

WHATCOM COUNTY CONTRACT INFORMATION SHEET

Whatcom County Contract No.

Originating Department:	85 - Health
Division:	8550 - Human Services
Program:	855040 - Housing Program
Contract or Grant Administrator:	Eric Chambers
Contractor's / Agency Name:	Lake Whatcom Residential Treatment Center

Type of contract:	Standard Contract for Services	
Is this a new contract ? Yes	If not, is this an amendment or renewal to an existing contract? Yes/No	If amendment or renewal (per W.C.C. 3.08.11(a)), original contract #:
Is this a grant agreement? No	If yes, grantor agency contract numbers:	ALN: <i>Complete ALN field if contract involves direct federal grants/cooperative agreements or pass-through federal funds</i>
Is this contract grant-funded ? Yes	If yes, Whatcom County grant contract number(s): 202605002	
Is this contract the result of an RFP or Bid Process? No	If yes, RFP and Bid number(s):	Federal reimbursement? No
Procurement Method:	Other - (Explain) WCC 3.08.060(I)	
Council review requirements & exemptions:	Required - Contract/bid exceeds \$75,000	

Fund:	1853	Original Contract Amount (if amendment):	
Cost Center:	18538527	This Amendment Amount (if applicable):	
Object Account:	7190	Total Contract Amount:	3,087,940

Contract term ends: May 31, 2031

Contract routing (please initial & date):

Prepared by:	ekc 03/31/2026	Contractor signed:	
Contractor review:		Executive review:	
Attorney signoff:	jcw 05/11/2026	Council approval, if necessary:	AB#: AB2026-393
AS Finance review:	dmk 05/12/2026		
IT review (if related):		Executive signed	

CONTRACT FOR SERVICES
Between Whatcom County and Lake Whatcom Residential Treatment Center

Lake Whatcom Residential Treatment Center, hereinafter called **Contractor** and Whatcom County, hereinafter referred to as **County**, agree and contract as set forth in this Agreement, including:

Recitals, p. 3
General Conditions, pp. 4 to 13,
Additional Conditions, pp. 14 to 17,
Exhibit A (Scope of Work), pp. 18 to 23,
Exhibit B (Compensation), pp. 24 to 26,
Exhibit C (Certificate of Insurance)
Exhibit D (Deed of Trust)
Exhibit E (Restrictive Covenant)
Exhibit F (Certification of the Availability of Funds to Complete the Project).
Exhibit G (Intent to Enter the Evergreen Sustainable Development Standards)
Exhibit H (Certification of the Payment and Reporting of Prevailing Wages)

Copies of these items are attached hereto and incorporated herein by this reference as if fully set forth herein.

The term of this Agreement shall commence on May 27, 2026, and shall, unless terminated or renewed as elsewhere provided in the Agreement, terminate on May 31, 2031.

The general purpose or objective of this Agreement is to support the development of 37 units of affordable rentals for adults with behavioral health needs, including 11 units dedicated to Trueblood Class Members, as more fully and definitively described in Exhibit A hereto. The language of Exhibit A controls in case of any conflict between it and that provided here.

The maximum consideration for the initial term of this agreement or for any renewal term authorized herein (if applicable) shall not exceed \$3,087,940. The Contract Number, set forth above, shall be included on all billings or correspondence in connection therewith.

Contractor acknowledges and by signing this contract agrees that the Indemnification provisions set forth in Paragraphs 11.1, 21.1, 30.1, 31.2, 32.1, 34.2, and 34.3, if included, are totally and fully part of this contract and have been mutually negotiated by the parties.

Each person signing this Contract represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Contract.

IN WITNESS WHEREOF, the parties have executed this Agreement on:

CONTRACTOR:

Lake Whatcom Residential Treatment Center
3600 Meridian Street
Bellingham, WA 98225

Each signatory below to this Contract warrants that he/she is the authorized agent of the respective party; and that he/she has the authority to enter into the contract and to bind the party thereto.

Jenny Billings, CEO

Date

RECITALS

WHEREAS, in A.B. ex rel. Trueblood v Washington State Department of Social & Health Services (DSHS), the court found DSHS violated the constitutional rights of pretrial criminal detainees in cities and county jails by failing to provide them timely court-ordered competency evaluations and restorative services; and

WHEREAS, individuals whose rights were violated pursuant to DSHS inactions are henceforth referred to as Trueblood Class Members; and

WHEREAS, DSHS was ordered to distribute over \$80 million in fines to diversion programs to keep individuals from becoming Trueblood Class Members and to redress the harm created by DSHS's inaction, through the Trueblood Diversion Workgroup; and

WHEREAS, the Trueblood Diversion Workgroup issued a Request for Proposal title, Trueblood Diversion Request for Proposal on May 3, 2004; and

WHEREAS, Whatcom County, a home rule charter county organized under the laws of the State of Washington, submitted a response to the RFP identifying Lake Whatcom Residential Treatment Center, as a key partner and subcontractor; and

WHEREAS, Lake Whatcom Residential Treatment Center, acting as an Agent of Lake Whatcom Center Foundation, was selected as a partner for their experience and ability to serve this specialized population, and in accordance with WCC 3.08.060 (I); and

WHEREAS, on October 15, 2025, the Honorable Marsha J. Pechman, through the United States District Court Western District of Washington at Seattle, signed Order #14-cv-01178-MJP granting Whatcom County \$3,603,879 in response to the County's proposal; and

WHEREAS, the Trueblood Diversion Workgroup named Disabilities Rights Washington, a Washington nonprofit corporation, as the administrator for this award; and

WHEREAS, the Seattle Foundation, is acting as fiscal sponsor to Disabilities Rights Washington, a Washington nonprofit cooperation, pursuant to its legal representation of class members for A.B. ex rel. Trueblood v. Washington State Department of Social & Health Services; and

WHEREAS, the Seattle Foundation entered into an agreement with Whatcom County (Contract #202605002) for the purposes of funding eleven (11) units of housing in the Lake Whatcom Residential Treatment Center's Lincoln Street Studios development, for the exclusive use of Trueblood Class Members; and

WHEREAS, the Lincoln Street Studios will be a newly built thirty-seven (37) unit long-term affordable rental complex in the City of Bellingham for individuals with behavioral health needs; and

WHEREAS, funding also provides support for Whatcom County Department of Health and Community Services staff to provide project management and operational support for the administration of this award; and

WHEREAS, the Parties desire to enter into this Agreement to establish the terms and conditions under which the County will provide grant funding to Lake Whatcom Residential Treatment Center for their Lincoln Street Studios project;

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledges, the parties agree as follows:

GENERAL CONDITIONS

Series 00-09: Provisions Related to Scope and Nature of Services

0.1 Scope of Services:

The Contractor agrees to provide to the County services and any materials as set forth in the project narrative identified as Exhibit "A", during the agreement period. No material, labor, or facilities will be furnished by the County, unless otherwise provided for in the Agreement.

Series 10-19: Provisions Related to Term and Termination

10.1 Term:

Services provided by Contractor prior to or after the term of this contract shall be performed at the expense of Contractor and are not compensable under this contract unless both parties hereto agree to such provision in writing. The term of this Agreement may be extended by mutual agreement of the parties; provided, however, that the Agreement is in writing and signed by both parties.

10.2 Extension:

The duration of this Agreement may be extended by mutual written consent of the parties, for a period of up to one year, and for a total of no longer than three years.

11.1 Termination for Default:

If the Contractor defaults by failing to perform any of the obligations of the contract or becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency or makes an assignment for the benefit of creditors, the County may, by depositing written notice to the Contractor in the U.S. mail, first class postage prepaid, terminate the contract, and at the County's option, obtain performance of the work elsewhere. Termination shall be effective upon Contractor's receipt of the written notice, or within three (3) days of the mailing of the notice, whichever occurs first. If the contract is terminated for default, the Contractor shall not be entitled to receive any further payments under the contract until all work called for has been fully performed. Any extra cost or damage to the County resulting from such default(s) shall be deducted from any money due or coming due to the Contractor. The Contractor shall bear any extra expenses incurred by the County in completing the work, including all increased costs for completing the work, and all damage sustained, or which may be sustained by the County by reason of such default.

11.2 Termination for Reduction in Funding:

In the event that funding from State, Federal or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement, and prior to its normal completion, the County may summarily terminate this Agreement as to the funds withdrawn, reduced, or limited, notwithstanding any other termination provisions of this Agreement. If the level of funding withdrawn, reduced or limited is so great that the County deems that the continuation of the programs covered by this Agreement is no longer in the best interest of the County, the County may summarily terminate this Agreement in whole, notwithstanding any other termination provisions of this Agreement. Termination under this section shall be effective upon receipt of written notice as specified herein, or within three days of the mailing of the notice, whichever occurs first.

11.3 Termination for Public Convenience:

The County may terminate the Agreement in whole or in part whenever the County determines, in its sole discretion, that such termination is in the interests of the County. Whenever the Agreement is terminated in accordance with this paragraph, the Contractor shall be entitled to payment for actual work performed at unit contract prices for completed items of work. An equitable adjustment in the contract price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Agreement by the County at any time during the term, whether for default or convenience, shall not constitute breach of contract by the County.

Series 20-29: Provisions Related to Consideration and Payments

20.1 Accounting and Payment for Contractor Services:

Payment to the Contractor for services rendered under this Agreement shall be as set forth in Exhibit "B." Where Exhibit "B" requires payments by the County, payment shall be based upon written claims supported, unless otherwise provided in Exhibit "B," by documentation of units of work actually performed and amounts earned, including, where appropriate, the actual number of days worked each month, total number of hours for the month, and the total dollar payment requested, so as to comply with municipal auditing requirements.

Unless specifically stated in Exhibit "B" or approved in writing in advance by the official executing this Agreement for the County or his designee (hereinafter referred to as the "Administrative Officer") the County will not reimburse the Contractor for any costs or expenses incurred by the Contractor in the performance of this contract. Where required, the County shall, upon receipt of appropriate documentation, compensate the Contractor, no more often than monthly, in accordance with the County's customary procedures, pursuant to the fee schedule set forth in Exhibit "B."

21.1 Taxes:

The Contractor understands and acknowledges that the County will not withhold Federal or State income taxes. Where required by State or Federal law, the Contractor authorizes the County to withhold for any taxes other than income taxes (i.e., Medicare). All compensation received by the Contractor will be reported to the Internal Revenue Service at the end of the calendar year in accordance with the applicable IRS regulations. It is the responsibility of the Contractor to make the necessary estimated tax payments throughout the year, if any, and the Contractor is solely liable for any tax obligation arising from the Contractor's performance of this Agreement. The Contractor hereby agrees to indemnify the County against any demand to pay taxes arising from the Contractor's failure to pay taxes on compensation earned pursuant to this Agreement.

The County will pay sales and use taxes imposed on goods or services acquired hereunder as required by law. The Contractor must pay all other taxes, including, but not limited to, Business and Occupation Tax, taxes based on the Contractor's gross or net income, or personal property to which the County does not hold title. The County is exempt from Federal Excise Tax.

