



King County
Metropolitan King County Council
Capital Budget Committee

Agenda Item

No.:	<u>3</u>	Date:	<u>August 29, 2007</u>
Proposed Ordinance No.:	<u>2007-0376</u>	Prepared By:	<u>Polly St. John</u>

STAFF REPORT

SUBJECT: A purchase and sale agreement to convey county owned land adjacent to the Issaquah Highlands park-and-ride garage to Port Blakely/High Street LLC, a single-purpose entity created by Port Blakely Communities to develop the site.

SUMMARY:

Proposed Ordinance 2007-0376, if approved, will authorize the Executive to execute a purchase and sale agreement for 11,160 square feet (sf) of county owned property located in the Issaquah Highlands, adjacent to the Issaquah Highlands park-and-ride garage. The negotiated sale price is \$204,000 which will provide revenue to the Public Transportation Fund (Transit). The land will be developed into retail space by the Port Blakely/High Street LLC. Additionally, the county will enter into a thirty year lease to provide 34 parking stalls in the park-and-ride garage to the retail property owner.

BACKGROUND:

This land parcel is a portion of a larger site that was originally purchased by the Road Services Division for development of the Sammamish Plateau Access Road (SPAR), now know as Highlands Drive. Upon completion of the roadway in July 2004, custodianship of the property was transferred to the Transit Division for development of a park and ride.

Development within the area known as the Issaquah Highlands is governed by a three-party agreement between King County, Port Blakely Communities, and the City of Issaquah. In cooperation with the City of Issaquah and Port Blakely, the county built a 1,034 stall parking garage using transit division, Sound Transit and federal grant funding.

As the site plan for the garage was developed, the city determined that a retail element should be included. Consequently, the property was subdivided, a small portion of the property was declared surplus, and was designated for development into retail space. According to the development agreement, Port

Blakely Communities, the master developer in the Highlands, owns all non-transit development rights in the neighborhood. Therefore, Port Blakely is the only entity that could develop the retail property. As a result, 11,160 sf of undeveloped land was reserved at the south end of the completed park-and-ride garage in anticipation of a sale to Port Blakely, the firm developing the Issaquah Highlands.

ANALYSIS:

This proposed ordinance, if approved, would:

- Authorize the Executive to execute a purchase and sale agreement with Port Blakely Communities/High Street 8 LLC for development of retail space adjacent to the Issaquah Highlands park-and-ride garage;
- Authorize the Executive to enter into a thirty year lease to provide 34 parking stalls in the park-and-ride garage to the retail property owner.

The purchase and sale agreement also identifies utility easements for Comcast cable, Qwest and I-Net fiber optic cable, and sewer lines, as well as maintenance, set-back and structural foundation easements.

Direct Property Sale

King County Code (KCC) 4.56 determines the process for the surplus of real property and provides that the Facilities Management Division is authorized to sell property determined to be surplus to the county's needs. **Attachment 5** outlines the county procedures contained in the King County Code for disposal of county owned properties. Pursuant to those procedures, the following has occurred regarding the Issaquah Highlands property:

1. The Department of Transportation, Transit Division has indicated that the property is surplus to their needs.
2. No other county agency expressed an interest in the property.
3. The property was determined to not be suitable for affordable housing, as it is not zoned residential.
4. Other uses for the property were reviewed such as a land exchange or use by another entity.
5. FMD determined that a direct sale was warranted due to unique circumstances.

These unique circumstances for direct sale arise from the July 2002 three-party development agreement. Port Blakely is the owner of all non-transit related development rights within the Issaquah Highlands. King County worked directly with the City of Issaquah to determine if development rights could be transferred to the property from other county or non-county owned property to potentially encourage more proposals for development to the site. However, the City of Issaquah code restricts transfers of development rights to publicly owned property. Therefore, a sale of the property to a developer other than Port Blakely was unlikely, as other developers would have to risk not being able to transfer

development rights to the retail property, thus being left with a vacant parcel. The end result is that Port Blakely Communities is the only entity that can develop the property adjacent to the garage, unless it determines not to develop the property itself. This is not the case.

Purchase and Sale Agreement / Lease Agreement for Parking Stalls

The sale of the property is closely linked to the provision of parking for the retail development. Because the property is small, development of the site would most likely not allow for parking areas. In order to provide the retail space with necessary parking, the county has agreed to lease 34 parking stalls in the parking garage for a period of thirty years. This lease is included in the agreement as Exhibit B.

As noted earlier, the park-and-ride garage was funded by federal grant, Sound Transit and county sources. The terms of the federal grant dictated that parking capacity be provided for 1,000 vehicles. When built, the garage was constructed to include 34 additional stalls. The ordinance findings (found on lines 37 and 38 of the legislation) indicates that the county considers these stalls “as not necessary to meet its needs”.

The 2007 Metro Transit second quarter Park and Ride Utilization Report, **Attachment 6**, shows that over the last year Issaquah Highlands utilization has increased from 49% to 72%. As growth in the area occurs, it is likely that these stalls could be needed to meet park and ride demand. However, the 34 stalls proposed to be leased represent only 3% of the total number of stalls, which would most likely not be enough space to meet a significant future increase in demand.

The agreement was originally anticipated for council consideration in early 2006. The agreement has been delayed to allow for prolonged negotiations over the commencement date for the parking stall lease and to finalize “as built” surveys and permits for six easement areas.

