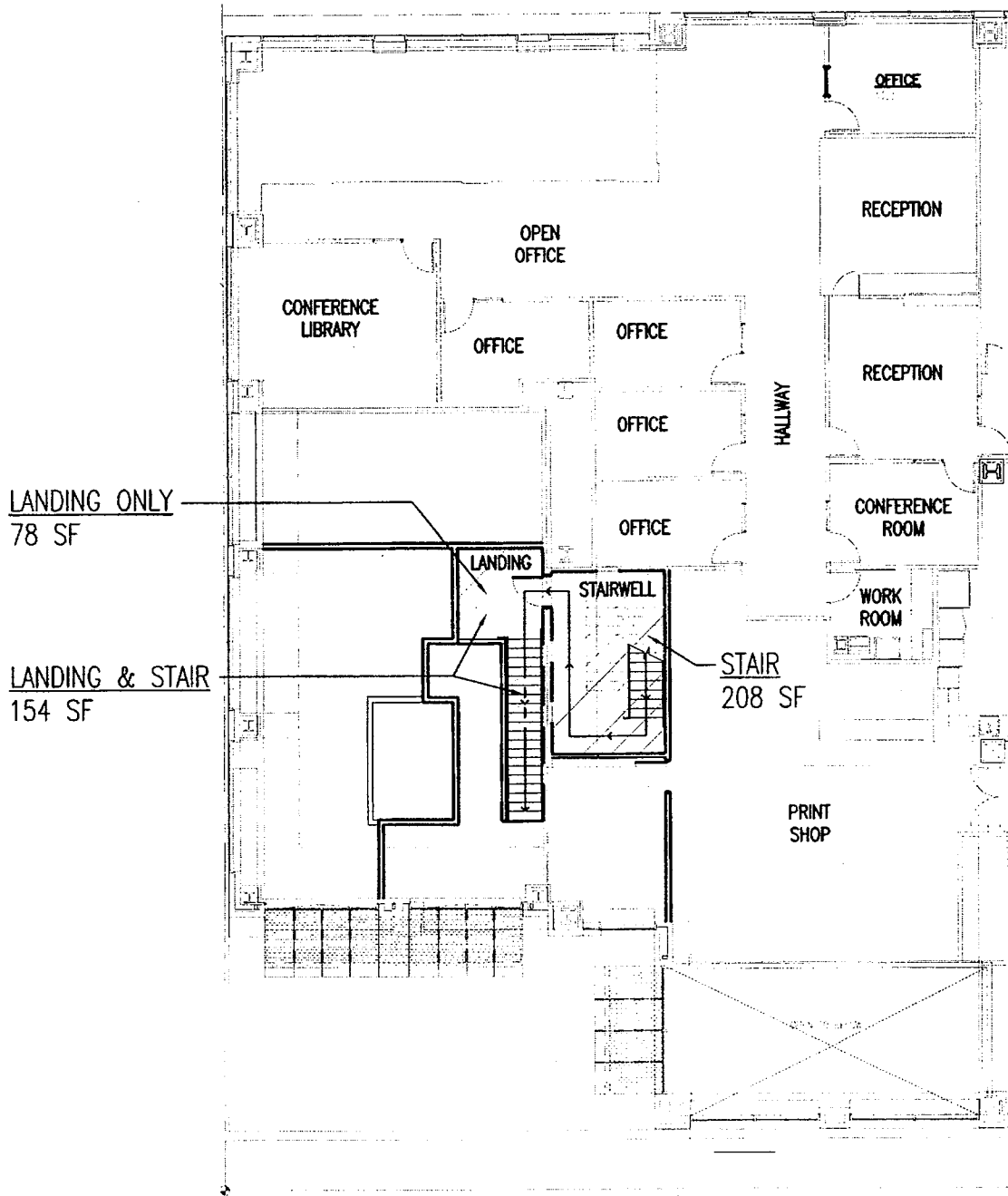
DM #09-5214  
 Northwest Center  
 Child Care Facility Agreement