22.1 Withholding Payment:

In the event the County's Administrative Officer determines that the Contractor has failed to perform any obligation under this Agreement within the times set forth in this Agreement, then the County may withhold from amounts otherwise due and payable to Contractor the amount determined by the County as necessary to cure the default, until the Administrative Officer determines that such failure to perform has been cured. Withholding under this clause shall not be deemed a breach entitling Contractor to termination or damages, provided that the County promptly gives notice in writing to the Contractor of the nature of the default or failure to perform, and in no case more than 10 days after it determines to withhold amounts otherwise due. A determination of the Administrative Officer set forth in a notice to the Contractor of the action required and/or the amount required to cure any alleged failure to perform shall be deemed conclusive, except to the extent that the Contractor acts within the times and in strict accord with the provisions of the Disputes clause of this Agreement. The County may act in accordance with any determination of the Administrative Officer which has become conclusive under this clause, without prejudice to any other remedy under the Agreement, to take all or any of the following actions: (1) cure any failure or default, (2) to pay any amount so required to be paid and to charge the same to the account of the Contractor, (3) to set off any amount so paid or incurred from amounts due or to become due the Contractor. In the event the Contractor obtains relief upon a claim under the Disputes clause, no penalty or damages shall accrue to Contractor by reason of good faith withholding by the County under this clause.

23.1 Labor Standards:

The Contractor agrees to comply with all applicable state and federal requirements, including but not limited to those pertaining to payment of wages and working conditions, in accordance with RCW 39.12.040, the Prevailing Wage Act; the Americans with Disabilities Act of 1990; the Davis-Bacon Act; and the Contract Work Hours and Safety Standards Act providing for weekly payment of prevailing wages, minimum overtime pay, and providing that no laborer or mechanic shall be required to work in surroundings or under conditions which are unsanitary, hazardous, or dangerous to health and safety as determined by regulations promulgated by the Federal Secretary of Labor and the State of Washington.

Series 30-39: Provisions Related to Administration of Agreement

30.1 Independent Contractor:

In providing services under this Contract, the Contractor is an independent contractor, and neither it nor its officers, agents, or employees are employees of the County for any purpose. The Contractor shall be responsible for all federal and/or state

tax, industrial insurance, and Social Security liability that may result from the performance of and compensation for these services and shall make no claim of career service or civil service rights which may accrue to a County employee under state or local law.

The County assumes no responsibility for the payment of any compensation, wages, benefits, or taxes, by, or on behalf of the Contractor, its employees, and/or others by reason of this Contract.

The Contractor shall protect, indemnify, defend, and save harmless the County, its officers, agents, and employees from and against any and all claims, costs, and/or losses whatsoever occurring or resulting from (1) the Contractor's failure to pay any such compensation, wages, benefits, or taxes, and/or (2) the supplying to the Contractor of work, services, materials, or supplies by Contractor employees or other suppliers in connection with or support of the performance of this Contract.

30.2 Assignment and Subcontracting:

The performance of all activities contemplated by this agreement shall be accomplished by the Contractor. No portion of this contract may be assigned or subcontracted to any other individual, firm or entity without the express and prior written approval of the County.

30.3 No Guarantee of Employment:

The performance of all or part of this contract by the Contractor shall not operate to vest any employment rights whatsoever and shall not be deemed to guarantee any employment of the Contractor or any employee of the Contractor or any subcontractor or any employee of any subcontractor by the County at the present time or in the future.

31.1 Ownership of Items Produced and Public Records Act:

All writings, programs, data, public records or other materials prepared by the Contractor and/or its consultants or subcontractors, in connection with performance of this Agreement, shall be the sole and absolute property of the County. If the Contractor creates any copyrightable materials or invents any patentable property, the Contractor may copyright or patent the same, but the County retains a royalty-free, nonexclusive and irrevocable license to reproduce, publish, recover, or otherwise use the materials or property and to authorize other governments to use the same for state or local governmental purposes. Contractor further agrees to make research, notes, and other work products produced in the performance of this Agreement available to the County upon request.

Ownership. Any and all data, writings, programs, public records, reports, analyses, documents, photographs, pamphlets, plans, specifications, surveys, films or any other materials created, prepared, produced, constructed, assembled, made, performed or otherwise produced by the Contractor or the Contractor's subcontractors or consultants for delivery to the County under this Contract shall be the sole and absolute property of the County. Such property shall constitute "work made for hire" as defined by the U.S. Copyright Act of 1976, 17 U.S.C. § 101, and the ownership of the copyright and any other intellectual property rights in such property shall vest in the County at the time of its creation. Ownership of the intellectual property includes the right to copyright, patent, and register, and the ability to transfer these rights. Material which the Contractor uses to perform this Contract but is not created, prepared, constructed, assembled, made, performed or otherwise produced for or paid for by the County is owned by the Contractor and is not "work made for hire" within the terms of this Agreement.

Public Records Act. This Contract and all records associated with this Contract shall be available for inspection and copying by the public where required by the Public Records Act, Chapter 42.56 RCW (the "Act"). To the extent that public records then in the custody of the Contractor are needed for the County to respond to a request under the Act, as determined by the County, the Contractor agrees to make them promptly available to the County at no cost to the County. If the Contractor considers any portion of any record provided to the County under this Agreement, whether in electronic or hard copy form, to be protected from disclosure under law, the Contractor shall clearly identify any specific information that it claims to be confidential or proprietary. If the County receives a request under the Act to inspect or copy the information so identified by the Contractor and the County determines that release of the information is required by the Act or otherwise appropriate, the County's sole obligations shall be to notify the Contractor (a) of the request and (b) of the date that such information will be released to the requester unless the Contractor obtains a court order to enjoin that disclosure pursuant to RCW 42.56.540. If the Contractor fails to timely obtain a court order enjoining disclosure, the County will release the requested information on the date specified.

The County has, and by this section assumes, no obligation on behalf of the Contractor to claim any exemption from disclosure under the Act. The County shall not be liable to the Contractor for releasing records not clearly identified by the Contractor as confidential or proprietary. The County shall not be liable to the Contractor for any records that the County releases in compliance with this section or in compliance with an order of a court of competent jurisdiction.

The Contractor shall be liable to the requester for any and all fees, costs, penalties or damages imposed or alleged as a result of the Contractor's failure to provide adequate or timely records.

This provision and the obligations it establishes shall remain in effect after the expiration of this contract.

31.2 Patent/Copyright Infringement:

Contractor will defend and indemnify the County from any claimed action, cause or demand brought against the County, to the extent such action is based on the claim that information supplied by the Contractor infringes any patent or copyright. The Contractor will pay those costs and damages attributable to any such claims that are finally awarded against the County in any action. Such defense and payments are conditioned upon the following:

A. The Contractor shall be notified promptly in writing by the County of any notice of such claim.

B. Contractor shall have the right, hereunder, at its option and expense, to obtain for the County the right to continue using the information, in the event such claim of infringement, is made, provided no reduction in performance or loss results to the County.

32.1 Confidentiality:

The Contractor, its employees, subcontractors, and their employees shall maintain the confidentiality of all information provided by the County or acquired by the Contractor in performance of this Agreement, except upon the prior written consent of the County or an order entered by a court after having acquired jurisdiction over the County. Contractor shall immediately give to the County notice of any judicial proceeding seeking disclosure of such information. Contractor shall indemnify and hold harmless the County, its officials, agents or employees from all loss or expense, including, but not limited to, settlements, judgments, setoffs, attorneys' fees and costs resulting from Contractor's breach of this provision.

33.1 Right to Review:

This contract is subject to review by any Federal, State or County auditor. The County or its designee shall have the right to review and monitor the financial and service components of this program by whatever means are deemed expedient by the Administrative Officer or by the County Auditor's Office. Such review may occur with or without notice and may include, but is not limited to, on-site inspection by County agents or employees, inspection of all records or other materials which the County deems pertinent to the Agreement and its performance, and any and all communications with or evaluations by service recipients under this Agreement. The Contractor shall preserve and maintain all financial records and records relating to the performance of work under this Agreement for three (3) years after contract termination, and shall make them available for such review, within Whatcom County, State of Washington, upon request. Contractor also agrees to notify the Administrative Officer in advance of any inspections, audits, or program review by any individual, agency, or governmental unit whose purpose is to review the services provided within the terms of this Agreement. If no advance notice is given to the Contractor, then the Contractor agrees to notify the Administrative Officer as soon as it is practical.

34.1 Insurance:

The Contractor shall, at its own expense, obtain and continuously maintain the following insurance coverage for the duration of this contract, which shall include insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, subcontractors or employees. All insurers providing such insurance shall have an A.M. Best Rating of not less than A- (or otherwise be acceptable to the County) and be licensed to do business in the State of Washington and admitted by the Washington State Insurance Commissioner. Coverage limits shall be the minimum limits identified in this Contract or the coverage limits provided or available under the policies maintained by the Contractor without regard to this Contract, whichever are greater.

1. Commercial General Liability

Property Damage	\$500,000.00, per occurrence
General Liability & bodily injury	\$1,000,000.00, per occurrence
Annual Aggregate	\$2,000,000.00

At least as broad as ISO form CG 00 01 or the equivalent, which coverage shall include personal injury, bodily injury and property damage for Premises Operations, Products and Completed Operations, Personal/Advertising Injury, Contractual Liability, Independent Contractor Liability, medical payments and Stop Gap/Employer's Liability. Coverage shall not exclude or contain sub-limits less than the minimum limits required, unless approved in writing by the County.

2. Business Automobile Liability

\$1,000,000.00 Minimum, per occurrence
\$2,000,000.00 Minimum, Annual Aggregate

Contractor shall provide auto liability coverage for owned, non-owned and hired autos using ISO Business Auto Coverage form CA 00 01 or the exact equivalent with a limit of no less than \$1,000,000 per accident. If Contractor owns no vehicles this requirement may be met through a non-owned auto Endorsement to the CGL policy.