Lease Commencement Date – The parking stall lease sets a commencement date for use and beginning payment of rent. It is the earlier of the time when the garage capacity reaches 80% of the 1,000 stalls, as determined by the quarterly utilization count, or January 1, 2011. This negotiated date could require Port Blakely to begin paying rent prior to development of the retail site. If Port Blakely does not begin paying rent within 30 days of written notice of the park-and-ride reaching 80% capacity, the lease will automatically terminate.

Easements

The purchase and sale agreement identifies utility easements for Comcast cable, Qwest and I-Net fiber optic cable, and sewer lines, as well as maintenance, set-back and structural foundation easements. These easements were negotiated to provide for normal underground lines, as well as to allow the county access to

maintain the south wall of the garage foundation and Port Blakely to have access for windows on a portion of the proposed retail development.

Sale Proceeds

The purchase and sale agreement includes a direct sale price of \$204,000. (*This price was agreed upon by the parties in 2005 prior to negotiation of the easements and commencement date.*) Lease payments of \$70 per stall per month will accrue to the Public Transportation Fund, providing approximately \$30,000 per year in revenue.

Amendment

The proposed legislation, transmittal letter and fiscal note assumed a sale price of \$205,000. However, the actual purchase and sale agreement includes a price of \$204,000. Staff analysis has verified that the negotiated sale price for the property is \$204,000. Consequently, an amendment has been drafted to correct the amount referred to in the legislation.

REASONABLENESS:

Approval of Proposed Ordinance 2007-0376, as amended, would implement the underlying assumptions to develop the Issaquah Highlands community included in the three-party agreement between the county, City of Issaquah and Port Blakely. The purchase and sale agreement has been reviewed by the transit division, facilities management division and the prosecuting attorney's office and appears to be a reasonable and prudent financial and policy decision.

INVITED:

- Bob Cowan, Director, Office of Management and Budget
- Kathy Brown, Director, Facilities Management Division
- Bob Thompson, Project Program Manager, Real Estate Services, FMD
- Bob Stier, Special Project Manager, Transit and FMD

ATTACHMENTS:

1. Amendment 1 to Proposed Ordinance 2007-0376
2. Proposed Ordinance 2007-0376
3. Transmittal letter dated July 2, 2007
4. Fiscal Note
5. Surplus Property Process in King County
6. Metro Transit 2nd Quarter Park and Ride Utilization Report, comparison of quarters page

1

08-29-07

pj

Sponsor: _____
Dow Constantine
Proposed No.: 2007-0376

1 AMENDMENT TO PROPOSED ORDINANCE 2007-0376, VERSION 1

2 On page 4, line 65, delete "\$205,000.00" and insert "\$204,000"

EFFECT: This amendment would reduce the appraised value listed in the ordinance from \$205,000 to \$204,000, making it consistent with the purchase and sale agreement.



KING COUNTY
Signature Report

ATTACHMENT 2
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

August 27, 2007

Ordinance

Proposed No. 2007-0376.1

Sponsors Dunn and Constantine

1 AN ORDINANCE authorizing the executive to execute a
2 purchase and sale agreement and all necessary conveyance
3 documents to complete the sale of county owned property
4 known as Lot 1 of city of Issaquah Short Plat SP04-001IH
5 adjacent to the Issaquah Highlands Park and Ride garage,
6 to Port Blakely Communities, located in council district 3.

7

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

9 **SECTION 1. Findings:**

10 A. King County owns an approximately 11,160 square foot parcel of land,
11 adjacent to the Issaquah Highlands park and ride garage, bounded by the Issaquah
12 Highlands park and ride garage to the North, NE High Street to the South, Highlands
13 Drive to the East and 9th Avenue to the west. It is located within Issaquah Highlands,
14 and King County metro transit division is the custodian.

15 B. The property was originally purchased by the road services division as part of
16 the North Sammamish Plateau Access Road (SPAR) development from Lakeside
17 Industries in 2003. When the roadway was substantially complete, in July of 2004,

18 custodianship of the property which lies between the north bound and south bound lanes
19 of Highlands Drive was transferred to the transit division for the development of the park
20 and ride garage.

21 C. Development within Issaquah Highlands is governed by agreements executed
22 by King County, Port Blakely Communities and the city of Issaquah. The development
23 agreements provide the framework for development within Issaquah Highlands. The
24 agreements anticipated that a park and ride facility would be an element of the project.

25 D. In cooperation with the city of Issaquah and Port Blakely, King County agreed
26 to build a 1,000 stall parking garage in the new Issaquah Highlands development in order
27 to help mitigate traffic onto I-90. The new parking garage has been funded in part by
28 Sound Transit and federal grants.

29 E. During the site development plan review, the city determined that the county
30 should include a retail element in the Issaquah Highlands park and ride development. To
31 accommodate this requirement, the transit division determined to short plat the property
32 and surplus the southern portion of the property (11,160 square feet), which the purchaser
33 will be required to develop into retail space.

34 F. In order to provide the retail development with necessary parking, King
35 County also agreed to lease to the retail property owner 34 parking stalls in the parking
36 garage for a period of thirty years. The county is obligated by the terms of the federal
37 grant to provide parking capacity for 1,000 vehicles and the county considers the 34 stalls
38 as not necessary to meet its needs.

