

INTERLOCAL JOINT-USE AGREEMENT

This Agreement is entered into on the 28th day of March, 1985 between the CITY OF MERCER ISLAND, an optional municipal code city of the State of Washington (the "City"), and the MERCER ISLAND SCHOOL DISTRICT NO. 400, a school district of the State of Washington (the "District") and is intended to supersede the Interlocal Joint-Use Agreement entered into between the City and the District dated December 19, 1983 pertaining to improvements on a portion of the Islander Middle School property owned by the District.

WITNESSETH:

WHEREAS, it is in the best interest of the residents of the City and the District that the City be permitted to construct and operate sports facilities, recreational equipment, picnic areas, pathways and trails, play areas for passive recreational use, restrooms, parking lots, and other facilities on a portion of the Islander Middle School property owned by the District in the area shown as Area "A" on Attachment 1, which is incorporated by this reference (hereinafter "Area A"); and

WHEREAS, the District agrees to construct a soccer field and make other improvements in the area shown as Area "B" on Attachment 1 hereto (hereinafter "Area B"); and

WHEREAS, the City and the District agree to work together jointly in conjunction with each other in the planning, construction, maintenance and operation of complimentary facilities for recreational use on areas "A" and "B"; and

WHEREAS, the facilities to be constructed, operated and maintained by the City may include soccer, football and baseball fields, improvements to existing pathways and trails, installation of new equipment and other improvements to picnic areas and play areas for recreational use, and the construction of an all-weather surface athletic field with lighting (the District agrees that lighted fields will be permitted), restroom facilities, parking and bleachers;

NOW, THEREFORE, it is AGREED BETWEEN THE CITY AND THE DISTRICT AS FOLLOWS:

1. The facilities to be constructed by the City and the District on Areas A and B may be jointly used by the City and the District as provided herein.
2. In Area A the City shall be responsible for the design of the facilities and the preparation of plans and shall supervise construction of the facilities, provided, that prior to commencement of construction, the final design shall be submitted to the District for its review and approval. Any subsequent improvements within Area A will be subject to review and prior approval by the District.
3. Title to all realty shall remain in the District and ownership of the improvements within Area A shall remain in the City, with the exception of the track and track support facilities which are to be constructed at District expense.

(Attachment A)

4. The City shall have the authority to schedule the use of the facilities in Areas A & B. The District shall have priority in the use of the facilities in Area A on days when school is in session until the school day dismissal time. After 5:00 p.m. and on non-school days the City shall have priority in the use of the facilities in Area A. Annually the City through its City Manager or his or her designee and the District through its Superintendent of Schools or his or her designee shall negotiate use of the facilities in Area A on days when school is in session between the school day dismissal time and 5:00 p.m., with the current contemplation of the parties being that the City and the District shall share use of the facilities in Area A during those hours on an approximately equal basis.

5. The District shall have priority use of the facilities in Area B.

6. With the exception of provisions pertaining to maintenance of the facilities set forth in Attachment 2, which is incorporated by this reference, this Agreement shall be for a period of twenty (20) years from the date the City Council accepts the first phase of the improvements within Area A as complete.

7. It is understood and agreed that after the expiration of the aforementioned twenty (20) year period, this Agreement shall continue indefinitely on the same terms, however, either party to this Agreement may at any time after the expiration of the twenty (20) year period terminate this Agreement by giving, in writing, to the other party, twelve (12) month's notice of its intention to terminate same. In the event that the District cancels this Agreement subsequent to the expiration of the initial twenty (20) year period, the District shall reimburse and pay the City for the actual value less depreciation, of improvements other than the track and track support facilities, which are installed with funds other than those raised as a result of the September 20, 1983 bond issue, including interest accrued on such bond funds through September 1, 1985. The depreciable life of any improvements subject to District reimbursement within Area A must be agreed to by the City and the District prior to the start of construction. Within thirty (30) days of acceptance of completion of such improvement, the City shall provide the District with a written itemization of the cost thereof, which shall form the basis on which depreciation shall apply.

8. It is agreed that the City shall hold harmless and defend the District, its officers, agents or employees from all damages, costs or expenses resulting from injury to persons or property as a result of the use of the facilities in connection with programs sponsored by the City.