LEVEL A (INCLUDING STAIR)  
6,934 SF

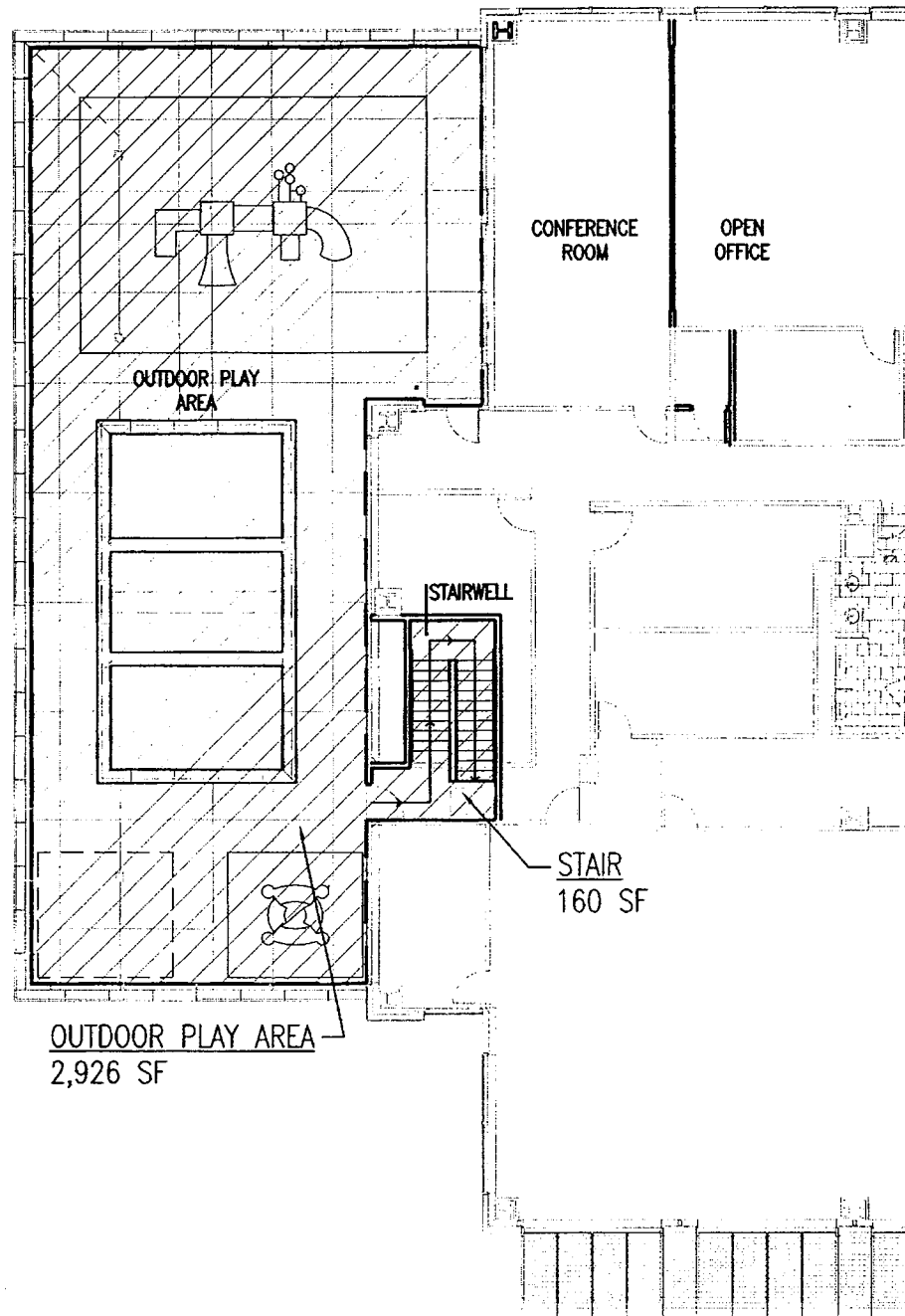
Child Care Space - LEVEL A (Not to Scale)

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Child Care Space – LEVEL 1 (Not to Scale)

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## Child Care Space - LEVEL 2 (Not to Scale)

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**Exhibit D-3**

**Development Agreement**

**TENANT IMPROVEMENT DEVELOPMENT AGREEMENT**

**THIS TENANT IMPROVEMENT DEVELOPMENT AGREEMENT ("Agreement")** is made this \_\_\_\_ day of \_\_\_\_\_, 2009 between **NORTHWEST CENTER**, a Washington nonprofit public benefit corporation ("**Tenant**") and **WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP**, a Washington limited partnership ("**Developer**").