39 G. According to the development agreements, if development is proposed on the
40 retail property, the city would require there to be an allocation of development rights to

41 the property from the Issaquah Highlands master developer, Port Blakely Communities.
42 Per the agreements, the retail property may be developed as a park and ride facility or up
43 to 12,000 square feet of retail or commercial uses.

44 H. According to the development agreements, as the Master Developer, Port
45 Blakely Communities is the owner of all non-transit related development rights within
46 Issaquah Highlands, therefore Port Blakely is the only entity which could develop the
47 retail property for other than transportation/park and ride purposes.

48 I. During 2005 and 2006, King County real estate services worked with the city
49 of Issaquah to determine if development rights could be transferred to the retail property
50 from other county or non county-owned property to potentially elicit more proposers or
51 developers to the site, but Issaquah's code restricts transfers of development rights to
52 publicly-owned property. This left a sale to a developer other than Port Blakely unlikely,
53 as any other developer would have to take the risk of not being able to transfer
54 development rights to the retail property, thus being left with a vacant parcel.

55 J. A Purchase and Sale Agreement and a lease for 34 stalls for a term of 30 years
56 to Port Blakely Communities/High Street LLC have been negotiated.

57 K. The council hereby finds pursuant to K.C.C. 4.56.100 and 4.56.180 that
58 unique circumstances exist that make a negotiated direct sale of the retail property in the
59 best interest of the public.

60 SECTION 2. The King County executive is hereby authorized to execute a
61 purchase and sale agreement, along with a lease for 34 stalls, substantially in the form
62 attached to this ordinance as Attachments A and B, and any other necessary documents to
63 convey the property to Port Blakely Communities/High Street 8 LLC.

Ordinance

	<u>PARCEL</u>	<u>TAX ACCT. NO.</u>	<u>APPRAISED VALUE</u>
64			
65	Lot 1	222406-9159	\$205,000.00
66	Lot 2	222406-9158	
67			

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

APPROVED this ____ day of _____, _____.

Attachments A. Real Estate Purchase and Sale Agreement

July 2, 2007

The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Gossett:

Enclosed for your consideration is an ordinance which will authorize the sale of one parcel of county owned property adjacent to the Issaquah Highlands Park and Ride to Port Blakely Communities. This parcel was part of a larger site acquired by the Metro Transit Division from the King County Road Services Division in July of 2004. It has been appraised, and a sales price in the amount of \$205,000 has been negotiated.

As a matter of background, the larger parcel was acquired from Lakeside Industries in 2003 by the Road Services Division for the development of the Sammamish Plateau Access Road, now known as Highlands Drive. When the roadway was substantially complete, custodianship of the property, which lies between the northbound and southbound lanes of Highlands Drive, was transferred to the Transit Division for the development of the park and ride garage.

Development within the Issaquah Highlands area is governed by agreements executed by King County, Port Blakely Communities and the city of Issaquah. The development agreements provide the framework for development within Issaquah Highlands. The agreements anticipated that a park and ride facility would be an element of the project. In cooperation with the city of Issaquah and Port Blakely, King County has built a 1,034 stall parking garage in the new Issaquah Highlands development in order to help mitigate traffic onto I-90. The new parking garage has been funded in part by Sound Transit and federal grants.

During the Site Development Plan Review, the city determined that the county should include a retail element in the Issaquah Highlands Park and Ride development. To accommodate this requirement, Transit subdivided the property and proceeded to surplus the southern portion of the property (11,160 square feet), which the purchaser will be required to develop into retail space.

The Honorable Larry Gossett

July 2, 2007

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In order to provide the retail development with necessary parking, King County also agreed to lease to the retail property owner 34 parking stalls in the parking garage for a period of thirty years. The county is obligated by the terms of the federal grant to provide parking capacity for 1,000 vehicles and the county considers the 34 stalls as not necessary to meet that need.

King County Code 4.56 dictates the process for the surplus of real property held by the county. The Department of Transportation, Transit Division, as the custodial department, has indicated that the subject property is surplus to their needs. Notices were circulated to various county departments and none expressed an interest in the subject property. Notices also were circulated to various governmental agencies and none expressed an interest in the subject property. Under K.C.C. chapter 4.56.100, when no county department or governmental agency has expressed a need for surplus real property and the property does not meet the criteria for affordable housing, the property may be sold by direct negotiation if deemed in the best interest of the public.

Here, as a practical matter, Port Blakely Communities is the only entity which could develop the adjacent property for other than transportation/park and ride purposes, unless it determined that it did not wish to develop the property itself, which is not the case. According to the development agreements, as the Master Developer, Port Blakely Communities is the owner of all non-transit related development rights within Issaquah Highlands. The property adjacent to the new park and ride facility may be developed to contain up to 12,000 square feet of retail or commercial uses. If such development is proposed on that property, the city will require there to be an allocation of development rights to the property from the Issaquah Highlands master developer, Port Blakely Communities.

During 2005 and 2006, King County Real Estate Services worked with the city of Issaquah to determine if development rights could be transferred to the retail property from other county or non-county owned property to potentially elicit more proposers or developers to the site, but Issaquah's Code restricts transfers of development rights to publicly owned property. This left a sale to a developer other than Port Blakely unlikely, as any other developer would have to take the risk not being able to transfer development rights to the retail property, thus being left with a parcel that could not be developed at all.