9. It is further agreed that the District shall hold harmless and defend the City, its officers, agents or employees from all damages, costs or expenses resulting from injury to persons or property as a result of the use of the facilities in connection with programs sponsored by the District.

10. In consideration of mutual benefits to be derived by the City and the District in the joint use of the facilities to be constructed in Areas A and B, the parties agree to the provisions regarding the maintenance, operation and repair which are set forth in Attachment 2.

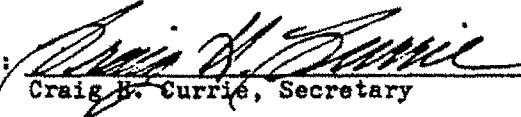
CITY OF MERCER ISLAND

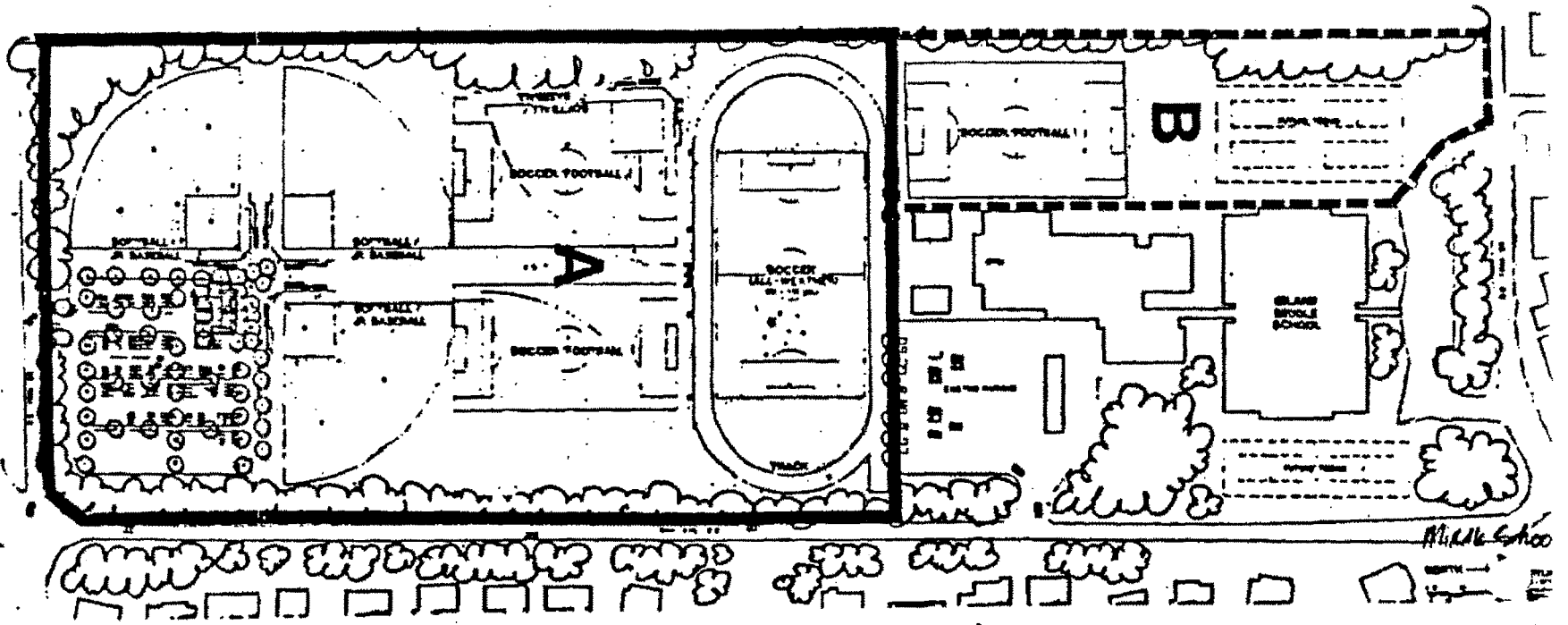
MERCER ISLAND SCHOOL DISTRICT NO. 400

By: 
Fred Jarrett, Mayor

By: 
Gretchen Ilgenfritz, President

By: 
Debra E. Symmonds, City Clerk

By: 
Craig R. Currie, Secretary



ATTACHMENT 2

AGREEMENT REGARDING MAINTENANCE, OPERATION AND REPAIR
OF FACILITIES TO BE CONSTRUCTED IN AREAS A AND B

1. The City shall maintain, operate (including without limitation water, electricity and sewer) and repair the improvements it has made in Area A at its sole cost and expense with the exception of the track and track support facilities which are constructed at District expense and which will be maintained by the District at its sole cost and expense (including without limitation water, electricity and sewer).
2. The City shall maintain the soccer field which will be constructed at District expense in Area B and shall also maintain the grassed area immediately to the north of the soccer field.
3. Maintenance in the unimproved portion of Area B will be limited to mowing only and future improvements in this area will be the maintenance responsibility of the District.
4. The City agrees to maintain Areas A and B, with the exception of the grassed area to the north of the soccer field, at acceptable sport field conditions, as specified in Attachment 3 which is incorporated by this reference.
5. The City reserves the right to limit the use of the fields within Areas A and B for purposes of maintenance and for safety of the playing surfaces and will obtain District approval prior to limiting the use of the facilities in Area B and prior to limiting the use of the facilities in Area A during the school day.
6. Major repairs or improvements in Area B shall be at the sole cost and expense of the District, unless the required repairs are the result of damages caused by use of the facilities in connection with programs sponsored by the City.