**WHEREAS**, Tenant is a subtenant in that certain office building located at 401 5<sup>th</sup> Avenue, Seattle, Washington 98104 and commonly known as the Chinook Building (the "**Building**") pursuant to the Sublease Agreement by and between Tenant and King County ("**Landlord**") dated \_\_\_\_\_, 2009 ("**Lease**"). The Lease is a sublease under the Master Lease, as defined in the Lease (the "**Master Lease**"), under which Landlord is the "**Tenant**" and Goat Hill Properties is the "**Master Landlord.**"

**WHEREAS**, Developer is in the business of procuring the design and construction of tenant improvements in such office buildings.

**WHEREAS**, Tenant desires to engage Developer as an independent contractor to contract for and coordinate the pre-construction, construction, and completion phases of the improvement of Tenant's subleased premises in the Building ("**Premises**") pursuant to separate professional services and construction contracts entered into by Developer with Paterno+Haferman Architects ("**Architect**") and Howard S. Wright Construction Co. ("**Contractor**"), and Developer desires to accept such engagement, subject to the terms and conditions set forth herein (the "**Project**").

**WHEREAS**, Tenant through agreements with Landlord and the City of Seattle Human Services Department has conditionally available, for design and construction of the Project, funds described below in the total amount of \$1,289,608, and Developer is willing to agree that the guaranteed maximum all-in price ("**GMP**") chargeable for the Project shall not exceed such amount.

**WHEREAS**, the Project will be funded from two sources: (1) \$295,000 of bond proceeds made available by Master Landlord under the Master Lease; and (2) \$994,608 of funds to be made available by the City of Seattle (the "**City**"), acting by and through its Human Services Department ("**HSD**"), pursuant to that certain Child Care Facility Agreement between Tenant and HSD dated August 5, 2009 (collectively, the "**Project Funds**").

**WHEREAS**, for the portion of the Project funded by the bond proceeds made available by Master Landlord, Master Landlord has engaged Developer as an independent contractor to contract for and coordinate the pre-construction, construction, and completion phases for a portion ("**GHP Tenant Improvements**") of the Premises as set forth in the Letter Agreement between Landlord and Master Landlord dated \_\_\_\_\_, 2009.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Developer hereby covenant and agree as follows:

**I. TERM**

The term of this Agreement shall begin on the date hereof and terminate on December 31, 2010. This Agreement may, however, be terminated by Tenant upon thirty (30) days' prior written notice to the Developer.

## II. DEVELOPER'S DUTIES

Developer shall perform the following duties with respect to the Project. The Project will involve the Contractor, subcontractors hired by the Contractor ("**Subcontractors**"), and the Architect. The Project shall be constructed in accordance with the plans and specifications produced by Architect as Project #808, and dated July 30, 2009, and recognized by the Seattle Department of Planning and Development as Project #6201111 ("**Plans**"). The "**Contract Documents**" with respect to the Project shall mean the Plans and all other applicable drawings, plans, specifications, budgets, schedules and agreements related to the Project.

### A. Pre-Construction Phase

1. The Developer shall determine the division of the Project into individual contracts for various categories of work, including the method to be used for selecting contractors and awarding contracts. If multiple contracts are to be awarded, the Developer shall review the Contract Documents and make recommendations as required to provide that (1) the work of the contractors is coordinated, (2) all requirements for the Project have been assigned to the appropriate contract, (3) the likelihood of jurisdictional disputes has been minimized, and (4) proper coordination has been provided for phased construction.

2. The Project shall be constructed under the budget attached hereto as Exhibit A (the "**Project Budget**"), which allocates the Project Funds among soft costs, hard costs and contingency for the Project, and setting the GMP, which shall not exceed \$1,289,608.

3. The Developer shall prepare a Project construction schedule providing for the components of the work, including phasing of construction, times of commencement and completion required of each Contractor, ordering and delivery of products requiring long lead time, and the occupancy requirements of the Tenant ("**Project Schedule**"). The Project Schedule shall provide for final completion of the Project on or before two hundred seventy (270) days from the date of this Agreement.

4. The Developer shall enter into design and construction contracts for the design and construction of the Project with the Contractor and the Architect prior to ten (10) days from the date of this Agreement, which shall contain guarantees that the cost of their portion of the Project work shall not exceed the agreed maximum prices established in the approved Project Budget, subject to Tenant-requested Change Orders.