As a result, a Purchase and Sale Agreement for the adjacent property and a lease for 34 stalls for a term of 30 years have been negotiated with Port Blakely/High Street LLC (a single-purpose entity created by Port Blakely Communities to develop the site).

Passage of this legislation will conclude a thoughtful and deliberate process ending in a sale which represents an exceptional value to the citizens of King County. Through the Transit Divisions' divesture of the property, King County continues to show forward looking management of its real estate assets that partners with the private sector.

The Honorable Larry Gossett
July 2, 2007
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If you have any questions regarding this transmittal, please contact Kathy Brown, Director, of the Facilities Management Division, at 206-296-0631, or Bob Thompson, Project Manager, Facilities Management Division, Real Estate Services Section, at 206 296-7494.

I recommend approval of this ordinance.

Sincerely,

Ron Sims
King County Executive

Enclosures

cc: King County Councilmembers
 ATTN: Ross Baker, Chief of Staff
 Anne Noris, Clerk of the Council
Bob Cowan, Director, Office of Management and Budget (OMB)
Sid Bender, Capital Budget Supervisor, OMB
Jim Buck, County Administrative Officer Designee, Department of Executive Services
 (DES)
Kathy Brown, Division Director, Facilities Management Division (FMD), DES
Calvin Hoggard, Manager Real Estate Services Section, FMD, DES
Harold Taniguchi, Director, Department of Transportation (DOT)
Kevin Desmond, General Manager, Metro Transit Division, DOT

FISCAL NOTE

Ordinance/Motion No. 2007-
 Title: Issaquah Highlands Park and Ride retail parcel
 Affected Agency and/or Agencies: DOT/Transit
 Note Prepared By: Bob Thompson/Real Estate Services
 Note Reviewed By:

Impact of the above legislation on the fiscal affairs of King County is estimated to be:
Revenue to:

Fund/Agency	Fund Code	Revenue Source	Current Year 2007	1st Year	2nd Year	3rd Year
Public Transportation Fund (Transit)	4640	property sale	205,000			
TOTAL			\$205,000	\$0	\$0	\$0

Expenditures from:

Fund/Agency	Fund Code	Department	Current Year 2007	1st Year 2008	2nd Year 2009	3rd Year 2010
TOTAL			\$0	\$0	\$0	\$0

Expenditures by Categories

Fund Code	Department	Current Year 2007	1st Year 2008	2nd Year 2009	3rd Year 2010
TOTAL		\$0	\$0	\$0	\$0

Surplus Property Process in King County

King County Code 4.56 establishes a procedure for disposal of county owned properties that are no longer needed to enhance county operations and are considered "surplus to the county's needs".

King County Code (KCC) Provisions Regarding Declaration of Property as Surplus

Under the provisions of the KCC, the Facilities Management Division (FMD) of the Department of Executive Services is the agency responsible for the administrative processes of acquiring, disposing, inventorying, leasing and managing real property.

Each year, departments are to report to FMD on the status of all real property under their custodianship. Departments are to justify the continued retention of all properties. If in FMD's opinion the department has not justified retention of a property, or if the department identifies properties that are surplus to its needs, FMD is required to "shop" the property to all other County agencies. If no other agency expresses an interest in the property to use in the provision of essential services, FMD is then required to determine if the property is suitable for use for affordable housing.

As outlined in KCC 4.56.70, to be suitable for affordable housing, the property must be within the Urban Growth Area and be zoned residential. Any affordable housing development proposed for the site would have to be compatible with the neighborhood. (The definitions related to the terms affordable housing, low-income housing, and market rate housing can be found in the Revised Code of Washington.)

If no other department or agency expresses a need for a particular property and the property does not meet the affordable housing guidelines, FMD is then empowered to declare the property as surplus.

Once the property is declared surplus, FMD is required to review other possible uses of the property before it is offered for sale. These other uses include:

- Exchange for other privately or publicly owned land that would meet a County need;
- Lease with restrictive covenants;
- Use by other governmental agencies;
- Retention by the County if in a floodplain or slide hazard area; and,
- Use by nonprofit entities for public purposes.

If the property is not appropriate for or cannot meet one of the uses above, the Executive may decide that the best course of action is to sell the property.

King County Code Provisions Regarding the Sale of Surplus Real Property

King County Code 4.56.080 requires Council approval before the Executive disposes of property that has been declared surplus in accordance with the process and procedures discussed above.

King County Code 4.56.100 provides for the sale of real and personal property. Generally, all sales are to be to the highest responsible bidder at public auction or by sealed bid. However, there are exceptions. One exception is if the property is to be sold to another governmental agency. A second exception is to list the property with a commercial real estate broker if, in the opinion of the Real Estate Services Division, the County will receive a greater return than if the property were sold at public auction or by sealed bid. Additionally, the property may be sold through a negotiated direct sale if it is determined that it is in the best interests of the public.

FTA rules regarding the disposition of excess property call for sales procedures to provide for open competition to the greatest extent practicable and result in the highest possible return or at least payment of appraised fair market value.