7. Upon final acceptance by the City of the completed improvements in Areas A & B, the District agrees to share in the cost of maintenance work done by the City in Areas A and B by reimbursing the City for a portion of the cost of said maintenance work. The District agrees to reimburse the City in an amount equal to \$21,175 per year by reducing the City rental payments (which do not include utilities, maintenance and insurance payments still required of the City under paragraphs 5, 6 and 7 of the parties' lease of Mercer View Elementary School) for said lease to zero for the remainder of the term of the Mercer View Elementary School lease subject to all other conditions of said lease.
8. No later than six months prior to termination of the Mercer View Elementary School lease agreement in August 1990, the City and the District will commence a renegotiation of the maintenance reimbursement which shall be included as a further attachment to the Interlocal Joint-Use Agreement. The new Agreement shall modify or supersede the provisions herein regarding maintenance, operation and repair of the facilities and reimbursement for the costs thereof.

ATTACHMENT 3

MINIMUM ROUTINE MAINTENANCE STANDARDS

1. Mow three times a week April through October
2. Fertilize four times a year
3. Complete weeding in the spring
4. Maintain weed control through September
5. Winterize weeding October
6. Bark spring and fall
7. Daily trash pick-up (5 days/week)
8. Sweep parking lot twice a month and as needed
9. Daily restroom maintenance (5 days/week)
10. Pre-planned scheduling of events

LEASE AGREEMENT

WHEREAS, the Mercerview Elementary School site has been used by the residents of the City of Mercer Island as a community center since September 1, 1980; and

WHEREAS, the residents of the City have come to view the Mercerview Community Center as a public facility wherein community services are provided, rather than as a school site; and

WHEREAS, the community services provided at the Community Center consist of cultural, recreational, and youth and family services, and activities associated therewith, which services are of direct benefit to both the City and the Mercer Island School District; and;

WHEREAS, it is desirable and in the best interests of the residents of the City that the City continue to lease the Mercerview site from the school district and continue to operate the Community Center; now, therefore,

IT IS HEREBY AGREED TO between the Mercer Island School District No. 400 (hereinafter "the District") and the City of Mercer Island, Washington (hereinafter "the City") as follows:

1. Lease. For and in consideration of the covenants and agreements hereinafter set forth, the District hereby leases to the City and the City hereby leases from the District the improved real property commonly known as Mercer View Elementary School, located at 8236 S.E. 24th Street, legally described in Exhibit A and depicted on Exhibit B, which exhibits are attached hereto and by this reference incorporated herein (the "Property").