5. Developer shall cause the Contractor to secure for the benefit of Master Landlord and Tenant all warranties and guarantees of the work by all contractors, suppliers and manufacturers of components of the Tenant Improvements. Upon substantial completion of the Tenant Improvements, Developer shall cause the General Contractor to assign such warranties to Master Landlord and Tenant. After substantial completion and during the warranty period, Developer shall assist Master Landlord and Tenant to enforce any warranties or guarantees with respect to the Tenant Improvements. The construction contract shall provide a warranty of materials and workmanship for a period of two (2) years from substantial completion with respect to all work, materials and components of the Tenant Improvements.

6. The Developer shall obtain or cause the Contractor to obtain building permits and special permits for permanent improvements. The Developer shall verify that applicable fees and assessments have been paid out of the Project Funds. The Developer shall arrange filing of all documents required for the approvals of governmental authorities having jurisdiction over the Project.

### B. Construction Phase

1. The Construction Phase will commence with the award of the initial Construction Contract and will end thirty (30) days after final payment to the Contractor is made.

NORTHWEST CENTER CHILD CARE LEASE

2. The Developer shall administer, manage and coordinate scheduled activities and responsibilities of the Contractor with those of the Developer, the Tenant, Landlord and Master Landlord and the Architect and shall manage the Project in accordance with the Project Schedule and the Contract Documents.

3. The Developer shall regularly schedule and conduct meetings with Tenant, Landlord, Master Landlord, Contractor and Architect as necessary to discuss procedures, progress, performance, payment, budget and scheduling. To insure that parties are able to attend such meetings, the Developer shall give written notice of the meeting to the meeting participants and any other person the Tenant may choose to designate at least three (3) business days prior to the meeting.

4. Utilizing the most current information provided by the Contractor, the Developer shall update the Project Schedule incorporating the activities of the Contractor on the Project, including activity sequences and durations, allocation of labor and materials, processing of shop drawings, product data and samples, and delivery, of products requiring long lead time and procurement. The Developer shall update and reissue the Project construction schedule as required to show current conditions. If an update indicates that the previously approved Project Schedule may not be met, the Developer shall take appropriate corrective action.

5. The Developer shall obtain satisfactory performance from the Contractor. The Developer shall take appropriate action when requirements of a contract are not being fulfilled. The Developer shall monitor the construction costs. The Developer shall show actual costs for activities in progress and estimates for uncompleted tasks by way of comparison with such approved estimate.

6. The Developer shall send Tenant, Landlord and Master Landlord copies of all correspondence related to the Project.

7. The Developer shall maintain accounting records on authorized work performed under unit costs, additional work performed on the basis of actual costs of labor and materials, and other work requiring accounting records. The Developer shall develop and implement procedures for the review and processing of applications by the Contractor for progress and final payments.

8. Based on the Developer's observations and evaluations of each Contractor's Application for Payment, the Developer shall review and certify the amounts due the Contractor.

9. The Developer shall prepare a Project Application for Payment based on the Contractor's Certificates for Payment, obtain approval of the same from all applicable reviewing agencies (Landlord, Master Landlord, Tenant), and arrange for payment to Contractor from the Project Funds, and shall discretely invoice and identify for Tenant and GHP the NWC Tenant Improvements and GHP Tenant Improvements.

10. The Developer's certification for payment shall constitute a representation to Tenant, Landlord and Master Landlord that, to the best of the Developer's knowledge, information and belief, the work has progressed to the point indicated and the quality of the work is in accordance with the Contract Documents. The foregoing representations are subject to an evaluation of the work for conformance with the Contract Documents upon Substantial Completion, to results of subsequent tests and inspections, to minor deviations from the Contract Documents correctable prior to completion and to specific qualifications expressed by the Developer. The issuance of a Certificate for Payment shall further constitute a representation that the Contractor is entitled to payment in the amount certified.

11. The Developer shall seek review and approval from Landlord's property insurance carrier for all plans and construction installations relating to fire alarm and fire sprinkler installations and/or modifications.

**NORTHWEST CENTER CHILD CARE LEASE**

12. The Developer shall review the safety programs developed by the Contractor for purposes of coordinating the safety programs with those of the other contractors. The Developer's responsibilities for coordination of safety programs shall not extend to direct control over or charge of the acts or omissions of the Contractor, Subcontractors, agents or employees of the Contractor or Subcontractors, or any other persons performing portions of the work and not directly employed by the Developer.