LOT#	East District (continued)	2007 Second Quarter			2006 Second Quarter		
		Capacity	Used	% Util.	Capacity	Used	% Util.
731	Duvall (KC) SR 203 & Woodinville/Duvall Rd, Duvall 98019 4/01	49	16	33%	49	25	51%
755	Tibbetts Lot (KC) 1675 Newport Way NW, Issaquah 98027 5/99	170	160	94%	170	148	87%
759	Issaquah Highlands (KC) 1755 Highlands Drive, Issaquah 98027 2/06	1001	717	72%	1001	489	49%
851	Overlake TC at NE 40th (ST) 15590 NE 36 St, Redmond 98052 4/02; 5/03E (Actually 209 spaces, but 39 are usually occupied by Microsoft vans and van drivers' vehicles.)	170	180	106%	170	174	102%
852.2	Issaquah Interim (ST) 1740 NW Maple St, Issaquah 98027 5/06	170	150	88%	170	NA Opened 5/31/2006	
854	South Sammamish (ST) 3015 - 228th Avenue SE, Sammamish 98074 3/06	265	97	37%	265	68	26%
East District Permanent Park-and-Ride Totals		7,864	6,005	76%	7,925	5,527	71%
LOT#	SOUTH DISTRICT	2007 Second Quarter			2006 Second Quarter		
		Capacity	Used	% Util.	Capacity	Used	% Util.
730	Auburn (KC) 101 15th St NE, Auburn 98002 10/77	358	166	46%	358	200	56%
732	Burien (KC) 14900 4th Ave SW, Burien 98166 4/78; 9/86 E	385	341	88%	385	360	94%
733	Federal Way/S. 320th Street (S) 32320 23rd Ave S, Federal Way 98003 11/79; 8/86 R	877	593	68%	877	670	76%
734	Kent/James Street (KC) 902 W James St, Kent 98032 10/78; 4/81 E	713	122	17%	713	132	19%
735	Kent/Des Moines (KC) 23405 Military Rd S, Kent 98198 2/80; 5/94 E	370	360	97%	370	358	97%
736	Maple Valley (S) 23033 Maple Valley Hwy, Maple Valley 98038 NA; 7/85 E	122	103	84%	122	94	77%
737	Ober Park** (KC) 17106 99th Ave SW, Vashon Island 98070 11/85	48	43	90%	48	41	85%
738	Olson Place SW/Myers Way (KC) 9000 Olson Pl SW, Seattle 98106 9/79; 7/02 M; 5/03 M	98	85	87%	98	106	108%
739	Peasley Canyon Rd/West Valley Highway (S) Peasley Canyon Rd/West Valley Hwy, Auburn 98001	54	50	92%	54	41	75%
740	Renton Highlands (S) 2516 NE 16th St, Renton 98056 4/87	146	101	69%	146	97	66%
741	South Federal Way (KC) 901 S 348th St, Federal Way 98003 6/87	515	351	68%	515	388	75%

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into as of _____, 2007, by and between KING COUNTY, a municipal corporation and political subdivision of the State of Washington (the "Seller") and HIGH STREET 8 LLC, a Washington limited liability company (the "Buyer").

RECITALS

A. Seller owns that certain real property located in the City of Issaquah, County of King, State of Washington, which consists of approximately 11,160 square feet of land, located adjacent to the southern boundary of the new Issaquah Highlands Park-and-Ride lot, the legal description of which is attached hereto as EXHIBIT A-1 (the "Land").

B. Seller is desirous of selling the Land and Buyer is desirous of purchasing the Land under the conditions set forth in this Agreement.

C. Seller is constructing a parking garage (the "Garage") on the Issaquah Highlands Park-and-Ride lot, the legal description of the lot is attached hereto as EXHIBIT A-2 (the "Park-and-Ride Lot"). The Land and the Park-and-Ride Lot are shown on Exhibit G attached hereto.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE 1. EXCHANGE AND TRANSFER OF PROPERTY

1.1. **LAND TO BE SOLD.** Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell, convey, assign, transfer and deliver to Buyer, on the Closing Date (as hereinafter defined in Section 10.1, "Closing/Closing Date", of this Agreement) and Buyer, shall buy, assume and accept from Seller on the Closing Date the following assets and properties:

- (a) all of Seller's right, title and interest in the Land;
- (b) all of Seller's right, title and interest in improvements and structures located on the Land, if any;

(c) all of Seller's right, title and interest in and to tangible personal property, if any, owned by Seller and attached, appurtenant to or used by Seller in connection with the Land ("Personal Property"); and

(d) all of Seller's tenements, hereditaments, easements and rights appurtenant to the Land, including but not limited to, all of the Seller's right, title, and interest in and to streets, alleys or other public ways adjacent to the Land, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Land.

Hereinafter, the items listed in Section 1.1, "Land to be Sold", are collectively referred to as the "Property".

ARTICLE 2. EXCHANGE OF DEEDS AND CONSIDERATION

2.1. PURCHASE PRICE AND PAYMENT. In consideration of the sale, transfer, conveyance, assignment and delivery of the Property, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **TWO HUNDRED AND FOUR THOUSAND DOLLARS (\$204,000.00)** (the "Purchase Price").

2.2. ALLOCATION OF PURCHASE PRICE. Seller and Buyer agree that the entire Purchase Price is allocable to real property and that the value of the Seller's Personal Property, if any, is *de minimus*.