2. Uses. The purpose of this Lease is to allow the City to use the property as a site for a Community Center with cultural, recreational and youth and family services uses. No other use of the Property may be made without the prior written consent of the District

3. Term.

3.1 Term. The term of this Lease shall be three (3) years, commencing on the date this document is signed by both the City and the District.

3.2 First Right to Purchase. The District and the City agree that if the District decides to sell the Property during the term of this lease or any extension thereof, the City shall have the first opportunity to purchase the Property from the District on mutually

agreeable terms. If the City desires to purchase the Property, the details of the purchase must be agreed to in writing within ninety (90) days of the written notification of the District's intent to sell the Property. If no agreement is reached within the ninety (90) day period, the City's first right to purchase the property shall expire.

3.3. Termination. The District may terminate the lease if the facility is required to be used as a school facility, as determined by the District and upon giving a minimum of twelve (12) months written notice to the City prior to the effective date of termination. If the District decides to sell the Property, the District may terminate the lease only after the first year of the lease and upon giving a minimum of fifteen (15) months written notice to the City prior to the effective date of termination. If a sale of the Property closes prior to the end of the fifteen (15) month notice period, the City will be permitted to continue as Lessee of the facility under the terms of this lease until the effective date of termination and the City will not be required to make any payment to the purchaser of the Property during this period of occupancy. If the Lease is terminated by the District, the District shall work with the City to find a suitable alternative site for a Community Center through accommodation of Community Center uses at other school facilities, to the extent space is available.

4. Rent.

4.1 Rent. In lieu of payment of a monetary amount, the City shall provide services to the District and enable the District to achieve savings in utility costs for City furnished utilities so that the value to the District is commensurate with a fair rental amount for the facility for the three (3) year term of the lease.

4.2 Payment. The services to be provided and the anticipated cost savings are as follows:

a. Maintaining the areas described as areas A and B in the Interlocal Joint Use Agreement for the playfields at the Islander Middle School. The value to the District for such maintenance each year is at least

\$42,000.00

b. The City will analyze and restructure its current method of billing for Metro sewer charges, City metered sewer charges, and storm sewer charges. This should result in savings to the District in an annual amount of at least

\$16,000.00

c. The City will participate in the Island Park Elementary School Traffic Safety Project. The estimated City street portion of the cost of the project is \$17,000 plus an additional expense for the design of the City's portion which is estimated at \$2,000

\$19,000.00

5. Utilities. As additional rent hereunder, the City shall pay, promptly and before delinquency, all charges, including local improvement district bonded and amortized assessments and connection charges, for oil, gas, electricity, water, drainage, sewage, heat, power, telephone, television, garbage collection and any other such utilities used by the City on the Property during the term of this lease.

6. Improvements. The City may place or construct buildings, make alterations, additions, and other improvements ("Improvements") on the Property for those uses provided in Section 2, on the condition that the City shall have first obtained for each Improvement the prior written approval of the District. The City shall be deemed to be the owner of all Improvements until the expiration or termination of this Lease. If, during the term of this Lease, Improvements are constructed, the City shall comply with the following:

6.1 Approval of Plan. The City shall not undertake to construct any improvements until the plans and specifications concerning said Improvements have been approved in writing by the District. In the writing approving the plans and specifications for each of the Improvements, the District shall designate those Improvements which shall remain on the Property and become the property of the District upon the expiration, cancellation, or termination of this Lease (the "Permanent Improvements"). The remainder of the Improvements shall be removed and the Property restored as provided in Section 16.

6.2 Costs and Expenses. The City shall pay all costs and expenses arising out of or in connection with the construction of Improvements, including, without limitation, payment of debts obtained for construction, insurance, and fees for permits and licenses. The City shall make payments of all such costs and expenses promptly and before delinquency.

6.3 No Liens. the City shall keep the Property free and clear of all mechanic's, materialman's, laborers', or other liens arising out of or in connection with the

construction of Improvements, provided, however, the City may contest any liens as provided in Section 9.

6.4 Compliance With Laws. The Improvements, and the construction thereof, shall comply in all respects with the laws, ordinances, rules, and regulations of all governmental agencies or authorities having jurisdiction over the Improvements, or construction thereof, including without limitation the Americans With Disabilities Act.