13. The Developer shall determine in general that the work of each Contractor is being performed in accordance with the requirements of the Contract Documents to guard the Landlord, Master Landlord and Tenant against defects and deficiencies in the work. The Developer shall have authority to require additional inspection or testing of the work in accordance with the provisions of the Contract Documents, whether or not such work is fabricated, installed or completed. The Developer, in consultation with the Architect, may reject work that does not conform to the requirements of the Contract Documents.

14. The Developer shall schedule and coordinate the sequence of construction in accordance with the Contract Documents and the latest approved Project Schedule.

15. The Developer shall transmit to the Architect requests for interpretations of the meaning and intent of the Contract Documents, and assist in the resolution of questions that may arise.

16. The Developer shall review requests for changes, negotiate Contractor's proposals, submit recommendations to the Tenant, Landlord and Master Landlord, and, if they are accepted, prepare Change Orders and Construction Change Directives that incorporate the modifications to the Documents, and report final changes to Tenant, Landlord and Master Landlord.

17. The Developer shall obtain Certificates of Insurance from the Contractor and all Subcontractors in accordance with Article V below and forward them to Landlord, Master Landlord and Tenant.

18. The Developer shall record the progress of the Project. The Developer shall submit written progress reports to the Tenant, Landlord and Master Landlord, and to any other individual the Tenant so designates, including information on each Contractor and each Contractor's work, as well as the entire Project, showing percentages of completion.

19. The Developer shall maintain at the Project site for the Landlord, Master Landlord and the Tenant one record copy of all Contract Documents, in good order and marked currently to record changes and selections made during construction. The Developer shall make all such records available to the Architect and upon completion of the Project shall deliver them to the Tenant along with copies thereof to Landlord and Master Landlord.

20. The Developer shall arrange for the delivery, storage, protection and security of materials, systems and equipment that are a part of the Project until such items are incorporated into the Project.

#### C. Completion Phase

1. With the maintenance personnel of Tenant, Landlord and Master Landlord, the Developer shall observe the Contractor's final testing and start-up of utilities, operational systems and equipment.

2. When the Developer considers the Contractor's work or a designated portion thereof substantially complete, the Developer shall, jointly with the Contractor, prepare for the Architect a list of incomplete or unsatisfactory items and a schedule for their

completion. The Developer, Tenant, Landlord, Master Landlord and the Architect shall conduct inspections to determine whether the work or designated portion thereof is substantially complete.

3. The Developer shall coordinate the correction and completion of the work. Following issuance of a Certificate of Substantial Completion of the work or a designated portion thereof, the Developer shall evaluate the completion of the work of the Contractor and make recommendations to the Architect when work is ready for final inspection. Prior to final inspection, the Developer shall notify Tenant, Landlord and Master Landlord and the Contractor of the day and time such inspection shall take place, giving each an opportunity to be represented at the final inspection. The Developer and the Architect shall conduct final inspections.

4. The Developer shall secure and transmit warranties and similar submittals required by the Contract Documents, and deliver all keys, manuals, record drawings and maintenance stocks to the Tenant, Landlord and Master Landlord.

5. The Developer shall provide Landlord, Master Landlord and Tenant with one set each of permit drawings for the Project upon substantial completion of the work.

6. The Developer shall require the Contractor to furnish its application for final payment and all supporting documentation within ninety (90) days following substantial completion of the work, after which Contractor shall not be entitled to further payment.

7. Duties, responsibilities and limitations of authority of the Developer as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Tenant, Landlord, Master Landlord, Developer, Architect and Contractor. Consent shall not be unreasonably withheld.

### III. FUNDING COVENANTS

A. In order to obtain funding from HSD, Tenant has entered into a Child Care Facility Agreement dated August 5, 2009 with the City of Seattle acting by and through its Human Services Department (the "**Funding Agreement**"). Developer acknowledges that it has received and reviewed a copy of the Funding Agreement and has familiarized itself with the conditions to release of City funds to Tenant and the requirements imposed on Tenant regarding construction of the Project. In order to assure Tenant's compliance with the Funding Agreement, Developer agrees as follows:

1. No later than ten (10) days after the date of this Agreement, Developer shall have obtained all permits and approvals necessary to construct the Project;
2. No later than ten (10) days after the date of this Agreement, Developer shall have entered into a guaranteed maximum price Construction Contract with the Contractor that conforms with the requirements stated in Sections 5, 7, 9, 10, 11 and 12 below;
3. No later than ten (10) days after the date of this Agreement, Developer shall have obtained such written agreements and consents on terms acceptable to HSD from the Master Landlord and Landlord as are reasonably necessary for Developer to cause the Project to be constructed with the Project Funds.
4. Developer shall cooperate with Tenant's efforts to obtain Project Funds from Master Landlord and HSD;