2.3. EARNEST MONEY. Not later than five (5) days following the date of this Agreement, Buyer shall deposit with the Escrow Agent (hereinafter defined in Section 10.1, "Closing/Closing Date"), the sum equal to 5% of the Purchase Price, or **TEN THOUSAND TWO HUNDRED DOLLARS (\$10,200.00)**, whichever is greater, as the earnest money deposit (the "Earnest Money"). The Earnest Money will be deposited into an interest bearing account by the Escrow Agent at a financial institution approved by Buyer, and all interest accruing thereon shall become a part of the Earnest Money. The Earnest Money shall become non-refundable after Buyer's Contingency contained in Section 5.1, "Due Diligence and Feasibility", herein is satisfied or waived by Buyer. On the Closing Date of this transaction (as defined in Section 10.1, "Closing/Closing Date", herein), the Earnest Money shall be credited against the Purchase Price. In the event this transaction fails to close as a result of Seller's default, the failure of any condition precedent to Buyer's obligations, or any reason other than Buyer's default, the Earnest Money shall be returned to Buyer.

ARTICLE 3. REPRESENTATIONS WARRANTIES AND COVENANTS OF THE PARTIES

3.1. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER. Seller represents, warrants and covenants as follows:

3.1.1. DEFINITION OF SELLER. The Seller is a municipal corporation duly

organized, validly existing and in good standing under the laws of the State of Washington. **Seller** has all requisite corporate power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

3.1.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT,

AUTHORITY. The execution, delivery and performance of this Agreement by **Seller** (i) is within the powers **Seller** as a municipal corporation, (ii) has been or will be on or before the Closing Date duly authorized by all necessary action of the **Seller's** legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the **Seller** is a party or which is presently in effect and applicable to **Seller**. This Agreement constitutes the legal, valid and binding obligation of **Seller** enforceable against **Seller** in accordance with the terms thereof.

3.1.3. LITIGATION. There is no pending, or to the best of **Seller's** knowledge, threatened lawsuit or material claim against or relating to **Seller** with respect to the Property, which shall impede or materially affect **Seller's** ability to perform the terms of this Agreement. There is no pending or, to the best of **Seller's** knowledge, contemplated condemnation or similar proceeding with respect to the Property or any part thereof.

3.1.4. ASSESSMENTS. There is no pending, or to the best of **Seller's** knowledge, contemplated local improvement district or other special assessment or charge with respect to the Property, except as may be disclosed in the Title Commitment described in Section 4.1.3, "Review of Title Commitment and Survey".

3.1.5. FULL DISCLOSURE. No representation or warranty by **Seller** in this Agreement or in any instrument, certificate or statement furnished to **Buyer** pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state a material fact which is necessary to make the statements set forth therein not false or misleading.

3.1.6. NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of **Seller** in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with **Seller** or any action taken by **Seller**.

3.1.7. CONTRACTS. There are no contracts or other obligations outstanding for the sale, exchange, transfer, lease, rental or use of the Property described herein or any portion thereof.

3.1.8. FUTURE AGREEMENTS. From and after the date hereof, unless this Agreement is terminated in accordance with its terms, **Seller** shall not, without the prior written consent of **Buyer**:

(i) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or

(ii) sell, dispose of or encumber any portion of the Property.

3.1.9. MAINTENANCE OF THE PROPERTY. Seller shall continue to maintain the Property in compliance with all applicable laws and pay all costs of the Property with respect to the period prior to the Closing Date.

3.1.10. CONDITION OF THE PROPERTY. Seller has not intentionally withheld any material information concerning environmental matters with respect to the Property. To the best of Seller's knowledge (i) there has been no generation, treatment, storage, transfer, disposal or release of Hazardous Substances on the Property at any time during Seller's ownership or use thereof; (ii) there are no underground storage tanks on the Property, nor have underground storage tanks been removed from the Property; and (iii) Seller is not aware of any facts which would lead Seller to believe that there are any Hazardous Substances on the Property. For purposes of this Agreement, the term Hazardous Substances shall mean: "hazardous substance" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 ("RCRA") as amended; hazardous wastes, hazardous materials, hazardous substances, toxic waste, toxic materials, or toxic substances as defined in state or federal statutes or regulations; asbestos-containing materials, polychlorinated biphenyls; radioactive materials, chemicals known to cause cancer or reproductive toxicity; petroleum products, distillates or fractions; any substance the presence of which is prohibited by statute or regulation; and any substance for which any statute or regulation requires a permit or special handling in its use, collection storage, treatment or disposal.

3.1.11. RISK OF LOSS. Until the Closing Date the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an "Act of God," including, but not limited to, earthquakes, tremors, wind, rain, fire or other occurrence." If the Property is materially damaged prior to Closing, then Buyer may terminate this Agreement by written notice to Seller delivered within fourteen (14) days after Buyer receives notice of the damage, and upon any such termination the Earnest Money shall be returned to Buyer.