6.5 Indemnity. The City will indemnify and hold the District harmless from and against any and all costs, damages and expenses, including reasonable attorneys' fees, arising out of or in connection with the construction of Improvements, except for such costs, damages, and expenses arising out of or caused by the negligence or intentional act of the District, its agents and employees.

6.6 Permits and Licenses. Before commencing any construction, the City shall obtain all necessary permits and licenses from all appropriate governmental agencies with jurisdiction, and on request by the District, the City shall furnish proof of compliance with this paragraph.

6.7 Insurance. During the construction of Improvements, the City shall maintain in full force and effect comprehensive public liability and property damage insurance in amounts as may reasonably be required by the District.

6.8 Advance Notice. Prior to the commencement of construction or installation of any Improvements, the City shall provide the District with written notice of the commencement date of construction or installation and the estimated length of time to complete the construction or installation.

7. Subletting and Assignment. The City shall not sublet the Property in whole or in part for periods exceeding one year and shall not assign or transfer this Lease, or any interest herein, without the prior written consent of the District, which consent shall not be unreasonably withheld. Any sublease in excess of one year or assignment without the prior written consent of the District shall be a default under this Lease and shall, at the option of the District, terminate this Lease. Any sublessee, assignee or transferee of this Lease shall take subject to this Lease and in the event this Lease is assigned, sublet or transferred, the Lessee hereunder shall in no way be released from any obligation hereunder.

8. Maintenance. The City shall pay all costs of maintaining and repairing the grounds and buildings located

at the premises, including, but not limited to maintenance and repairs of the roof, walls, other portions of the basic structure and the heating/ventilating system, in a manner to allow the premises to be used as a Community Center except that the City shall not be required to repair any damage caused by fire, earthquake, or other casualty covered by paragraph 14 below. The City shall, at its sole cost, keep the Property and the Improvements constructed in good repair, and in a clean and sanitary condition and free of debris. The exterior of the building shall be kept sightly, presentable and in good condition, and the lands associated with the Property shall be kept neat and well landscaped. Repair and maintenance of the Property shall be in accordance with and consistent with local ordinances and the legal authorized direction of public or governmental agencies having jurisdiction over the Property and the Improvements.

No replacement of all or any portion of the roof, walls, other portions of the basic structure, or the heating/ventilation system shall be performed by the City without the permission of the District. In the event the useful life of such replacement, which is deemed to be ten (10) years, exceeds the balance of the Lease term, the expense thereof shall be shared by the City and the District. The City shall pay the pro rata portion of such expense attributed to the balance of the Lease term. (For example, if the balance of the lease term is two years when the improvement is completed the City's share of the cost would be 20% and the District's share would be 80%.) If the District does not give the City permission to perform such replacement, the City may make the replacement at its own expense or the City has the option to terminate this Lease.

9. Liens. The City shall keep the property free and clear of any and all liens arising out of or in connection with this Lease or the City's use of the Property. The City shall promptly pay and discharge any debts or claims for payment upon which any lien could be based, and shall indemnify and hold the District harmless from and against any such liens, suits or other proceedings pertaining thereto. If the City desires in good faith to contest the validity or amount of any lien or claim for payment, the City shall be permitted to do so, on the condition that the City gives the District written notice thereof at least fifteen (15) days prior to the date the payment is claimed to be due and prior to the commencement of any contest. If deemed reasonably necessary by the District, the District may require, as a condition to the contest of any lien, that the City post a bond in the amount of 150% of the amount of the lien to protect the District's interest in the Property. After the giving of such notice and the posting of a bond if required by the District, the City's contest of any lien, so long as the matter shall remain undetermined by final

judgment, shall not be considered a default hereunder for nonpayment.

10. Taxes and Assessments. Should any real or personal property taxes or assessments be levied upon or against the Property, or should any excise or leasehold tax be imposed as a result of this Lease, the City agrees to pay such taxes or assessments when due, and the City agrees to reimburse the District for all such taxes and assessments chargeable to or charged against the District arising out of or in connection with this Lease and the City's use of the Property.

11. Condition of Property. The City has examined the Property and accepts it "as is," and acknowledges that the District has made no representation or warranty with respect to the condition of the Property, the habitability of the Property, or the suitability of the Property for the purposes or uses which the City may intend.