3. Additional Insurance Requirements and Provisions

- a. All insurance policies shall provide coverage on an occurrence basis.
- b. Additional Insureds. Whatcom County, its departments, elected and appointed officials, employees, agents and volunteers shall be included as additional insureds on Contractor's and Contractor's subcontractors' insurance policies by way of endorsement for the full available limits of insurance required in this contract or maintained by the Contractor and subcontractor, whichever is greater.
- c. Primary and Non-contributory Insurance. Contractor shall provide primary insurance coverage and the County's insurance shall be non-contributory. Any insurance, self-insured retention, deductible, risk retention or insurance pooling maintained or participated in by the County shall be excess and non-contributory to Contractor's insurance.
- d. Waiver of Subrogation. The insurance policy shall provide a waiver of subrogation with respect to each insurance policy maintained under this Contract. When required by an insurer, or if a policy condition does not permit Contractor to enter into a pre-loss agreement to waive subrogation without an endorsement, then Contractor agrees to notify the insurer and obtain such endorsement. This requirement shall not apply to any policy which includes a condition expressly prohibiting waiver of subrogation by the insured or which voids coverage should the Contractor enter into such a waiver of subrogation on a pre-loss basis.
- e. Review of and Revision of Policy Provisions. Upon request, the Contractor shall provide a full and complete certified copy of all requested insurance policies to the County. The County reserves the right, but not the obligation, to revise any insurance requirement, including but not limited to limits, coverages and endorsements, or to reject any insurance policies which fail to meet the requirements of this Contract. Additionally, the County reserves the right, but not the obligation, to review and reject any proposed insurer providing coverage based upon the insurer's financial condition or licensing status in Washington.
- f. Verification of Coverage/Certificates and Endorsements. The Contractor shall furnish the County with a certificate of insurance and endorsements required by this contract. The certificates and endorsements for each policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. The certificate and endorsements for each insurance policy are to be on forms approved by the County prior to commencement of activities associated with the contract. The certificate and endorsements, and renewals thereof, shall be attached hereto as Exhibit "C". If Exhibit C is not attached, the Contractor must submit the certificate and endorsements required in this contract to the County prior to the commencement of any work on the contracted project. A certificate alone is insufficient proof of the required insurance; endorsements must be included with the certificate. The certificate of insurance must reflect the insurance required in this contract, including appropriate limits, insurance coverage dates, per occurrence, and in the description of operations, include the County project, Whatcom County, its departments, officials, employees, agents and volunteers as additional insureds, primary, non-contributory, and waiver of subrogation.
- g. The County must be notified immediately in writing of any cancellation of the policy, exhaustion of aggregate limits, notice of intent not to renew insurance coverage, expiration of policy or change in insurer carrier. Contractor shall always provide the County with a current copy of the certificate and endorsements throughout the duration of the contract.
- h. No Limitation on Liability. The insurance maintained under this Contract shall not in any manner limit the liability or qualify the liabilities or obligations of the Contractor to the coverage provided by such insurance, or otherwise limit the County's recourse to any remedy available at law or equity.
- i. Payment Conditioned on Insurance and Failure to Maintain Insurance. Compensation and/or payments due to the Contractor under this Contract are expressly conditioned upon the Contractor's compliance with all insurance requirements. Failure on the part of the Contractor to maintain the insurance as required shall

constitute a material breach of contract. Payment to the Contractor may be suspended in the event of non-compliance, upon which the County may, after giving five business days' notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the County on demand or offset against funds due the Contractor. Upon receipt of evidence of Contractor's compliance, payments not otherwise subject to withholding or set-off will be released to the Contractor.

- j. Workers' Compensation. The Contractor shall maintain Workers' Compensation coverage as required under the Washington State Industrial Insurance Act, RCW Title 51, for all Contractors' employees, agents and volunteers eligible for such coverage under the Industrial Insurance Act.
- k. Failure of the Contractor to take out and/or maintain required insurance shall not relieve the Contractor or subcontractors from any liability under the contract, nor shall the insurance requirements be construed to conflict with or otherwise limit the obligations concerning indemnification. The County does not waive any insurance requirements even in the event the certificate or endorsements provided by the Contractor were insufficient or inadequate proof of coverage but not objected to by the County. The County's failure to confirm adequate proof of insurance requirements does not constitute a waiver of the Contractor's insurance requirements under this Contract.
- l. Availability of Contractor Limits. If the Contractor maintains higher insurance limits than the minimums shown above, the County shall be insured for the full available limits, including Excess or Umbrella liability maintained by the Contractor, irrespective of whether such limits maintained by the Contractor are greater than those required by this contract or whether any certificate furnished to the County evidences limits of liability lower than those maintained by the Contractor.
- m. Insurance for Subcontractors. If the Contractor subcontracts (if permitted in the contract) any portion of this Contract, the Contractor shall include all subcontractors as insureds under its policies or shall require separate certificates of insurance and policy endorsements from each subcontractor. Insurance coverages by subcontractors must comply with the insurance requirements of the Contractor in this contract and shall be subject to all of the requirements stated herein, including naming the County as additional insured.
- n. The Contractor agrees Contractor's insurance obligation shall survive the completion or termination of this Contract for a minimum period of three years.

34.3 Defense & Indemnity Agreement:

To the fullest extent permitted by law, the Contractor agrees to indemnify, defend and hold the County and its departments, elected and appointed officials, employees, agents and volunteers, harmless from and against any and all claims, damages, losses and expenses, including but not limited to court costs, attorney's fees, and alternative dispute resolution costs, for any personal injury, for any bodily injury, sickness, disease, or death and for any damage to or destruction of any property (including the loss of use resulting therefrom) which: 1) are caused in whole or in part by any error, act or omission, negligent or otherwise, of the Contractor, its employees, agents or volunteers or Contractor's subcontractors and their employees, agents or volunteers; or 2) directly or indirectly arise out of or occur in connection with performance of this Contract or 3) are based upon the Contractor's or its subcontractors' use of, presence upon, or proximity to the property of the County. This indemnification obligation of the Contractor shall not apply in the limited circumstance where the claim, damage, loss, or expense is caused by the sole negligence of the County.

Should a court of competent jurisdiction determine that this contract is subject to RCW 4.24.115, then in the event of concurrent negligence of the Contractor, its subcontractors, employees or agents, and the County, its employees or agents, this indemnification obligation of the Contractor shall be valid and enforceable only to the extent of the negligence of the Contractor, its subcontractors, employees, and agents. This indemnification obligation of the Contractor shall not be limited in any way by the Washington State Industrial Insurance Act, RCW Title 51, or by application of any other workmen's compensation act, disability benefit act or other employee benefit act, and the Contractor hereby expressly waives any immunity afforded by such acts.

It is further provided that no liability shall attach to the County by reason of entering into this contract, except as expressly provided herein. The parties specifically agree that this Contract is for the benefit of the parties only and this Contract shall create no rights in any third party. The County reserves the right, but not the obligation, to participate in the defense

of any claim, damages, losses, or expenses, and such participation shall not constitute a waiver of Contractor's indemnity obligations under this Agreement.

In the event the Contractor enters into subcontracts to the extent allowed under this Contract, the Contractor's subcontractors shall indemnify the County on a basis equal to or exceeding Contractor's indemnity obligations to the County. The Contractor shall pay all attorney's fees and expenses incurred by the County in establishing and enforcing the County's rights under this indemnification provision, whether or not suit was instituted.

The Contractor agrees all Contractor's indemnity obligations shall survive the completion, expiration or termination of this Agreement. The foregoing indemnification obligations of the Contractor are a material inducement to County to enter into this Agreement and are reflected in the Contractor's compensation.

By signing this contract, the Contractor acknowledges that it has freely negotiated and agreed to the indemnification requirements to defend, indemnify and hold harmless the County from all claims and suits including those brought against the County by the Contractor's own employees, arising from this contract.

35.1 Non-Discrimination in Employment:

The County's policy is to provide equal opportunity in all terms, conditions and privileges of employment for all qualified applicants and employees without regard to race, color, creed, religion, national origin, sex, sexual orientation (including gender identity), age, marital status, disability, or veteran status. The Contractor shall comply with all laws prohibiting discrimination against any employee or applicant for employment on the grounds of race, color, creed, religion, national origin, sex, sexual orientation (including gender identity), age, marital status, disability, political affiliation, or veteran status, except where such constitutes a bona fide occupational qualification.

Furthermore, in those cases in which the Contractor is governed by such laws, the Contractor shall take affirmative action to insure that applicants are employed, and treated during employment, without regard to their race, color, creed, religion, national origin, sex, age, marital status, sexual orientation (including gender identity), disability, or veteran status, except where such constitutes a bona fide occupational qualification. Such action shall include, but not be limited to: advertising, hiring, promotions, layoffs or terminations, rate of pay or other forms of compensation benefits, selection for training including apprenticeship, and participation in recreational and educational activities. In all solicitations or advertisements for employees placed by them or on their behalf, the Contractor shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The foregoing provisions shall also be binding upon any subcontractor, provided that the foregoing provision shall not apply to contracts or subcontractors for standard commercial supplies or raw materials, or to sole proprietorships with no employees.

35.2 Non-Discrimination in Client Services:

The Contractor shall not discriminate on the grounds of race, color, creed, religion, national origin, sex, age, marital status, sexual orientation (including gender identity), disability, or veteran status; or deny an individual or business any service or benefits under this Agreement unless otherwise allowed by applicable law; or subject an individual or business to segregation or separate treatment in any manner related to his/her/its receipt any service or services or other benefits provided under this Agreement unless otherwise allowed by applicable law; or deny an individual or business an opportunity to participate in any program provided by this Agreement unless otherwise allowed by applicable law.

36.1 Waiver of Noncompetition:

Contractor irrevocably waives any existing rights which it may have, by contract or otherwise, to require another person or corporation to refrain from submitting a proposal to or performing work or providing supplies to the County, and contractor further promises that it will not in the future, directly or indirectly, induce or solicit any person or corporation to refrain from submitting a bid or proposal to or from performing work or providing supplies to the County.

36.2 Conflict of Interest:

If at any time prior to commencement of, or during the term of this Agreement, Contractor or any of its employees involved in the performance of this Agreement shall have or develop an interest in the subject matter of this Agreement that is potentially in conflict with the County's interest, then Contractor shall immediately notify the County of the same. The notification of the County shall be made with sufficient specificity to enable the County to make an informed judgment as to whether or not the County's interest may be compromised in any manner by the existence of the conflict, actual or potential. Thereafter, the County may require the Contractor to take reasonable steps to remove the conflict of interest. The County may also terminate this contract according to the provisions herein for termination.

37.1 Administration of Contract:

This Agreement shall be subject to all laws, rules, and regulations of the United States of America, the State of Washington, and political subdivisions of the State of Washington. The Contractor also agrees to comply with applicable federal, state, county or municipal standards for licensing, certification and operation of facilities and programs, and accreditation and licensing of individuals.

The County hereby appoints, and the Contractor hereby accepts, the Whatcom County Executive, and his or her designee, as the County's representative, hereinafter referred to as the Administrative Officer, for the purposes of administering the provisions of this Agreement, including the County's right to receive and act on all reports and documents, and any auditing performed by the County related to this Agreement. The Administrative Officer for purposes of this agreement is:

Eric Chambers, Special Project Manager
Whatcom County Health and Community Services

37.2 Notice:

Any notices or communications required or permitted to be given by this Contract must be (i) given in writing and (ii) personally delivered or mailed, by prepaid, certified mail or overnight courier, or transmitted by electronic mail transmission (including PDF), to the party to whom such notice or communication is directed, to the mailing address or regularly-monitored electronic mail address of such party as follows:

To: Whatcom County Health and Community Services

Eric Chambers, Special Projects Manager
509 Girard Street
Bellingham, WA, 98225
EKChambe@co.whatcom.wa.us

To: Lake Whatcom Residential and Treatment Center

Jenny Billings, CEO
3600 Meridian Street
Bellingham, WA 98225
Jenny.Billings@lwrwc.org

Any such notice or communication shall be deemed to have been given on (i) the day such notice or communication is personally delivered, (ii) three (3) days after such notice or communication is mailed by prepaid certified or registered mail, (iii) one (1) working day after such notice or communication is sent by overnight courier, or (iv) the day such notice or communication is sent electronically, provided that the sender has received a confirmation of such electronic transmission. A party may, for purposes of this Agreement, change his, her or its address, email address or the person to whom a notice or other communication is marked to the attention of, by giving notice of such change to the other party pursuant to this Section.

