



City Council Regular Meeting - 11 Aug 2025

SUBJECT/TITLE: Settlement of Lawsuit Renton Hotel Investors, LLC, et al. v. City of Renton, King County Superior Court Cause No. 20-2-15681-7 KNT

RECOMMENDED ACTION: Council Concur

DEPARTMENT: Executive Services Department

STAFF CONTACT: Ed VanValey, Chief Administrative Officer

EXT.: 6520

FISCAL IMPACT SUMMARY:

The unreimbursed portion of the settlement, \$600,000, will be paid from the Insurance Fund, which has sufficient fund balance. Authorization is requested for additional budget appropriations for the insurance fund in the amount of \$600,000 and will be included on the mid-biennial budget adjustment.

SUMMARY OF ACTION:

City Council is asked to authorize the Mayor to execute two settlement agreements and any necessary related documents resolving all claims in the lawsuit Renton Hotel Investors, LLC, et al. v. City of Renton, King County Superior Court Cause No. 20-2-15681-7 KNT. The lawsuit arose from the City's code enforcement actions related to King County's use of the former Red Lion site as a shelter.

The total settlement amount is \$1,500,000. As part of a mediated global resolution, the City reached agreement with its insurance provider, Safety National Casualty Corporation, to contribute \$900,000 toward the settlement, while the City will pay the remaining \$600,000 from its Insurance Fund.

The City does not admit liability and has resolved the matter to avoid the risk and cost of continued litigation. The attached draft agreements are subject to minor revisions subject to the discretion of the Mayor and legal approval as to form by the City Attorney.

EXHIBITS:

- A. Settlement and Release Agreement - City of Renton and Safety National
- B. Release and Hold Harmless - RHI

STAFF RECOMMENDATION:

Authorize the Mayor to execute (1) a settlement agreement with plaintiffs Renton Hotel Investors, LLC, Onkaar Dhaliwal, and Dayabir Bath; (2) a settlement agreement with Safety National Casualty Corporation; (3) any related documents necessary to carry out the negotiated resolution of the above-referenced litigation and associated insurance coverage dispute and (4) approve the budget adjustment of an additional \$600,000 for 2025.

SETTLEMENT AND RELEASE AGREEMENT

Parties to the Settlement

1. This Settlement and Release Agreement (“Agreement”) is entered into by Safety National Casualty Corporation and Safety Specialty Insurance Company (collectively “Safety National”) and City of Renton, Washington (“City of Renton”). City of Renton and Safety National shall be referred to herein collectively as the “Parties,” and, each on its own, a “Party.”

Background and Purpose of the Settlement

2. Safety National issued to the City of Renton as an endorsed “Member” of Named Insured Washington Public Entity Group, a Public Officials and Employment Practices Liability insurance policy, bearing number SPO6675314, effective January 1, 2020, to January 1, 2021; a Commercial General Liability policy No. GLE4058201, effective January 1, 2020, to January 1, 2021; a Law Enforcement Liability policy No. SLE6675313 effective January 1, 2020, to January 1, 2021; and an Excess Liability policy No. XPE 4058203 effective January 1, 2020, to January 1, 2021 (collectively referred to as the “Safety National Policies”);
3. The City of Renton was sued in an underlying lawsuit captioned: *Renton Hotel Investors, LLC, et al., v. City of Renton*, Washington Superior Court, King County Case No. 20-2-15681-7 KNT (the “Underlying Lawsuit”);
4. The City of Renton tendered the Underlying Lawsuit to Safety National for defense and indemnification under one or more of the Safety National Policies;
5. Safety National agreed to defend the City of Renton under one or more of the Safety National Policies in the Underlying Lawsuit, subject to a reservation of rights to deny coverage;
6. The Underlying Lawsuit was mediated on March 17, 2025, with mediator (Ret.) Judge Ron B. Leighton;
7. At the conclusion of the March 17, 2025, mediation, the mediator made a proposal of \$1,500,000 to the City of Renton to settle the Underlying Lawsuit (the “Settlement Amount”);
8. A good faith dispute arose between the City of Renton and Safety National regarding the existence of coverage under the Safety National Policies for the Settlement Amount in the Underlying Lawsuit; and
9. The City of Renton and Safety National now deem it to be in their best interests to fully and finally resolve their disputes concerning coverage for the Underlying Lawsuit and mutually pay the Settlement Amount according to the terms of this Agreement.

Payments Toward the Settlement Amount

10. The Settlement Amount in the Underlying Lawsuit will be paid for by the City of Renton and Safety National as follows:
 - a. City of Renton shall pay \$600,000 of the Settlement Amount, and
 - b. Safety National shall pay \$900,000 of the Settlement Amount to the City of Renton, within thirty (30) days of execution of both this Agreement and the Underlying Settlement Agreement (defined below).
11. The City of Renton shall pay the Settlement Amount in the time frame and according to the form of payment that is compliant with the terms of the full settlement agreement and release in the Underlying Lawsuit (the “Underlying Settlement Agreement”) completing the underlying July 23, 2025, “CR 2A Settlement Agreement.” The Underlying Settlement Agreement shall require a full and complete release of Safety National for all claims and causes of action that could have been asserted by any parties thereto based on the Underlying Lawsuit.

City of Renton’s Release of Safety National

12. In consideration of Safety National’s payment of \$900,000 toward the Settlement Amount in the Underlying Lawsuit and the promises contained herein, the City of Renton, to the fullest extent of its legal authority, fully and forever releases and discharges Safety National and its related entities, including all predecessors, successors, affiliates, subsidiaries, parents, and divisions, and their respective past, present, and future officers, directors, employees, agents, attorneys, insurers, reinsurers, assigns, and representatives, from any and all claims, known or unknown, arising out of or relating to the Underlying Lawsuit or Safety National’s handling of claims related to it. This release includes, without limitation, any claims for bad faith, violations of Washington’s Insurance Fair Conduct Act, Consumer Protection Act, Administrative Code provisions, or any similar legal theory allowing recovery beyond policy benefits.