12. Insurance.

12.1 Hold Harmless. To the extent Lessee is empowered to do so by Washington State Law, the City agrees to hold the District harmless and to indemnify and defend the District against claims or liability for damage to any person or property caused by the negligence of the City or arising out of the City sponsored, controlled, or approved activity on the Property and against claims or liability arising out of any material supplied to or labor performed on the Property.

To the extent the District is empowered to do so by Washington State law, the District agrees to hold the City harmless and to indemnify and defend the City against claims or liability for damage to any person or property caused by the negligence of the District or arising out of a District-sponsored, controlled, or approved activity on the Property and against claims or liability arising out of any material supplied to or labor performed on the Property.

12.2 Casualty Insurance. The City shall maintain extended coverage to keep the Property insured against loss or damage by fire, casualty, vandalism, malicious mischief and all other available coverage for other hazards, to the extent of the full replacement value of the Property and the Improvements.

12.3 Quality of Insurance, Waiver of Subrogation. The insurance policies maintained by the City hereunder shall be written by companies reasonably satisfactory to the District and shall provide that they cannot lapse, be cancelled, or materially altered without at least thirty (30) days' prior written notice to the

District. The policies also shall provide that the insurance companies waive all right to recovery by way of subrogation against either party hereto in connection with any damage, injury or death covered by the policies, and the parties hereto release each other from liability for any such damage, injury or death covered by the policies. The City shall provide the District with a certificate of insurance for each policy of insurance required hereunder.

12.4 Personal Property. Nothing herein shall prevent the City from obtaining, at its sole cost and expenses, casualty and other insurance covering the fixtures and the items of personal property which the City may use at the Property. All personal property on the Property shall be at the risk of the City and the District shall not be responsible for it.

13. Indemnity. The District shall not be liable for any loss, injury, death or damage to persons or property that may be suffered by the City or any person on the Property, and the City shall indemnify and hold the District harmless against all claims, liability, loss or damage thereof. This Section shall not apply to any loss, injury, death or damage by reason of the negligence of the District, its agents or employees.

14. Condemnation.

14.1 Status of Lease. If all or any portion of the Property is taken by the power of eminent domain, or the threat thereof, whether with or without litigation, this Lease shall terminate as to the portion of the Property so taken as of the date possession passes to the condemning authority. In addition, either party may, upon written notice to the other party prior to the date possession passes to the condemning authority, elect to terminate this Lease in its entirety upon the date possession passes, except that Lessee may terminate this Lease in its entirety only if so much of the Property is taken as to render the use of the remainder of the Property for the uses enumerated in Section 2 impractical. If this Lease is not terminated in its entirety, this Lease will remain in full force and effect as to the portion of the property not taken, with rent applied pro rata as to the part not taken.

14.2 Division of Condemnation Award. The District shall be entitled to the entire award resulting from the condemnation, or threat thereof, of all or any portion of the Property, and Lessee hereby assigns to the District all right and interest which Lessee may have in any such condemnation award. Nothing herein shall be deemed to give the District any interest in any portion of a condemnation award covering fixtures or items of personal property owned by Lessee.

15. Damage and Destruction.

15.1 Total Destruction. In the event of damage to or destruction of the Property or any substantial portion thereof which make the continued use of the Property for the purposes enumerated in section 2 impractical, the City immediately shall give the District written notice thereof. The District shall have ninety (90) days from the date of receipt of such notice to decide whether the Property should be rebuilt, and if the District elects to rebuild the Property, to give the City written notice of its election. If the District so elects to rebuild, all insurance proceeds shall be made available to the District, and construction shall commence without unreasonable delay. During the period of construction, the obligations of the City under this Lease shall apply only to those portions of the Property which are available and not impractical for the City's use. If the District does not notify the City in writing within the ninety (90) days notice period of its election to rebuild, this Lease shall be deemed to have terminated on the day after the expiration of the ninety (90) day notice period, and all insurance proceeds paid or owing on the Property shall be paid to the District.