37.3 If agreed by the parties, this Contract may be executed by Email transmission and PDF signature and Email transmission and PDF signature shall constitute an original for all purposes.

38.1 Certification of Public Works Contractor's Status under State Law:

If applicable, Contractor certifies that it has fully met the responsibility criteria required of public works contractors under RCW 39.04.350 (1), which include: (a) having a certificate of registration in compliance with RCW 18.27; (b) having a current state unified business identifier number; (c) if applicable, having industrial insurance coverage for its employees working in Washington as required in Title 51 RCW, an employment security department number as required in Title 50 RCW, and a state excise tax registration number as required in Title 82 RCW; and (d) not being disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065 (3).

38.2 Certification Regarding Federal Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions:

If applicable, the Contractor further certifies, by executing this contract, that neither it nor its principles is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or Agency.

The Contractor also agrees that it shall not knowingly enter into any lower tier covered transactions (a transaction between the Contractor and any other person) with a person who is proposed for debarment, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, and the Contractor agrees to include this

clause titled "Certification Regarding Federal Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction" without modification, in all lower tier covered transactions and in all solicitations for lower tier transactions.

The "Excluded Parties List System in the System for Award Management (SAM) website is available to research this information at WWW.SAM.GOV. Contractor shall immediately notify Whatcom County if, during the term of this Contract, Contractor becomes debarred.

Series 40-49: Provisions Related to Interpretation of Agreement and Resolution of Disputes

40.1 Modifications:

Either party may request changes in the Agreement. Any and all agreed modifications, to be valid and binding upon either party, shall be in writing and signed by both of the parties.

40.2 Contractor Commitments, Warranties and Representations:

Any written commitment received from the Contractor concerning this Agreement shall be binding upon the Contractor, unless otherwise specifically provided herein with reference to this paragraph. Failure of the Contractor to fulfill such a commitment shall render the Contractor liable for damages to the County. A commitment includes, but is not limited to, any representation made prior to execution of this Agreement, whether or not incorporated elsewhere herein by reference, as to performance of services or equipment, prices or options for future acquisition to remain in effect for a fixed period, or warranties.

41.1 Severability:

If any term or condition of this contract or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition or application. To this end, the terms and conditions of this contract are declared severable.

41.2 Waiver:

Waiver of any breach or condition of this contract shall not be deemed a waiver of any prior or subsequent breach. No term or condition of this contract shall be held to be waived, modified or deleted except by an instrument, in writing, signed by the parties hereto. The failure of the County to insist upon strict performance of any of the covenants and agreements of this Agreement, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such, or any other covenants or agreements, but the same shall be and remain in full force and effect.

42.1 Disputes:

a. General:

Differences between the Contractor and the County, arising under and by virtue of the Contract Documents, shall be brought to the attention of the County at the earliest possible time in order that such matters may be settled or other appropriate action promptly taken. Except for such objections as are made of record in the manner hereinafter specified and within the time limits stated, the records, orders, rulings, instructions, and decisions of the Administrative Officer shall be final and conclusive.

b. Notice of Potential Claims:

The Contractor shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (1) any act or failure to act by the Administrative Officer or the County, or (2) the happening of any event or occurrence, unless the Contractor has given the County a written Notice of Potential Claim within ten (10) days of the commencement of the act, failure, or event giving rise to the claim, and before final payment by the County. The written Notice of Potential Claim shall set forth the reasons for which the Contractor believes additional compensation or extension of time is due, the nature of the cost involved, and insofar as possible, the amount of the potential claim. Contractor shall keep full and complete daily records of the work performed, labor and material used, and all costs and additional time claimed to be additional.

c. Detailed Claim:

The Contractor shall not be entitled to claim any such additional compensation, or extension of time, unless within thirty (30) days of the accomplishment of the portion of the work from which the claim arose, and before final payment by the County, the Contractor has given the County a detailed written statement of each element of cost or other compensation requested and of all elements of additional time required, and copies of any supporting documents evidencing the amount or the extension of time claimed to be due.

d. Arbitration:

Other than claims for injunctive relief, temporary restraining order, or other provisional remedy to preserve the status quo or prevent irreparable harm, brought by a party hereto (which may be brought either in court or pursuant to this arbitration provision), and consistent with the provisions hereinabove, any claim, dispute or controversy between the parties under, arising out of, or related to this Contract or otherwise, including issues of specific performance, shall be determined by arbitration in Bellingham, Washington, under the applicable American Arbitration Association (AAA) rules in effect on the date hereof, as modified by this Agreement. There shall be one arbitrator selected by the parties within ten (10) days of the arbitration demand, or if not, by the AAA or any other group having similar credentials. Any issue about whether a claim is covered by this Contract shall be determined by the arbitrator. The arbitrator shall apply substantive law and may award injunctive relief, equitable relief (including specific performance), or any other remedy available from a judge but shall not have the power to award punitive damages. Each Party shall pay all their own costs, attorney fees and expenses of arbitration and the parties shall share equally in the Arbitrator's fees and costs. The decision of the arbitrator shall be final and binding and an order confirming the award or judgment upon the award may be entered in any court having jurisdiction. The parties agree that the decision of the arbitrator shall be the sole and exclusive remedy between them regarding any dispute presented or pled before the arbitrator. At the request of either party made not later than forty-five (45) days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation, which shall not delay the arbitration hearing date; provided, that either party may decline to mediate and proceed with arbitration.

Any arbitration proceeding commenced to enforce or interpret this Contract shall be brought within six years after the initial occurrence giving rise to the claim, dispute, or issue for which arbitration is commenced, regardless of the date of discovery or whether the claim, dispute, or issue was continuing in nature. Claims, disputes, or issues arising more than six years prior to a written request or demand for arbitration issued under this Contract are not subject to arbitration.

- e. The parties may agree in writing signed by both parties that a claim or dispute may be brought in Whatcom County Superior Court rather than mediation or arbitration.

Unless otherwise specified herein, this Contract shall be governed by the laws of Whatcom County and the State of Washington.

43.1 Venue and Choice of Law:

In the event that any litigation should arise concerning the construction or interpretation of any of the terms of this Agreement, the venue of such action of litigation shall be in the courts of the State of Washington in and for the County of Whatcom. This Agreement shall be governed by the laws of the State of Washington.

44.1 Survival:

The provisions of paragraphs 11.1, 11.2, 11.3, 21.1, 22.1, 30.1, 31.1, 31.2, 32.1, 33.1, 34.2, 34.3, 36.1, 40.2, 41.2, 42.1, and 43.1, if utilized, shall survive, notwithstanding the termination or invalidity of this Agreement for any reason.

45.1 Entire Agreement:

This written Agreement, comprised of the writings signed or otherwise identified and attached hereto, represents the entire Agreement between the parties and supersedes any prior oral statements, discussions or understandings between the parties.

ADDITIONAL CONDITIONS

1) Execution of the Project

Contractor shall execute the Project, as Described in Exhibit A (Scope of Work), promptly, diligently, and in a workmanlike manner, consistent with industry standards and practices. Contractor shall ensure that all materials and workmanship are of high quality and suitable for their intended purposes. Contractor shall comply with all applicable laws, regulations, and codes in the performance of the work.

2) Certification of Funds and Performance Measures

Release of funds under this Agreement is contingent upon the Contractor certifying that it has expended or has access to funds from non-Trueblood sources through a binding agreement to the extent necessary to provide and complete the Project as set forth in Exhibit F (Certification of the Availability of Funds to Complete the Project). Such non-Trueblood sources may consist of a combination of any of the following:

- a) Eligible Project expenditures prior to the execution of this Agreement,
- b) Cash dedicated to the Project,
- c) Funds available through a letter of credit or other binding loan commitment(s),
- d) Pledges from foundations or corporations or other federal, state, or local governments,
- e) Pledges from individual donors,
- f) In-kind contributions subject to County approval.

The Contractor shall maintain records sufficient to evidence that it has access to or has expended funds from such non-Trueblood sources and shall make such records available to the County or designee's for review upon request.

The release of funds under this Agreement is also contingent upon the Contractor certifying that it has a vested title to or interest in the real property necessary for the Project.

3) Restriction to use by Trueblood Class Members

During the twenty-five (25) year commitment period, the Contractor shall not allow any use of the eleven (11) units funded under this agreement to be used by any party other than Trueblood Class members nor for any purpose other than for providing housing and related residential support services for Trueblood Class Members intended to prevent contact with the criminal system. This restriction shall be expressly included in this Agreement as Exhibit E (Restrictive Use Covenant). The Restrictive Use Covenant shall be recorded in the real property records of Whatcom County in the State of Washington and shall be a covenant running with the land on which the Trueblood Housing Units are located ("the "Property"). The restrictive covenant shall be binding on the Contractor and any subsequent purchaser, mortgagee, lender, lessee, or any other person have any right, title, or interest in the Property, so long as the Covenant shall remain in effect.

The restrictive covenant shall survive the expiration or termination of this Agreement and shall list both Whatcom County and the Seattle Foundation as grantees. LWRTC shall provide a copy of the recorded covenant within ten (10) business days of recording.

Prior to the termination of this Agreement, the Contractor agrees to amend the restrictive covenant to remove the Seattle Foundation as a grantee and add the State of Washington or a mutually agreed upon alternative as grantee.

4) Deed of Trust

The Property will be secured by a Deed of Trust listing Whatcom County and the Seattle Foundation as grantees. The term of the Deed of Trust shall remain in full force for the entire commitment period of twenty-five (25) years. Upon expiration of the commitment period and satisfaction of all other Agreement terms and conditions, Whatcom County, upon written request, will take appropriate action to reconvey the Deed of Trust.

LWRTC shall provide a copy of the recorded deed within ten (10) business days of recording.

Prior to the termination of this Agreement, the Contractor agrees to amend the Deed of Trust to remove the Seattle Foundation as a grantee and add the State of Washington or a mutually agreed upon alternative as grantee.