Safety National’s Waiver of Any Right to Recoupment from the City of Renton

13. Safety National waives any right to recoupment from the City of Renton for all the defense expenses it incurred with respect to the Underlying Lawsuit, or its \$900,000 payment toward the Settlement Amount in the Underlying Lawsuit.

No Precedential Effect

14. The Parties agree that this Agreement sets forth a compromise resolution of disputed matters and shall never at any time be considered an admission of liability, coverage, course of performance or responsibility on the part of either Party. The Parties agree that this Agreement shall not have any precedential effect with respect to any other matter. The Parties further agree that neither this Agreement nor any of its terms shall be admissible in any action, arbitration,

or proceeding other than one relating to any potentially applicable reinsurance, if any, or to enforce the terms of this Agreement.

Contingencies

15. This Agreement is voidable by either party if the City of Renton City Council rejects ratification of the Agreement, without recourse or opportunity to redraft this Agreement's provisions frustrating ratification, within thirty (30) days of Safety National signing it.

16. This Agreement is void if the City of Renton City Council does not ratify or approve the Underlying Settlement Agreement within thirty (30) days of its execution.

General Terms

17. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

18. Each signatory to this Settlement represents and warrants that they are authorized to execute this document for the purposes set forth herein.

19. This Agreement contains the entire agreement between the Parties regarding the matters set forth herein.

20. This Agreement shall become effective on the date on which the last Party executes this Agreement.

SIGNED AND AGREED TO BY:

SAFETY NATIONAL CASUALTY CORPORATION

By: _____
Printed Name: _____
Title: _____
Dated: _____

SIGNED AND AGREED TO BY:

SAFETY SPECIALTY INSURANCE COMPANY

By: _____
Printed Name: _____
Title: _____
Dated: _____

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SIGNED, AGREED TO, AND RATIFIED BY:

CITY OF RENTON, WASHINGTON

By: _____

Printed Name: _____

Title: _____

Dated: _____

**RELEASE OF ALL CLAIMS AND
HOLD HARMLESS AGREEMENT**

KNOW ALL BY THESE PRESENTS:

That the Undersigned, on behalf of RENTON HOTEL INVESTORS, LLC., ONKAAR DHALIWAL (individually) and DAYABIR BATH (individually) as Plaintiffs (King County Superior Court Cause No. 20-2-15681-7 KNT), for the sole consideration of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00), as indicated herein below, do hereby and for their heirs, executors, administrators, successors and assigns release, acquit and forever discharge THE CITY OF RENTON, WASHINGTON and its agents, servants, successors, heirs, executors, administrators, liability insurance carriers and all other affiliated persons, firms, corporations, associations or partnerships of each of them from any and all claims, actions, expenses and compensation whatsoever, which the undersigned now have or which may hereafter accrue on account of or in any way growing out of any and all known and unknown damages, and the consequences thereof, resulting or to result from the events alleged in the Complaint filed under King County Superior Court Cause No. 20-2-15681-7 KNT. It is understood and agreed that this settlement is the compromise of a disputed claim, and that the payment made is not to be construed as an admission of liability on the part of the party or parties hereby released, and that said releasees deny liability therefor and intend merely to avoid litigation and buy their peace.

The undersigned hereby declare that the undersigned rely wholly upon the undersigned's judgment, belief and knowledge of the nature, extent, effect and duration of said damages and liability therefor, and this release is made without reliance upon any statement or representation of the party or parties hereby released or their representatives.

In consideration of payment of the above sum, the undersigned represent, warrant and agree that they or their legal representative will satisfy any and all lien claims against the above sum, or any settlement or recovery arising out of the incident, casualty or events which occurred as above-described. In further consideration of the payment of the above sum, the undersigned agree to indemnify the Defendant named in the above-referenced action, its attorneys of record, and its liability insurance carriers, and agrees to hold the same harmless against any claim, suit, action or demand asserting a lien against said sum, settlement or recovery, including the expenses of investigation, attorneys' fees, and other costs of litigation. In further consideration of payment of the above sum, the undersigned agree to pay the expenses of investigation, attorneys' fees and all other costs of any action brought by the Defendant named in the above action, its attorneys of record, and its liability insurance carriers against the undersigned to establish and/or enforce indemnification hereunder.

The undersigned further declare and represent that no promise, inducement or agreement not herein expressed has been made to the undersigned, and that this Release contains the entire agreement between the parties, and that the terms of this Release are contractual and not a mere recital.

The undersigned understand this agreement is subject to approval by the Renton City Council, and that the matter will be brought to the Council for approval at its regularly-scheduled meeting on August 11, 2025. Should the City Council not approve this agreement, it will be null and void.

The undersigned agree that payment of the settlement amount will be made to the Frey Buck, P.S., Client Trust Account (“payee”) via check or electronic funds transfer within 45 days of (1) the undersigned’s execution of this Release and Hold Harmless AND (2) payee’s provision of its W-9 form.

THE UNDERSIGNED HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND IT.

Signed, sealed and delivered this _____ day of _____, 2025.

CAUTION: READ BEFORE SIGNING BELOW

Printed Name and Title

Signature
Agent/Representative on behalf of
RENTON HOTEL INVESTORS, LLC

ONKAAR DHALIWAL, individually

DAYABIR BATH, individually