3.1.12. SET BACK EASEMENT. If at or after Closing (a) Buyer requests a setback variance from the City of Issaquah (the "City") for the north side of its retail development, and (b) the City conditions its approval of the setback variance on Buyer's having an easement over a portion of the Seller's Park-and-Ride Lot, then Seller shall grant Buyer an easement in substantially the form of Exhibit E and as shown on Exhibit G, over the southern eleven feet (11') of the Park-and-Ride Lot between the 9th Avenue Right-of-Way and the west façade of the Park-and-Ride Garage for the purpose of creating an area of no additional permanent structures and to allow the north façade of the building to be located on Buyer's Property line to have windows and doors and temporary and demountable building appurtenances such as awnings (so long as such appurtenances are removed upon request from King County for any required access requirements). The easement also will allow maintenance access as provided in Exhibit E.

3.1.13 Lease. Seller covenants to lease thirty-four (34) parking spaces within Seller's Issaquah Highlands Park and Ride Garage to Buyer for its retail development under the terms contained in the form of Exhibit B attached hereto (the "Lease"). The Lease will be executed on or before the Closing Date and commence as provided in the Lease.

3.1.14. Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver to Buyer prior to the Closing Date, an affidavit, as set forth in Exhibit C (Certificate of Non-Foreign Status), evidencing such fact, and such other documents as may be required under the Code.

3.2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER. Buyer represents and warrants as follows:

3.2.1. ORGANIZATION. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington. Buyer has all requisite company power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

3.2.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY. The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a corporation, (ii) has been or will be on or before the Closing Date duly authorized by all necessary action of the Buyer, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Buyer is a party or which is presently in effect and applicable to Buyer. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms thereof.

3.2.3. LITIGATION. There is no pending, or to the best of Buyer's knowledge, threatened lawsuit or material claim against or relating to Buyer that shall impede or materially affect Buyer's ability to perform the terms of this Agreement.

3.2.4. FULL DISCLOSURE. No representation or warranty by Buyer in this Agreement or in any instrument, certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fails to state a material fact which is necessary to make the statements set forth therein not false or misleading.

3.2.5. NO BROKER. No broker, finder, agent or similar intermediary has acted for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with the Buyer or any action taken by the Buyer.

3.2.6. CONDITION OF THE PROPERTY. Buyer acknowledges that, within the Due Diligence Period, Buyer will have conducted a physical inspection and made all investigations Buyer deems necessary in connection with its purchase of the Property, and that, as of the date hereof, Seller has provided Buyer with copies of all reports in Seller's possession that have been requested by Buyer. Upon waiver or satisfaction by Buyer of its contingencies pursuant to Article 5, "Contingencies", and except to the extent of Seller's representations and warranties in Section 3.1.10, Buyer will be deemed to have approved the physical condition of

the Property and agrees to accept and purchase the same "AS IS, WHERE IS", including, without limitation, the existence or non-existence of any pollutants, contaminants, hazardous waste, dangerous waste, toxic waste, underground storage tanks or contaminated soil or the actual or threatened release, deposit seepage, migration or escape of such substances at, from or into the Property and the compliance or noncompliance of the Property with applicable federal, state, county and local laws and regulations including, without limitation, environmental laws and regulations. **Buyer** acknowledges and agrees that, except to the extent of **Seller's** representations and warranties in Section 3.1.10, "Condition of the Property", of this Agreement, and to the extent of any fraud or deliberate misrepresentation by **Seller**, **Seller** shall have no liability for, and that **Buyer** shall have no recourse against the **Seller** for, any defect or deficiency of any kind whatsoever in the Property, without regard to whether such defect or deficiency was discovered or discoverable by the **Buyer** or **Seller**.

3.2.7. PROPERTY ACQUISITION AND REDEVELOPMENT. Except as provided for in this Agreement, no costs of any nature associated with the purchase of the Property or redevelopment of the Property will ever be or become an obligation of the **Seller**, and the **Buyer** shall be solely responsible for all costs associated with the acquisition of the Property and redevelopment of the Property. This sale is made together with the Lease.

3.2.8 MAINTENANCE EASEMENT. At Closing, **Buyer** shall grant **Seller** a Maintenance Access Easement for the south wall of the Issaquah Highlands Park-and-Ride Garage structure, in the form attached hereto as **Exhibit F**.

3.2.9 Footings Easement. At Closing, **Seller** will reserve in the Deed an easement giving **Seller** the right to keep and maintain installed footings for the Issaquah Highlands Park-and-Ride structure along the north property line of the Land, as shown in the form of Deed attached hereto as **Exhibit D**, provided any maintenance by **Seller** shall be without any damage or interference with **Buyer's** use of or improvements on the Property)

3.2.10 Utility Easements. At Closing, **Seller** will reserve easements for utilities currently installed on the Land in the locations shown in **Exhibit D** as follows: (a) Comcast cable; (b) Qwest phone and I-net fiber optic cables and (c) sanitary sewer. The Comcast, sanitary sewer, Qwest and I-net easements shall include a provision establishing the right of **Buyer**, as successor owner of the Property, to relocate each utility within or outside of its respective easement at **Buyer's** cost. If the utility is relocated outside the existing easement, an amendment to the easement showing the new location shall be executed by **Buyer** and **Seller** and recorded. Such relocation will be conditioned upon the utility's approval of the new location and **Seller's** review and written approval, not to be unreasonably withheld, of the new location and process by which such relocation will occur. The process for relocating the utility shall include utility start-up requirements following said relocation. **Buyer** shall coordinate the relocation with **Seller** and work closely with **Seller** prior to, during and at completion of such relocation so that such relocation does not interrupt the services provided by such utility during said relocation. However, if such relocation cannot reasonably avoid an interruption of services provided by such utility, then **Buyer** shall, at its sole cost, provide a security guard and any additional security or sanitary measures deemed necessary by **Seller**, until such time as said services are restored to **Seller's** satisfaction.