5. The General Construction Contract shall provide for a 10% retainage of funds until the Project is completed and, with respect to retainage equal to 5% of the amount of the Construction Contract, shall provide that the retainage shall be released when the conditions stated under RCW 60.28 have been satisfied, and the balance shall be released upon final completion of the Project;
6. The Project shall be performed in accordance with the Plans except to the extent any changes are accepted by HSD and approved by Tenant, Landlord and Master Landlord;
7. Developer shall insure that the design and construction of the Project shall conform to City of Seattle and State of Washington standards for a child care facility, including without limitation those referred to SMC 23.49.012, and all applicable laws and regulations relating to accessibility for persons with disabilities;
8. No later than two hundred seventy (270) days after the date of this Agreement, Developer shall cause all of the following conditions to be satisfied:
  - (a) The Project shall be completed, with all fixtures, furnishings, equipment and amenities necessary for purposes of operation of a licensed child care facility;
  - (b) The Seattle Department of Planning and Development shall have issued a final Certificate of Occupancy for the Project;
  - (c) All other portions of the building where the Project is located and the building systems that are reasonably necessary for the operation of a child care space within the Project shall be completed and functioning.
9. Developer shall contract with a qualified general contractor for the improvements related to the Project under a form of contract acceptable to HSD; the construction contract shall include standard provisions required for work on the Property pursuant to the Master Lease, including without limitations provisions requiring payment of at least the Washington State prevailing wages for public works projects and a provision for retainage of 5% of the total contract amount, consistent with RCW 60.28.011; any change orders to the construction contract that would materially affect the design of the child care space within the Project or that cumulatively would exceed 1% of the total construction contract amount, shall require the written consent of HSD;
10. Developer shall require Contractor to provide a bond consistent with the terms of SMC Ch. 23.48, unless such requirement is waived in writing by HSD;
11. Developer shall comply and require its contractors to comply with the City Fair Contracting Practices ordinance, SMC Ch. 14.10 and with SMC Ch. 20.42, the City Equality and Contracting ordinance;
12. Developer shall comply with the requirements of SMC Ch. 20.45, regarding equal benefits;
13. Developer shall cause the Project to be developed in compliance with all applicable federal and state statutes and city ordinances, including without limitation all environmental laws and all federal, state and local laws and regulations in regard to the handling and disposing of hazardous substances.

14.(a) Developer shall fund and Tenant, Landlord and Master Landlord shall not be responsible for any Project development, design, construction or other costs which exceed the GMP and available Project Funds provided that Tenant shall be responsible to fund from its separate resources the cost of any net-additional cost change orders required by Tenant after the finalization of the Project Budget and the GMP.

(b) If Tenant requests a change, addition or alteration to the Plans after the finalization of the Project Budget and the GMP, Developer shall have such revisions to the Plans prepared. Promptly upon completion of the revisions, Developer shall notify Tenant in writing of the estimated increased cost, if any, which would be chargeable to Tenant by reason of such change, addition or deletion. Tenant, within two (2) business days, shall notify Developer in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Developer shall disregard the requested change, addition or alteration. In the event Tenant approves such revision (including the cost of revision of the Plans and estimated cost increases) and such revision results in higher actual construction costs exceeding the GMP, such increased costs which exceed the GMP but don't exceed the Developer's estimate shall be deemed a net-additional cost change order and Tenant shall pay such net-additional cost upon demand.

B. In order for Master Landlord to cause the GHP Tenant Improvements to be constructed, Landlord has entered into the Letter Agreement with Master Landlord, and Tenant has entered into the Lease with Landlord. Developer acknowledges that it has received and reviewed a copy of the Letter Agreement and the Lease and has familiarized itself with the requirements therein, and that those terms impose certain requirements on Master Landlord, Developer and Contractor, and that Developer shall fully comply with and implement the requirements imposed on Developer in those documents.

#### IV. TERMINATION

Either party may terminate this Agreement upon a minimum of 30 days written notice if the other party has failed to substantially perform in accordance with the language set forth within this Agreement.

#### V. INSURANCE

A. The Developer shall require the Contractor to obtain the following insurance in regard to the Project:

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. **Professional Liability:**

Professional Liability, Errors and Omissions coverage.