5) Additional Insurance Requirements

In addition to the requirements found in Section 34.1, above, the following additional coverage is required:

- a) Extended coverage lender's policy of title insurance naming, Whatcom County and the Seattle Foundation, and its assignees and successors including, without limitation, the State of Washington, as the insured party, insuring the lien position of the Deed of Trust in the amount not less than the amount of this agreement.
 - b) Property insurance on a replacement costs basis including loss or damage by fire or other such risks, loss or damage from leakage or sprinkler systems, if applicable, and loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus, if applicable.
 - c) Fidelity insurance for every officer, director, employee, or agent who is authorized to act on behalf of the Contractor for the purposes of receiving and depositing funds into program accounts or issuing financial documents, checks or other instruments of payment for program costs. The amount of fidelity insurance shall be \$2,000,000 or the highest planned reimbursement for the Agreement term, whichever is lower and shall list Whatcom County and the Seattle Foundation as beneficiaries. Fidelity insurance must remain in full force and effect from the start of this agreement until (i) the construction is completed, (ii) the County's financial obligations have been fulfilled, and (iii) the County has issued and the Seattle Foundation has approved a Closeout Certification Form. Fidelity insurance must be issued on either a loss sustained basis or loss discovered basis. If on a loss discovered basis, the policy must extend at least 6 months beyond the Seattle Foundation's acceptance of the County-submitted Closeout Certification Form.
 - d) "All-Risk" Builder's Risk Insurance including vandalism and malicious mischief covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's and construction manager's tools and equipment and property owned by the contractor's or subcontractor's employees.
 - e) The Contractor is responsible for ensuring the general contractor and applicable subcontractors carries Worker's Compensation insurance in compliance with Title 51 of the Revised Code of Washington.
 - f) The Contractor is responsible for ensuring the general contractor, if not covered by other insurance, carries Pollution Legal Liability insurance and/or Asbestos Legal Liability and/or Errors and Omissions (if the project involves environmental hazards) with limits of no less than \$1,000,000 per occurrence or claim and \$2,000,000 in aggregate.
 - g) The insurance required shall be issued by an insurance company authorized to do business within the State of Washington. Except as otherwise set forth in this Section, each insurance policy shall name "Whatcom County, the Seattle Foundation, DRW, the Court Monitor, their agents, officers, and employees" as additional insureds on all policies. All policies shall be primary to any other valid and collectable insurance. The Contractor shall instruct the insurers to give the County 30 calendar days' advance notice of any insurance cancellation or modification.
- 6) Change in Ownership and Change in Use
- a) Contractor understands and agrees that any and all real property or facilities owned by the Contractor that are constructed, renovated, or otherwise improved by the Contractor using *Trueblood* funds under this Agreement shall be held and used by the Contractor for the purpose or purposes stated elsewhere in this Agreement for the Commitment Period.
 - b) This provision shall not be construed to prohibit the Contractor from selling any property or properties described in this Section, provided, however, that any such sale shall be subject to prior review and approval by the County and the Seattle Foundation and that all proceeds from such sale shall be applied to the purchase price of a different facility or facilities of equal or greater value than the original facility and that any such new facility or facilities will be used for the purpose or purposes and subject to the conditions stated elsewhere in this Agreement.
 - c) In the event the Contractor is found to be out of compliance with this Section, the Contractor shall repay to the County, the principal amount of the funds disbursed under the Agreement, along with interest of five percent (5%) per annum. This repayment is in addition to any other remedies available at law or in equity.
- 7) Historical and Cultural Artifacts:
 Prior to approval and disbursement of any funds awarded under this Agreement, the Contractor shall complete a review under Section 106 of the National Historic Preservation Act, if applicable. Contractor agrees that the Contractor is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural resources and agrees to hold harmless the County, the Seattle Foundation, Disability Rights Washington, and the Court Monitor in relation to any claim related to such historical or cultural resources discovered, disturbed, or damaged as a result of the Project funded by this Agreement.

In addition to the requirements set forth in this Agreement, Contractor shall, in accordance with Governor's Executive Order 21-02 as applicable, coordinate with the Washington State Department of Archaeology and Historic Preservation (DAHP), including any recommended consultation with any affected tribe(s), during Project design and prior to construction to determine the existence of any tribal cultural resources affected by Project. The Contractor agrees to avoid, minimize, or mitigate impacts to the cultural resource as a continuing prerequisite to receipt of funds under this Grant Agreement.

The Contractor agrees that, unless the Contractor is proceeding under an approved historical and cultural monitoring plan or other memorandum of agreement, if historical or cultural artifacts are discovered during construction, the Contractor shall immediately stop construction and notify the local historical preservation officer and the State's historical preservation officer at DAHP, and the County. If human remains are uncovered, the Contractor shall report the presence and location of the remains to the coroner and local enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

In addition to the requirements set forth in this Agreement, the Contractor agrees to comply with RCW 27.44 regarding Indian Graves and Records, RCW 27.53 regarding Archaeological Sites and Resources, RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves, and WAC 25-48 regarding Archaeological Excavation and Removal Permits.

In the event that the Contractor finds it necessary to amend the Project described in Exhibit A (Scope of Work), the Contractor may be required to re-comply with Section 106 of the National Historic Preservation Act.

The Contractor shall require this provision to be contained in all subgrants/subcontracts for work or services related to the Project described in Exhibit A (Scope of Work).

8) County Inspection and Audit Rights:

The County retains the right to inspect and audit LWRTC records related to the Project's Trueblood Class Member exclusive use requirements at any time during the compliance period. This right survives this Agreement and is extended to the Seattle Foundation and their designees and successors, the assigned Court Monitor or designee, and Disability Rights Washington or designee. Such inspection and audit rights include, but are not limited to:

- a) Access to Records: The County may review leases and documents used to verify Trueblood Class Member Status.
- b) Onsite Inspection: The County may conduct site visits to verify unit occupancy and unit condition, with reasonable advanced notice to occupants.
- c) Occupant Contact: The County may contact occupants directly to verify compliance.
- d) Third-Party Verification: The County may engage third-party auditors or consultants to verify compliance.

9) Cooperation with County Inspections and Audit Activities:

LWRTC shall cooperate with all County audit and inspection activities and shall provide any requested documentation within fifteen (15) business days of written request.

10) Non-Compliance and Remedies:

Failure to maintain restrictive use of the eleven (11) units as described herein shall constitute a material breach of this Agreement. In the event of non-compliance, the County may:

- a) Withhold Future Payments: If any grant funds remain unpaid, the County may withhold payment until compliance is restored.
- b) Require Corrective Action: The County may require LWRTC to take specific corrective actions within a timeframe determined by the County to restore compliance.
- c) Exercise Repayment Rights: The County may require repayment of Grant funds if LWRTC fails to cure non-compliance within sixty (60) days of written notice.
- d) Direct Enforcement: The County may exercise enforcement rights under the Restrictive Use Covenant or the Deed of Trust, including seeking specific performance, injunctive relief, or other equitable remedies.
- e) Third-Party Beneficiary Rights: The County may enforce restrictive use requirements directly as a third-party beneficiary if LWRTC fails to exercise its enforcement rights.

11) County Recognition:

The Contractor shall ensure recognition of the role of the County in providing financial assistance through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Contractor will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement. The Contractor shall post a Project Funding Sign at the Project construction site(s). Sign graphics shall be approved by the County and shall be installed at the commencement of work on the site through Project completion and occupancy.

12) Cooperation with County Marketing and Communication:

Contractor agrees to work collaboratively with the County when communicating about the project with the media and special events associated with the project, including press releases, media interviews, open houses, tours, and similar events.

EXHIBIT "A"
(SCOPE OF WORK)

I. Background and Purpose

The purpose of this contract is to expand safe, stable, and appropriate housing options for individuals with behavioral health needs in Whatcom County. When complete, the Lincoln Street Studios (the "Project") will add thirty-seven (37) units of permanent, supportive housing that promotes recovery, community integration, and improved health outcomes. Of these units, eleven (11) will be reserved for the exclusive use by members of the Trueblood Settlement Class ("Trueblood Class Members") for a period of twenty-five (25) years.

Trueblood Class Members are those identified in A.B. ex rel. Trueblood v Washington State Department of Social & Health Services (DSHS) as having their constitutional rights violated as pretrial criminal detainees when DSHS failed to provide timely court-ordered competency evaluations and restorative services and includes all persons who are now, or will be in the future, charged with a crime in Washington and: (i) who are ordered by a court to receive competency evaluation or restoration services through DSHS; (ii) who are waiting in jail for those services; and (iii) for whom DSHS receives the court order. Fines levied against DSHS by the Court established a settlement fund to be used to keep individuals from becoming Class Members and to redress the harm caused by DSHS's inaction.

Whatcom County applied for, and was subsequently awarded funds from the settlement fund for the purpose of supporting the Lincoln Street Studios Project. This Project was selected based on LWRTC's unique experience providing supportive housing for adults with behavioral health needs.

For the avoidance of doubt, the Project and underlying Property, are owned by the Lake Whatcom Center Foundation. The Lake Whatcom Residential Treatment Center is the manager of the Foundation. All instances which refer to "Lake Whatcom Residential Treatment Center", "LWRTC" or the "Contractor", shall, as applicable, refer to the Contractor causing the Foundation to achieve the same.

II. Definitions

1. "**Commitment Period**" means twenty-five (25) years after the later of: (i) final payment of funds to the Contractor under this Agreement; or (ii) the date when the Contractor secures all applicable licenses and certifications to operate the facility and when the facility is made useable to the public for the purpose approved by this agreement.
2. "**Court Monitor**" shall mean Danna Mauch, PhD, Court Monitor under the Trueblood case, or designee as assigned by the United States District Court Western District of Washington at Seattle.
3. "**County**" means Whatcom County, a home-rule charter county in Washington State.
4. "**DRW**" shall mean Disability Rights Washington, a Washington State nonprofit corporation.
5. "**Project**" is the Lincoln Street Studios located at 1436 and 1440 Lincoln Street, Bellingham, WA 98225.

The parcel numbers of this property are: 380329-061064-0000 PID 73145 and 383029-061056-0000 PID 73145

Legal Description:

PARCEL A (PID #73146):

LOTS 8 AND 9, BLOCK 24, PLAT OF YORK ADDITION TO NEW WHATCOM, RECORDED IN VOLUME 1 OF PLATS, PAGE 52, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL B (PID #73145):

LOTS 10 AND 11, BLOCK 24, PLAT OF YORK ADDITION TO NEW WHATCOM, RECORDED IN VOLUME 1 OF PLATS, PAGE 52, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

6. **“Trueblood Class Member”** means all persons who are now, or will be in the future, charged with a crime in Washington and: (i) who are ordered by a court to receive competency evaluation or restoration services through DSHS; (ii) who are waiting in jail for those services; and (iii) for whom DSHS receives the court order.