15.2 Partial Destruction. In the event of damage to or destruction of a portion of the Property which does not make the continued use of the Property for the purposes enumerated in section 2 impractical, the City shall, without unnecessary delay and without a reduction in its obligations hereunder, repair or rebuild the portion of the Property so damaged or destroyed. In rebuilding the Property, the City shall comply in all respects with the construction provisions of Section 6. The City shall be entitled to all insurance proceeds.

16. Damages for Improvements. In the event the City has constructed Improvements on the Property as provided by section 6, the District shall pay the City as additional liquidated damages in the event of early cancellation of this Lease, a dollar amount which bears the same proportion to the cost of each Improvement as the number of Lease Years remaining in the term of this Lease bears to the number of Lease Years, which remained in the term of this Lease on the date the installation or construction of the Improvement was completed. For purposes of this calculation, a fraction of a Lease Year shall be considered a whole Lease Year.

17. Return of Property. Upon the expiration or earlier termination of this Lease, the Property shall be returned to the District in reasonably good condition, normal wear and tear excepted. The Improvements constructed by the City which have been designated pursuant to section 6.1 as permanent Improvements shall remain on the

Property and shall become the property of the District at no additional cost to the District. All other Improvements, fixtures added by the City and personal property owned by the City shall be removed from the Property, and the City at its sole cost, shall restore the Property to a reasonably good condition. All such Improvements, fixtures and personal property shall be removed prior to the date of expiration or earlier termination of this Lease, except that if this Lease is terminated by the District due to a default by the City, the City shall have fifteen (15) days from the date of the notice of termination to remove the Improvements, fixtures, and personal property.

18. Removal of Fixtures and Personal Property. If the City has not removed the Improvements, fixtures and personal property from the Property as required by and within the time period established in section 16, the District may upon fifteen (15) days' advance notice to the City but shall have no obligation to, remove the Improvements, fixtures and personal property from the Property and store the same in any place selected by the District, including but not limited to a public warehouse, all at the risk and expense of the City. The City shall claim and take possession of the Improvement, fixtures and personal property so removed and stored within fifteen (15) days of its receipt of a written demand by the District to do so, and the District shall release the same to the City upon payment by the City of the District's reasonable expenses of removing and storing the Improvements, fixtures and personal property. At the expiration of the fifteen (15) day period, all remaining Improvements, fixtures and personal property shall become, at the discretion of the District and at no additional cost to the District, the sole property of the District.

19. Entry on Property. The District, its agents and representatives, shall be entitled to enter the Property at reasonable times for the purpose of examining and inspecting the Property and determining compliance with the terms of this Lease.

20. Default. If the City uses the Property for any uses except those enumerated in section 2, attempts to sublease, assign, encumber or pledge its leasehold interest in violation of section 7; or fails to observe, perform or fulfill any other provision of this Lease and such act or omission continues for a period of thirty (30) days following written notice from the District of such act or omission (or an additional reasonable period if such act or omission cannot reasonably be cured within the thirty (30) day period), the City shall be in default hereunder.

21. Remedies for Default.

21.1 Generally. If a default occurs hereunder, the District may, at any time thereafter, exercise any and all remedies herein provided or otherwise provided by law. Without limiting any other rights or remedies hereunder, the District may terminate this Lease upon written notice to the City and may enter into and take possession of the Property by any and all lawful means.

21.2 Cumulative Remedies. The District's rights and remedies hereunder are cumulative in nature and pursuit of any particular remedy by the District shall not be deemed an election of remedies or a waiver of any other remedies available hereunder or otherwise available in law.

21.3 No Waivers. No waiver or forbearance of a breach of any covenant, term, or condition of this Lease shall be construed to be a waiver or forbearance of any other or subsequent breach of the same or of any other covenant, term or condition, and the acceptance of any performance hereunder, or the payment of any rent or other sum of money after the same has become due or at a time when any other default exists hereunder, shall not constitute a waiver of the right to demand payment of all other sums of money owed or a waiver of any other default then or thereafter existing.

22. Attorney's Fees.

22.1 Actions Between District and Lessee. If the District or the City shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease or the performance thereof (and including all appeals of any such actions), the losing party shall pay the successful party a reasonable sum for attorneys' fees, costs and other expenses which sum shall be deemed to have accrued on the commencement of such action and shall be paid.