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

3. **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.

4. **Workers' Compensation:**

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

5. **Employers Liability or "Stop-Gap":**

The protection provided by the Workers' Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability policy.

B. The Contractor shall maintain limits no less than the following:

1. *General Liability*: \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage, and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
2. *Professional Liability, Errors and Omissions*: \$2,000,000
3. *Automobile Liability*: \$2,000,000 combined single limit per accident for bodily injury and property damage.
4. *Workers' Compensation*: Statutory requirements of the State of Washington.
5. *Employers' Liability or "Stop Gap" coverage*: \$2,000,000.

In connection therewith, Developer shall cause the Tenant Indemnitees (defined below) to be named as additional insureds on the Contractor's Commercial General Liability insurance policy and Business Auto Coverage policy.

The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located insurance for protection from claims under workers' or workmen's compensation acts and other employee benefit acts which are applicable, claims for damages because of injury to persons, including death, and from claims for damages, other than to the work itself, to property which may arise out of or result from the Contractor's operations on the Project, whether such operations be by the Contractor, a Subcontractor or anyone directly or indirectly employed by any of them. This insurance shall be written for not less than limits of liability specified above and shall include contractual liability insurance applicable to the Contractor's obligation to indemnify the Tenant Indemnitees. Certificates and additional insured endorsements of such insurance shall be filed with the Tenant Indemnitees prior to the commencement of the work.

C. The Certificates of Insurance shall contain the following provisions:

- (a) Name the Tenant Indemnitees as additional insured (excluding Professional Liability and Workmen's Compensation);
- (b) In the event of any change in the limits of liability, decrease in coverage or other material change in coverage, or the cancellation of insurance in its entirety, the insurer must give the Tenant Indemnitees written notice at least thirty (30) days prior to the effective date of such change or cancellation and insurance coverage shall remain in force during said thirty (30) day period; and
- (c) Waiver of any right of subrogation of the insurers against the Tenant Indemnitees and their agents or beneficiaries.

D. If Contractor fails to carry or provide evidence of insurance provided for herein, the Tenant Indemnitees and Developer shall have the right, but shall not have the obligation, to procure the same and charge the cost thereof to Contractor.

E. Developer shall require Contractor to carry sufficient insurance on its equipment at the site and en route to or from the site as may be necessary to fully protect itself and Developer acknowledges that Tenant, Landlord and Master Landlord shall have no responsibility or liability therefor.

**NORTHWEST CENTER CHILD CARE LEASE**



F. The Contractor shall be required to certify to the Tenant, Landlord and Master Landlord that it has obtained or will obtain similar certificates and endorsements of insurance from each of its Subcontractors before their work commences. Each Subcontractor must be covered by insurance of the same character and in the same amounts as the Contractor unless the Developer and the Tenant, Landlord and Master Landlord agree in writing that a reduced coverage is adequate. Each Subcontractor's insurance shall cover the Tenant, Landlord, Master Landlord and their agents and beneficiaries.

G. Tenant shall be responsible for purchasing and maintaining the Tenant's usual liability insurance.

H. The Developer shall purchase and maintain the Developer's usual liability insurance.

## VI. INDEMNIFICATION

A. Developer's Indemnification. The Developer shall protect, defend, indemnify, and save harmless each of the City, Tenant, Landlord and Master Landlord, and their respective officers, officials, employees, and agents, individually and collectively ("Tenant Indemnitees"), from any and all claims, demands, suits, penalties, losses, damages, judgments, or costs of any kind whatsoever (hereinafter "claims"), arising out of or in any way resulting from the Developer's officers, employees, agents, Contractors and/or subcontractors of all tiers, acts or omissions, performance or failure to perform this Agreement, to the maximum extent permitted by law, subject to the limitations defined by RCW 4.24.115, as now enacted or as hereinafter amended.

Developer's obligations under this Section VI shall include, but not be limited to:

1. The duty to promptly accept tender of defense and provide defense to the Tenant Indemnitees at Developer's own expense.

2. The duty to indemnify and defend the Tenant Indemnitees from any claim, demand, and/or cause of action brought by or on behalf of any of Developer's employees, or agents. The foregoing duty is specifically and expressly intended to constitute a waiver of Developer's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the Tenant Indemnitees only, with a full and complete indemnity and defense of claims made by Developer's employees. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

3. To the maximum extent permitted by law, Developer shall indemnify and defend the Tenant Indemnitees from and be liable for all damages and injury which shall be caused to owners of property on or in the vicinity of the construction of the Project or which shall occur to any person or persons or property whatsoever arising out of this Agreement, whether or not such injury or damage is caused by negligence of the Developer or caused by the inherent nature of the construction of the Project.