III. Statement of Work

1. The **County** is responsible for: (i) providing funding for the Project as described in Exhibit B, and throughout this agreement, (ii) for the administration of this agreement, (iii) for monitoring that the funds are used in accordance with all program requirements, and (iv) for monitoring the terms of the Restrictive Use Covenant and Deed of Trust.
2. In addition to the requirements listed in the Scope of Work, Additional Program Requirements, and Reporting Requirements, the **Contractor** is responsible for the following administrative task:
 - a) Knowing and meeting all applicable state, county, and city laws, ordinances, codes, and terms herein, necessary to complete the Project with fidelity, including, but not limited to:
 - i) Obtaining all required permits and inspections,
 - ii) *As applicable*, completing all required special assessments including, but not limited to, (i) State Environmental Policy Act (SEPA), (ii) Healthy Environments for All (HEAL), and (iii) Cultural Resource Survey (DAHP)
 - b) Maintain a recordkeeping system sufficient to comply will all monitoring activities identified in this agreement including, but not limited to:
 - i) Financial records including any audits,
 - ii) Performance reports including any permits and inspections,
 - iii) Applications, leases, evictions, and documentation used to verify Trueblood Class Member Status,
 - iv) Program policies and procedures including revisions for the life of the project.
3. Project Scope of Work

The work outlined in this agreement will occur in two phases: capital and operations.

During the Capital Phase, which begins when all parties receive a fully executed agreement, the Contractor will construct or cause to be constructed a thirty-eight (38) unit studio apartment complex of which thirty-seven (37) unit will be reserved for affordable housing and one (1) will be used for an onsite manager, designed and built to

- a) Compliance with the Law: Units shall be constructed in compliance with all applicable laws, ordinances, codes, and other terms herein.
- b) Compliance with Public Works Requirements: The Contractor must comply with all public works requirements. Public works is governed by RCW 39.04 and other state statutes. Public Works is defined by RCW 39.04.010 to generally include all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property herein.

The statute excludes "ordinary maintenance," which is generally defined in WAC 296-127-010(7)(b)(iii) (as may be amended) as either (1) work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semi-annually, but at least once per year), to service, check, or replace items that are not broken; or (2) work not performed by contract that is not regularly scheduled but is required to maintain an asset so that repair does not become necessary.

The Contractor shall conduct all work funded under this contract in compliance with and pursuant to the provisions of RCW 39.04, including but not limited to competitive bidding requirements, prevailing wages, retainage and performance and payment bonds.

Upon request of the County, the Contractor shall provide documentation that confirms the Contractor's compliance with the requirements of RCW 39.04 and other state statutes concerning Public Works requirements.

The Contractor shall comply in all aspects with the requirements of RCW 60.28.011 or other law applicable to it, including, but not limited to, the provisions thereof, to the extent applicable to the Contractor, which require the holding of certain amounts of payments to be made to contractors working and the deposit of such amounts in an escrow account, or as otherwise may be held, pursuant to authorized under RCW 60.28.011.

- c) Retainage: The Contractor shall comply in all aspects with the requirements of RCW 60.28.011 or other law applicable to it, including, but not limited to, the provisions thereof, to the extent applicable to the Contractor, which requires the holding of certain amounts of payments to be made to contractors working and the deposit of such amounts in an escrow account, or as otherwise may be held, pursuant to authorization under RCW 60.28.011.
- d) Project Schedule: Activities associated with the Capital Phase of the Project shall be completed no later than June 30, 2027. The Project schedule is as follows:
 - i) Site Control: Completed
 - ii) Due Diligence and permitting: Completed
 - iii) Construction Start: June 2026, or sooner
 - iv) Substantial Completion: May 2027, or sooner
 - v) Capital Phase Closeout: June 2027, or sooner
- e) Capital Phase Closeout: At completion of the capital portion of the Project, the Contractor shall have incurred all eligible and reimbursable costs under this Agreement, the County will have paid all reimbursable costs with the exception of any retainage, and the Contractor shall have furnished to the County all required close-out documents including:
 - i) Financial records verifying costs;
 - ii) All filed Intents to Pay Prevailing Wages and Affidavits of Wages Paid;
 - iii) All housing and property inspections;
 - iv) Certificate of Occupancy;

- v) Lease and rent schedules;
- vi) Operating manuals or policies and procedures.

The Capital Phase ends, and the Operations Phase begins, when the construction is completed and LWRTC received a Certificate of Occupancy for the Property. During the Operation Phase, LWRTC shall establish procedures for the lease-up and ongoing occupancy of eleven (11) units reserved for Trueblood Class Members, in accordance with this agreement. The eleven (11) units need not remain the same for the life of the project insofar as all units are comparable in size, quality, and amenities.

- f) Governing Laws: The Contractor shall ensure that all leasing practices, tenant selection criteria and occupancy policies are applied in a non-discriminatory manner and comply with all applicable laws, including but not limited to:
 - i) Fair Housing Act codified as 42 U.S.C. §§ 3601-3631
 - ii) Washington Law Against Discrimination as codified in RCW 49.60
 - iii) Residential Landlord-Tenant Act as codified in RCW 59.18Separate screening procedures may be applied to restrictive units where required by this Agreement, provided such procedures are documented and consistently applied.
- g) Eligibility Verification: The Contractor shall coordinate with the County-designated contract manager, designated referral organizations, and others as determined by the County, to ensure applicants applying for tenancy in one of the eleven (11) restricted units, meets eligibility criteria. In addition, the Contractor will:
 - i) Maintain a log of all referrals received;
 - ii) Provide written notification of denials, approvals, and conditional approvals.
- h) Establishing Rents: The County will use the Washington State Housing Finance Commission (WSHFC) schedule of maximum rents and income levels served for Whatcom County, available at <http://www.wshfc.org/limits/map.asp>. In the event that the WSHFC ceases publication of rents caps, Whatcom County will either establish a maximum rent and income levels and publish annually or identify a suitable alternative.
- i) Rent Increase: All units in the Project, including units reserved for Trueblood Class Members, are income restricted to insure long-term affordability. If rent limits rise, in accordance with Section c, above, the rent may increase based on the terms of the lease and/or applicable landlord-tenant laws.
- j) Over-Income Tenants: Tenants of the Project who are income-eligible at the time of their initial occupancy are not required to be relocated when their incomes exceed the restrictions of their unit. However, such over-income tenants are subject to separate mandatory or optional rent increases, or both, as follows: (1) If a tenant's income surpasses 140% of the maximum income limit for the unit, the Contractor must charge the maximum restricted rent for that unit, and (2) If a tenant's income surpasses 65% of median income, the Contractor has the option of raising the rent to a level up to 30% of the tenant's income at the following year's income certification, regardless of the maximum restricted rent.
- k) Tenant Protection: The following tenant protections apply to this Project:
 - i) Leases: Tenants must be offered written leases for a period of not less than one (1) year, unless by mutual agreement between the tenant and Contractor, a shorter period is specified.
 - ii) Verification of Trueblood Class Member Status: The Contractor shall verify eligible of Trueblood Class Member status prior to signing a lease for any of the eleven (11) restricted units. The eleven (11) units need not remain the same for the life of the project insofar as all units are comparable in size, quality, and amenities.
 - iii) Termination of Tenancy: The Contractor may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with County funds, except for serious or repeated violation of the

terms and conditions of the lease; for violation of applicable Federal, State, or local law; or for other good cause. Good cause does not include an increase in the tenant's income. To terminate or refuse to renew tenancy, the Contractor must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy. If a Trueblood Class Member leaves the Lincoln Street Studios, the Contractor shall make reasonable efforts to assist the tenant in transitioning to other appropriate housing.

- l) Temporary Departures to Seek More Intensive Services. In the case of a temporary departure by a Trueblood Class Member in order to participate in more intensive, treatment services, the Contractor will hold the unit for up to ninety (90) days to support housing stability. In these cases, the Contractor will not collect rent from the Trueblood Class Member unless otherwise provided by law. In such cases the Contract shall:
 - i) Apply for up to sixty (60) days of coverage through the State of Washington for Trueblood Class Members receiving state-funded rental vouchers and up to thirty (30) days funding from the County's Trueblood Rental Assistance Program.
 - ii) For Trueblood Class Members who do not receive a state rental voucher, the Contractor shall apply for up to ninety (90) days of coverage from the County's Trueblood Rental Assistance Program.
- m) Supportive Services: Trueblood Class Members shall have access to the same supportive services as other tenants in the Lincoln Street Studios including, but not limited to:
 - i) Behavioral health case management and treatment;
 - ii) Health care case management;
 - iii) Housing stability support
 - iv) Legal and system navigation support
 - v) Life skills and employment support;
 - vi) Benefit and income support;
 - vii) Co-occurring substance use disorder treatment;
 - viii) Peer support.
- n) Final Closeout: Upon expiration of the restrictive use period, the County will complete a final closeout on the Project. At this time the County will extinguish the Restrictive Use Covent and the Deed of Trust will be reconveyed to the Lake Whatcom Residential Treatment Center or its successors.

IV. Reporting Requirements

- 1) Quarterly Reports During the Capital Phase: Clear communication is essential for Project success. During the Capital Phase, the Contractor shall provide quarterly progress reports to the County's Contract Administrator. At a minimum, quarterly reports must include:
 - a) Progress and milestones achieved;
 - b) Outline of plan for the coming quarter;
 - c) Any problems experienced and solutions enacted or proposed.
- 2) Reporting Significant Events: In addition to quarterly reports, the Contractor shall communicate with the County's Contract Administrator within 48 hours, when either an event occurs that could substantially threaten the scope, budget, or schedule, or any other event of unusual and/or significant nature that occurs whether directly or indirectly related to the project, including, but not limited to, serious injuries or deaths, major fire or explosions, major environmental release, evacuations, major vandalism or property damage, or any event that requires total work stoppage for more than 48 hours. These reports shall include a description of the chain of events, personnel involved, response, and any other pertinent information.

- 3) Annual Certification: Beginning on the first anniversaries of the issuance of the Certificate of Occupancy, and annually thereafter for the entirety of the restrictive use period, the Contract shall provide an Annual Certification which includes, at a minimum:
- a) Confirmation that all eleven (11) units remain subject to the restrictions as required in this Agreement and the Restrictive Use Covenant.
 - b) The status of each unit (occupied, vacant and available for lease, temporary vacant)
 - c) Rents per unit;
 - d) Any material changes to the lease, operating manual, or applicable policies or procedures;
 - e) Updated contact information for LWRTC staff responsible for program compliance.
 - f) This Agreement number.

The Annual Certification shall be submitted electronically to:

Eric Chambers, Special Projects Manager
EKChambe@co.whatcom.wa.us

In the event that the person listed above is no longer available the Annual Certification shall be submitted by mail to:

Director
Whatcom County Health and Community Services
509 Girard Street
Bellingham, WA 98229

EXHIBIT "B"
(COMPENSATION)

Budget and Source of Funding: The source of funding for this contract, in an amount not to exceed \$3,087,940, is the Seattle Foundation Trueblood Grant Fund (18538527.7190). The budget for this contract is as follows:

¹ Cost Description	Documents Required with Each Invoice	Budget
² Development Hard Costs	<ul style="list-style-type: none"> • Invoice for eligible expenses • Intent to pay prevailing wage documentation • Competitive bidding documents ⁴ 	\$2,835,006
³ Project Soft Costs	<ul style="list-style-type: none"> • Invoice for eligible expenses • Competitive bidding documents ⁴ 	\$122,934
Developer fee	<ul style="list-style-type: none"> • Invoice for eligible expenses 	\$50,000
Capitalized Reserve	<ul style="list-style-type: none"> • Invoice for eligible expenses 	\$80,000
TOTAL		\$3,087,940

¹ Allowable costs are restricted to the development of 37 units of affordable rentals associated with Lake Whatcom Residential Treatment Center, as more fully and definitively described herein.