22.2 Third Party Actions Against the District. Should the District, without fault on the District's part, be made a party to any litigation instituted by the City or by any third party against the City, or by or against any person using the Property by permission of the City, or for any foreclosure of any lien for labor or material furnished to or for the City or any such other person or otherwise arising out of or resulting from any act or transaction of the City or any such person, the City covenants to save and hold the District harmless from any judgment rendered against the District or the Property or any part thereof, and all costs and expenses, including reasonable attorneys' fees incurred by the District in, or in connection with such litigation, whether or not such action is prosecuted to judgment.

23. Notices. Any notice to be given hereunder shall be in writing and shall be deemed given when personally delivered, or when deposited in the U.S. Mail, certified or registered, return receipt requested, postage prepaid and addressed as follows, or to such other address as either party may hereinafter designate in writing.

To the District: Superintendent
Mercer Island School
District No. 400
4160 86th Avenue S.E.
Mercer Island, WA 98040-3732

To the City: City Manager
City of Mercer Island
9611 S.E. 36th Street
Mercer Island, WA 98040-3732

24. Occupancy. The City shall be entitled to occupancy of the Property as of the effective date of this Lease, subject to the receipt of any applicable permits.

25. Compliance With Laws. (New Section) The City will comply with all local, state, and federal ordinances, rules, regulations and statutes including, without limitation, all environmental laws.

26. Section Headings. The section headings in this Lease are inserted for convenience only and are not intended to be used in the interpretation of the contents or the sections they introduce.

27. Time. Time is of the essence of this Lease and each and every provision hereof.

28. Entire Agreement. This Lease contains the entire agreement of the parties hereto, and they acknowledge that there is no other written or oral understanding or promise between them in respect to the Property or to the terms of this Lease. This agreement may be altered, amended, or revoked only by an instrument in writing by the parties hereto.

29. Severability. If any term or provision of this Lease shall to any extent be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall be valid and enforceable to the fullest extent permitted by law.

30. Binding Effect. The parties hereto agree that all provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate section hereof.

31. Successors and Assigns. This Lease and all of its terms, covenants, restrictions and conditions shall be binding upon and inure to the benefit of the District, the City and their respective grantees, transferees, successors and assigns.

32. Nondiscrimination Clause. Use of the Premises leased herein shall not be denied unlawfully by any person based upon race, creed, color, national origin, sex, age, marital status, or handicapping condition.

IN WITNESS WHEREOF, the parties hereto have executed this Lease effective the day and year first above written.

MERCER ISLAND DISTRICT
 NO. 400
 KING COUNTY, WASHINGTON

CITY OF MERCER ISLAND
 KING COUNTY, WASHINGTON

By Boyd A. VanderHouwen
 School Board President

By Ellest Neuman
 Mayor

Richard J. [Signature]
 Secretary of Board of Directors

Alra E. Symmonds
 City Clerk

STATE OF WASHINGTON)
) ss.
 COUNTY OF KING)

On this 24th day of July, 1992, before me, the undersigned Notary Public in and for the State of Washington, personally appeared Boyd Vander Houwen, to me known to be the School Board President of Mercer Island School District No. 400, the municipal corporation that executed the foregoing instrument, and acknowledged the said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Judy K. Shannon

NOTARY PUBLIC in and for the State of Washington, residing at Redmond, WA My commission expires: May 30, 1993

STATE OF WASHINGTON))
COUNTY OF KING) ss.

On this 17 day of August, 1992, before me, the undersigned Notary Public in and for the State of Washington, personally appeared Elliot Neurman, to me known to be the Mayor of the City of Mercer Island a Washington State Agency that executed the foregoing instrument, and acknowledged the said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Candice Stephens
NOTARY PUBLIC in and for the State of Washington, residing at King County WA My commission expires: 1993

EXHIBIT A

Legal Description

The South 768.32' of the East 524.5' of Government Lot 1, Section 1, Township 24 N., Range 4, East W.M.; except the South 30' and the East 30' thereof, comprising approximately 8.3815 acres.