4. In the event any of the Tenant Indemnitees incur any judgment, award, and/or costs arising therefrom, including attorneys fees, to enforce the provisions of this Section, all such reasonable fees, expenses, and costs shall be recoverable from the Developer.

Notwithstanding the provisions contained in this subsection above, Developer's obligation to indemnify any of the Tenant Indemnitees shall not extend to any claim, demand or cause of action arising or in connection with the negligence, intentional acts or breach of this Agreement to the extent caused by such one of the Tenant Indemnitees or its respective agents or employees. Developer's obligation to other Tenant Indemnitees shall not be impaired by one Tenant Indemnitee's negligence, intentional acts or breach of this Agreement.

B. Owner's Indemnification. If prior to substantial completion of the Project, Tenant enters upon the Project and occupy any portion of the Project, Tenant shall protect, defend, indemnify, and save harmless Developer and its respective officers, officials, employees, and agents, from any and all claims, demands, suits, penalties, losses, damages, judgments, or costs of any kind whatsoever (hereinafter "claims") regarding the Project, arising out of or in any way resulting from Tenant's negligence to the maximum extent permitted by law.

Notwithstanding the previous paragraph contained in this subsection above, Tenant's obligation to indemnify Developer shall not extend to any claim, demand or cause of

action arising or in connection with the negligence, intentional acts or breach of this Agreement by Developer or any of its employees, partners, agents or contractors.

C. Notice of Claim. Any party making a claim for indemnification pursuant to this Section VI (an "Indemnified Party") must give the party from whom indemnification is sought (an "Indemnifying Party") written notice of such claim (an "Indemnification Claim Notice") promptly after the Indemnified Party receives any written notice of any action, lawsuit, proceeding, investigation or other claim (a "proceeding") against or involving the Indemnified Party by a government entity or other third party, or otherwise discovers the liability, obligation or facts giving rise to such claim for indemnification; provided that the failure to notify or delay in notifying an Indemnifying Party will not relieve the Indemnifying Party of its obligations pursuant to this Section VI except to the extent that the Indemnifying Party's ability to defend against such claim is actually prejudiced thereby. Such notice shall contain a description of the claim and the nature and amount of such loss (to the extent that the nature and amount of such loss is known at such time).

## VII. MISCELLANEOUS

A. The laws of the State of Washington shall govern this Agreement.

B. Each person signing on behalf of a party hereto represents and warrants that such person has full power and authority to bind such party.

C. This Agreement shall not be assigned, transferred or sold without the express written consent of Tenant.

D. The City, Landlord and Master Landlord are expressly identified as intended third party beneficiaries of this Agreement and shall be entitled to enforce the obligations of Developer hereunder in the same manner as if the each of these entities was a signatory hereto.

E. Notice, as required, shall be given to the following listed parties by way of their listed representative and at the address listed:

Tenant: Northwest Center  
Attn: Jane Dobrovolny  
7272 W. Marginal Way S.  
Seattle, WA 98108

Developer: Wright Runstad Associates Limited  
Partnership

Attn: Diane Undi Haga  
1201 Third Avenue, Suite 2700  
Seattle, WA 98101

Landlord: King County  
Facilities Management Division  
Real Estate Services Section  
King County Administration Building  
500 Fourth Avenue, Room 500  
Seattle, Washington 98104  
Attn: Manager

Master Landlord: Goat Hill Properties  
1218 Third Avenue, Suite 1403  
Seattle, Washington 98101  
Attn: Misty Baskett

F. This Agreement constitutes the final, complete, and entire agreement among the parties and supersedes any prior agreement or understanding among them, oral or written, all of which are hereby cancelled. This Agreement may not be modified or amended except by written agreement by both parties.

DATED as of the date and year first above written.

TENANT: **NORTHWEST CENTER**

By: \_\_\_\_\_

Its: \_\_\_\_\_

DEVELOPER: **WRIGHT RUNSTAD ASSOCIATES LIMITED PARTNERSHIP**

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT E  
LICENSE

**EXHIBIT F**  
**COVENANTS AND RESTRICTIONS FOR CHILD CARE SPACE**