² Hard Costs include new building construction including sales tax and equipment and furnishings necessary to achieve occupancy.

³ Soft Costs include architectural and engineering services, project management and project management consultation, and required special inspections and commissioning.

⁴ Competitive bidding documents include copies of any RFP/RFQ documentation, documentation of public notices, and a summary of bids received, and any additional document that demonstrates a fair and competitive bidding process.

Contractor's Invoicing Contact Information:	
Name	Jenny Billings, Executive Director
Phone	360-398-5017
Email	Jenny.Billings@lwrtc.org

Refer to Exhibits B.1 and B.2 for additional invoicing requirements and information.

EXHIBIT “B.1” – Invoicing – General Requirements

1. When applicable, the contractor may transfer funds among budget line items in an amount not to exceed 10% of the line item budget. Line item changes that exceed 10% must be pre-approved by the County Contract Administrator, prior to invoicing.
2. When applicable, indirect costs and fringe benefit cost rates may not exceed the amount indicated in Exhibit B or the Contractor’s federally approved indirect cost rate.
3. The Contractor shall submit invoices indicating the County-assigned contract number to:
HL-BusinessOffice@co.whatcom.wa.us and EKChambe@co.whatcom.wa.us.
4. The Contractor shall submit itemized invoices on a monthly basis in a format approved by the County and by the 15th of the month, following the month of service, except for January and July where the same is due by the 10th of the month.
5. When applicable, the Contractor will utilize grant funding sources in the order of their expiration date as indicated by the County, prior to spending local funding sources, when no funding restrictions prevent doing so.
6. The contractor shall submit the required invoice documentation identified in Exhibit B.
 - a. The County reserves the right to request additional documentation in order to determine eligible costs. Additional documentation must be received within 10 business days of the County’s request.
 - b. When applicable, if GL reports for personnel reimbursement do not specify position titles, additional documentation must be provided that includes staff name and position title.
 - c. When applicable, mileage will be reimbursed at the current GSA rate (www.gsa.gov). Reimbursement requests for mileage must include:
 1. Name of staff member
 2. Date of travel
 3. Starting address (including zip code) and ending address (including zip code)
 4. Number of miles traveled
 - d. When applicable, travel and/or training expenses will be reimbursed as follows:
 1. Lodging and meal costs for training are not to exceed the current GSA rate (www.gsa.gov), specific to location.
 2. Ground transportation, coach airfare and ferries will be reimbursed at cost when accompanied by receipts.
 3. Reimbursement requests for allowable travel and/or training must include:
 - a. Name of staff member
 - b. Dates of travel
 - c. Starting point and destination
 - d. Brief description of purpose
 - e. Receipts for registration fees or other documentation of professional training expenses.
 - f. Receipts for meals are not required.
7. Payment by the County will be considered timely if it is made within 30 days of the receipt and acceptance of billing information from the Contractor.
8. The County may withhold payment of an invoice if the Contractor submits it or the required invoice documentation, more than 30 days after the month of services performed and/or the expiration of this contract.
9. Invoices must include the following statement, with an authorized signature and date: **I certify that the materials have been furnished, the services rendered, or the labor performed as described on this invoice.**
10. Duplication of billed costs or payments for service: The Contractor shall not bill the County for services performed or provided under this contract, and the County shall not pay the Contractor, if the Contractor has been or will be paid by any other source, including grants, for those costs used to perform or provide the services in this contract. The Contractor is responsible for any audit exceptions or disallowed amounts paid as a result of this contract.

EXHIBIT "B.2" – Invoice Preparation Checklist for Vendors

The County intends to pay you promptly. Below is a checklist to ensure your payment will be processed quickly. Provide this to the best person in your company for ensuring invoice quality control.

- Send the invoices to the correct address:
HL-BusinessOffice@co.whatcom.wa.us and EKChambe@co.whatcom.wa.us.
- Submit invoices monthly, or as otherwise indicated in your contract.

Verify that:

- invoices include the following statement with an authorized signature and date: **I certify that the materials have been furnished, the services rendered, or the labor performed as described on this invoice.**
- the time period for services performed is clearly stated and within the contract term beginning and end dates. Also verify any other dates identified in the contract, such as annual funding allocations;
- invoice items have not been previously billed or paid, given the time period for which services were performed;
- enough money remains on the contract and any amendments to pay the invoice;
- the invoice is organized by task and budget line item as shown in Exhibit B;
- the Overhead or Indirect Rate costs match the most current approved rate sheet;
- the direct charges on the invoice are allowable by contract. Eliminate unallowable costs.
- personnel named are explicitly allowed for within the contract and the Labor Rates match the most current approved rate sheet;
- back-up documentation matches what is required as stated in Exhibit B and B.1;
- contract number is referenced on the invoice;
- any pre-authorizations or relevant communication with the County Contract Administrator is included; and
- Check the math.

Whatcom County will not reimburse for:

- Alcohol or tobacco products;
- Traveling Business or First Class; or
- Indirect expenses exceeding 10% except as approved in an indirect or overhead rate agreement.

EXHIBIT "C"
(CERTIFICATE OF INSURANCE)

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL B (PID #73145):

LOTS 10 AND 11, BLOCK 24, PLAT OF YORK ADDITION TO NEW WHATCOM, RECORDED IN VOLUME 1 OF PLATS, PAGE 52, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

Abbreviated Legal: YORK ADD TO NEW WHATCOM LOTS 8-9 BLK 24 and YORK ADD TO NEW WHATCOM LOTS 10-11 BLK 24

Tax Parcel Number(s): 380329-061064-0000 PID 73145 and 383029-061056-0000 PID 73145

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits thereof.

This Deed of Trust is for the purpose of securing performance of a) each agreement of GRANTOR contained in this Deed of Trust and b) payment of the sum of **Three Million Eighty-Seven Thousand Nine Hundred and Forty Dollars (\$3,087,940)** in accordance with the terms of Whatcom County Grant Agreement #_____, and c) GRANTOR'S compliance with the Restrictive Use Covenant required by the Grant Agreement and recorded in Whatcom County, Washington under _____.

To protect the security of this Deed of Trust, GRANTOR covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure, or improvement being built or about to be built thereon; to restore promptly any building, structure, or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor(s) in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should GRANTOR fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property hereinabove described, Beneficiary may pay the same and shall be added to and become a part of the debt secured in this Deed of Trust.
7. NO FURTHER ENCUMBRANCES: As an express condition of Beneficiary making the award secured by this Deed of Trust, GRANTOR shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of the BENEFICIARIES even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and BENEFICIARIES may, at BENEFICIARIES' option, declare the entire balance of principal immediately due and payable, whether the same be created by GRANTOR or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

Grantor initials

Beneficiary initials

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, BENEFICIARIES do not waive their right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the GRANTOR and the BENEFICIARIES, or upon satisfaction of the obligation secured and written request for reconveyance made by the BENEFICIARIES or the person entitled thereto.
4. Upon default by GRANTOR in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the BENEFICIARIES. In such event and upon written request of BENEFICIARIES, TRUSTEE shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except TRUSTEE may bid at TRUSTEE'S sale. TRUSTEE shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable TRUSTEE'S fee and attorney's fee; (2) to the obligation secured by this Deed of Trust with the order of priority established under the most recent Priority and Subordination Agreement; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which GRANTOR had or had the power to convey at the time of his/her/their execution of this Deed of Trust, and such as he/she/they may have acquired thereafter. TRUSTEE'S deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability, or resignation of TRUSTEE, BENEFICIARIES may appoint in writing a successor TRUSTEE, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which GRANTOR, TRUSTEE, or BENEFICIARIES shall be a party unless such action or proceeding is brought by the TRUSTEE.
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/their heirs, devisees, legatees, administrators, executors, and assigns.

State of _____
 County of _____

This record was acknowledged before me on (date) by (name(s) of individuals).

(Stamp) (Signature of notary public)

(Title of office)
 My commission expires:

(date)

REQUEST FOR FULL RECONVEYANCE - *Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated: _____

Approved as to Form:

Janelle C. Wilson, Senior Deputy Prosecutor II/Lead Prosecutor

(RESTRICTIVE COVENANT)

When Recorded Return to:

Whatcom County
311 Grand Avenue, Suite 108
Bellingham, WA 98225

Attention: Eric Chambers

RESTRICTIVE USE COVENANT

GRANTOR(S):	Lake Whatcom Center Foundation
GRANTEE(S):	Whatcom County, a Municipal Corporation The Seattle Foundation, a Nonprofit Corporation
ABBREVIATED LEGAL:	YORK ADD TO NEW WHATCOM LOTS 8-9 BLK 24 and YORK ADD TO NEW WHATCOM LOTS 10-11 BLK 24
ADDITIONAL LEGALS ON PAGE:	1
ASSESSOR'S TAX PARCEL NUMBER(S):	3803290610640000 and 3803290610560000

THIS DECLARATION OF RESTRICTIVE USE COVENANT (hereinafter referred to as "COVENANT"), dated _____, 2026, by Lake Whatcom Center Foundation, a non-profit organization, and its successors and assigns (hereinafter referred to as "GRANTOR") is given in consideration of funds provided for the purpose of constructing thirty-eight (38) studio apartments on real PROPERTY (hereinafter referred to as "PROPERTY") legally described below:

PARCEL A (PID #73146):

LOTS 8 AND 9, BLOCK 24, PLAT OF YORK ADDITION TO NEW WHATCOM, RECORDED IN VOLUME 1 OF PLATS, PAGE 52, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

PARCEL B (PID #73145):

LOTS 10 AND 11, BLOCK 24, PLAT OF YORK ADDITION TO NEW WHATCOM, RECORDED IN VOLUME 1 OF PLATS, PAGE 52, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON

This COVENANT will be filed and recorded in the official public land records of Whatcom County, Washington and shall constitute a restriction upon the use of the PROPERTY described herein, subject to and in accordance with the terms of this COVENANT, for twenty-five (25) years beginning upon the recordation of this COVENANT in Whatcom County, Washington.

RECITALS

WHEREAS, the GRANTOR is the sole owner in fee simple of the PROPERTY, and

WHEREAS, the GRANTOR intends to construct a thirty-eight (38) units of studio apartments on the PROPERTY, and

WHEREAS, Whatcom County, a municipal corporation in Washington State, entered into an Agreement with the Seattle Foundation, a Washington nonprofit corporation, to provide funding to the Lake Whatcom Center Foundation and to ensure compliance with the terms of the COVENANT, and

WHEREAS, the Seattle Foundation, is acting as fiscal sponsor to Disabilities Rights Washington, a Washington nonprofit cooperation, pursuant to its legal representation of class members for A.B. ex rel. Trueblood v. Washington State Department of Social & Health Services, and

WHEREAS, the GRANTOR agrees to reserve eleven (11) of the thirty-eight (38) units for the exclusive purpose of providing housing and housing-related services to Trueblood Class Members, and

WHEREAS, a Trueblood Class Member means all persons who are now, or will be in the future, charged with a crime in Washington and: (i) who are ordered by a court to receive a competency evaluation or restorative services through DSHS; (ii) who are waiting in jail for those services; and (iii) for whom DSHS receives a court order, and

WHEREAS, the GRANTOR is creating a real property covenant on the PROPERTY for purposes of ensuring that the PROPERTY is used for the construction and leasing of housing for twenty-five (25) years commencing following the execution and recording of this COVENANT in Whatcom County, under the terms herein, and

WHEREAS, the foregoing recitals are a material part of this COVENANT,

NOW THEREFORE, in consideration of the promises and covenants hereinafter set forth and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the GRANTOR intends, declares, and covenants that the restrictive COVENANTS set forth herein governing the use, occupancy,

and transfer of the PROPERTY shall be and are COVENANTS pertaining to the PROPERTY and running with the land for the term stated herein and are binding upon all subsequent owners of the PROPERTY and for such terms, except as specifically provided herein, and are not merely personal covenants of the GRANTOR.

SECTION 1 REPRESENTATIONS, COVENANTS AND WARRANTIES OF GRANTOR

GRANTOR hereby represents, covenants and warrants as follows:

1. GRANTOR voluntarily establishes this real property COVENANT over the PROPERTY for twenty-five (25) years beginning upon the execution and recording of this COVENANT, subject to the terms set forth herein exclusively for the purpose of ensuring that eleven (11) units of the PROPERTY are reserved for the exclusive use of Trueblood Class Members, at all times during the period of the COVENANT. This COVENANT shall end twenty-five years after the date of recordation, if not earlier terminated.
2. GRANTOR hereby covenants and agrees not to sell, transfer or otherwise dispose of the PROPERTY or any portion thereof without first providing a written notice to the buyer and obtaining the agreement of any buyer or successor in interest or other person or entity acquiring the PROPERTY or any interest therein, that such acquisition is subject to the requirements of this COVENANT and to the restrictions on use provided for herein; *provided, however*, that nothing contained in this COVENANT shall restrict transfers of interests.
3. GRANTOR will, at the time of execution, delivery and recording of this COVENANT, have good and marketable title to the PROPERTY, free and clear of any liens or encumbrances (except encumbrances created pursuant to this COVENANT or other permitted encumbrances identified in Section 2, including, without limitation, the exceptions set forth in the GRANTOR'S policy of title insurance).
4. GRANTOR warrants that it has not and will not execute any other covenant or deed restriction with provisions contradictory to, or in opposition to, the provisions hereof other than the permitted encumbrances, or as otherwise approved in writing by the GRANTEEES.

SECTION 2 TERM OF COVENANT AND PERMITTED ENCUMBRANCES

1. This COVENANT, and the terms specified herein, apply to the PROPERTY immediately upon recordation, and GRANTOR shall comply with all restrictive covenants herein.
2. The COVENANT shall remain in place for twenty-five (25) years beginning on the execution and recording of this COVENANT, during which time GRANTOR and their successors, shall maintain eleven (11) units as described in the agreement, on the PROPERTY and shall meet all other requirements of this COVENANT, subject to the terms herein.

3. There are no permitted encumbrances allowed under this COVENANT that would unreasonably inhibit the use of the PROPERTY as described herein.

SECTION 3
RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND

1. Upon execution of this COVENANT by the GRANTOR, GRANTOR shall cause this COVENANT and all amendments hereto to be recorded in the Whatcom County Auditor's Office. GRANTOR shall pay all fees and charges incurred in connection therewith.
2. GRANTOR intends, declares and covenants, on behalf of itself and all future owners of the PROPERTY during the term of this COVENANT, that this COVENANT and the covenants and restrictions set forth in this COVENANT regulating and restricting the use, occupancy and transfer of the PROPERTY shall
 - 2.1. constitute covenants running with the land, encumbering the PROPERTY for the term of this COVENANT, binding upon GRANTOR and GRANTOR's successors in title and all subsequent owners of the PROPERTY and not merely personal covenants of GRANTOR; and
 - 2.2. bind the GRANTOR (and the benefits shall inure to the GRANTEES) and any past, present or prospective owner of the PROPERTY and GRANTOR's respective successors and assigns during the term of this Covenant.
3. GRANTOR hereby agrees that any and all requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to ensure that these restrictions run with the land for the duration of this COVENANT. For the term of this COVENANT, each and every contract, deed or other instrument hereafter executed conveying the PROPERTY or portion thereof shall expressly provide that such conveyance is subject to this COVENANT, provided, however, the covenants contained herein shall survive and be effective regardless of whether such contracts, deed, or other instrument hereafter executed conveying the PROPERTY or portion thereof provides that such conveyance is subject to this COVENANT.
4. The GRANTEES hereby agree that upon termination of this COVENANT, the GRANTEES shall cooperate with the GRANTOR to sign a recordable document extinguishing this COVENANT from Title.

SECTION 4
ENFORCEMENT OF RESTRICTIONS

The PROPERTY will be bound by the terms of this COVENANT at each sale or transfer, for the purposes of providing housing for Trueblood Class Members, as described herein, in Whatcom County. GRANTOR hereby declares and covenants, on behalf of itself and all future owners of the PROPERTY, that, during the term of this COVENANT, the GRANTEES are third-party beneficiaries of and successors to each and every

remedy provided in the COVENANT or in law intended to ensure the proper use of the PROPERTY for the purposes defined herein. The GRANTEES may, in the event of the failure or default of the GRANTOR, under this COVENANT, exercise all rights and remedies available to the GRANTEES as provided herein or as otherwise provided by law. Proper use is defined as:

1. The PROPERTY shall reserve eleven (11) of the thirty-eight (38) units for the exclusive use of Trueblood Class Members, as described herein, for twenty-five (25) years commencing upon the execution and recording of this COVENANT and as further set forth in the Agreement. The eleven (11) units may be any of the thirty-eight (38) units and may change from tenant to tenant insofar as all thirty-eight (38) units are of comparable size and condition,
2. The eleven (11) reserved units on the PROPERTY will be used exclusively individuals that at the time of initial occupancy have been identified as Trueblood Class Members as defined by Washington State Department of Social and Health Services (DSHS).
3. The GRANTOR shall use the PROPERTY to provide housing and will comply with all applicable State and local housing and shelter codes, licensing requirements, and other requirements regarding the condition of the structing and operation of the project in the jurisdiction in which the housing is located;
4. GRANTOR covenants that it will not knowingly take or permit any action that would result in a violation of the terms of this COVENANT. The COUNTY, together with GRANTOR, may execute and record any amendment or modification of this COVENANT and such amendment or modification shall be binding on third parties' rights granted under this COVENANT.
5. GRANTOR acknowledges that the primary purpose for requiring compliance by GRANTOR with restrictions provided in this COVENANT is to assure compliance with the use requirements imposed as a term of funding by the GRANTEES, AND BY REASON THEREOF, GRANTOR IN CONSIDERATION FOR RECEIVING FUNDS TO CONSTRUCT THE PROPERTY HEREBY AGREES AND CONSENTS THAT THE GRANTEES SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREIN, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE BY SPECIFIC PERFORMANCE, GRANTOR'S OBLIGATIONS UNDER THIS COVENANT IN A STATE COURT OF COMPETENT JURISDICTION. GRANTOR hereby further specifically acknowledges that the beneficiaries of GRANTOR's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder. In the event of legal action, legal costs, including attorney fees and court costs (including costs of appeal), may be recovered by the prevailing party.

SECTION 5 MISCELLANEOUS

1. **Severability.** The invalidity of any clause, part, or provision of this COVENANT shall not affect the validity of the remaining portions thereof.
2. **Notices.** Any Notice shall be in writing and shall be given by depositing the same in the United States mail, postage paid and registered or certified, and addressed to the party to be notified, with return-receipt requested, or by delivering the same in person to an officer or principal of such party. Notice to

the parties shall be mailed or delivered to the addresses below.

GRANTOR: Lake Whatcom Center Foundation
3600 Meridian St, Bellingham WA 98225

GRANTEE: Whatcom County
311 Grand Avenue, Bellingham, WA 98225

GRANTEE: Seattle Foundation
1601 5th Ave #1900, Seattle, WA 98101

Notices deposited in the mail in the manner hereinabove described shall be effective upon mailing.

3. **Governing Law.** This COVENANT shall be governed by the laws of the State of Washington and, where applicable, the laws of the United States of America.

[signature pages follow]

EXHIBIT "F"

(CERTIFICATION OF THE AVAILABILITY OF FUNDS TO COMPLETE THE PROJECT)

<i>Trueblood funds</i>	Amount
County Funds	\$ 3,087,940
Total Non-County Funds	\$ 7,054,534
Total Project Costs	\$ 10,142,474

CERTIFICATION PERFORMANCE MEASURE

The Contractor, by its signature, certifies that Project funding from sources other than those provided by this Agreement and identified above has been reviewed and approved by the Contractor's governing body or board of directors, as applicable, and has either been expended for eligible Project expenses, or is committed in writing and available and will remain committed and available solely and specifically for carrying out the purposes of this Project as described elsewhere in this Agreement, as of the date and year written below. The Contractor shall maintain records sufficient to evidence that it has expended or has access to the funds needed to complete the Project and shall make such records available for County's review upon reasonable request.

CONTRACTOR

TITLE

DATE

EXHIBIT "G"

(CERTIFICATION OF INTENT TO ENTER THE EVERGREEN SUSTAINABLE DEVELOPMENT STANDARDS
CERTIFICATION PROCESS)

CERTIFICATION PERFORMANCE MEASURE

The Contractor, by its signature, certifies that it will enter into the Evergreen Sustainable Development Standards certification process. The Contractor shall, upon receipt of certification, provide documentation of such certification to County.

The Contractor, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Contractor's governing body or board of directors, as applicable, as of the date and year written below.

CONTRACTOR

TITLE

DATE

EXHIBIT "H"
(CERTIFICATION OF THE PAYMENT OF PREVAILING WAGES)

CERTIFICATION PERFORMANCE MEASURE

The Contractor, by its signature, certifies that all contractors and subgrantees/subcontractors performing work on the Project shall comply with prevailing wage laws set forth in RCW 39.12, as applicable on the date the Project appropriation becomes effective, including but not limited to the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with RCW 39.12 and shall make such records available for County's review upon request.

If any *Trueblood* funds are used by the Contractor for the purpose of construction, applicable State Prevailing Wages must be paid.

The Contractor, by its signature, certifies that the declaration set forth above has been reviewed and approved by the Contractor's governing body as of the date and year written below.

CONTRACTOR

TITLE

DATE