3.2.11 **BUILDING SETBACKS.** The parties acknowledge the need for building setbacks to accommodate anticipated building movement during a seismic event. In order to prevent such building movement to cross the property line, **Buyer** and **Seller** agree to mutual setback covenants. **Buyer** covenants that development of the Property will be subject to a setback of two and a half inches (2.5") from **Buyer's** north property line. This setback covenant shall be contained in the Deed (as defined in Section 4.2, "Conveyance") and shall run with the land for the benefit of King County and the surrounding Issaquah Highlands development. **Seller** agrees that the Issaquah Highlands Park-and-Ride Garage will be set back three and a half inches (3.5") from **Seller's** south property line.

ARTICLE 4 TITLE MATTERS

4.1. **TITLE.** **Seller** shall deliver to **Buyer** good and marketable title, free and clear of all liens, defects and encumbrances except for the Permitted Exceptions (as defined in Section 4.1.3, "Review of Title Commitment and Survey", of this Agreement).

4.1.1. **TITLE COMMITMENT.** Within fifteen (15) days after the date of this Agreement, **Buyer** shall obtain a current ALTA form of commitment for an owner's policy of title insurance (the "Title Commitment") issued by First American Title Insurance Company (the "Title Company"), describing the Property, listing **Buyer** as the prospective named insured and showing as the policy amount the total purchase price of the Property.

4.1.2. **SURVEY.** Prior to the expiration of the Due Diligence Period (as defined in Section 5.1, "Due Diligence and Feasibility", of this Agreement), **Buyer** shall have the option, at its expense, to have prepared and furnished to the Title Company, **Buyer**, and **Seller**, a survey (the "Survey") of the Property prepared by a licensed public surveyor. In addition, **Seller** shall provide **Buyer** all surveys **Seller** caused to be performed on the Property in the course of construction of the Issaquah Highlands Park-and-Ride Garage structure.

4.1.3. **REVIEW OF TITLE COMMITMENT AND SURVEY.** **Buyer** shall have until fourteen (14) days after receipt of the last dated Title Commitment and Survey, if any has been obtained, but no later than thirty (30) days prior to the Closing Date (the "Review Period"), in which to notify **Seller** of any objections **Buyer** has to any matters shown or referred to in the Title Commitment or Survey. Any exceptions or other items that are set forth in the Title Commitment or the Survey and to which **Buyer** does not object within the Review Period shall be deemed to be permitted exceptions (the "Permitted Exceptions"). With regard to items to which **Buyer** does object within the Review Period, **Seller** shall notify **Buyer** within ten (10) days after **Seller** receives **Buyer's** notice of objections of any exceptions to the title or items on the Survey which **Seller** is not willing or able to remove or otherwise resolve, and **Buyer** may, at **Buyer's** option, either waive the objections not cured or **Buyer** may terminate this Agreement by written notice to **Seller**. Notwithstanding the foregoing, all monetary liens or encumbrances shall be paid by **Seller** at Closing.

4.2. **CONVEYANCE.** **Seller** shall convey to **Buyer**, the title to the Property by Bargain and Sale Deed in the form attached hereto as **Exhibit D** (the "Deed"), subject only to the

Permitted Exceptions. Rights reserved in federal patents or state deeds, building or use restrictions general to the district, and building or zoning regulations or provisions shall be deemed Permitted Exceptions.

ARTICLE 5 CONTINGENCIES

5.1. DUE DILIGENCE AND FEASIBILITY. Buyer shall satisfy itself by investigation and inspection, at its cost and expense in its sole and absolute discretion, that the condition of the Property for Buyer's contemplated use meets with its approval. If Buyer approves of the condition of the Property, Buyer agrees to notify Seller, in writing, thereby removing the contingency. Buyer shall make such determination within thirty (30) days following the date of mutual execution of this Agreement (the "Due Diligence Period"). In the event this contingency is not satisfied or waived within the Due Diligence Period, Buyer may terminate this Agreement upon written notice to Seller on or before the expiration of the Due Diligence Period, and neither party shall have any further rights or obligations to the other hereunder. If Buyer fails to provide timely written notice of termination, then the contingency shall be deemed waived or satisfied.

5.1.1. INSPECTIONS. During the Due Diligence Period, Buyer, its designated representatives or agents shall have the right at Buyer's expense to perform any and all tests, inspections and studies deemed necessary and to examine all Due Diligence materials that Buyer may request from Seller.

5.1.2. RIGHT OF ENTRY. Buyer and Buyer's designated representatives or agents shall have the right to enter the Property pursuant to a King County right of entry permit in the form of Exhibit H, which shall not be unreasonably withheld, delayed or conditioned. The permit shall allow Buyer to conduct the tests, investigations and studies set forth in this Article 5 upon three (3) days advance written notice; provided that such right of entry will be limited to those times and dates that will not disrupt Seller's operations and activities on the Property. Invasive tests of the Property, such as drilling or excavation shall be subject to Seller's prior written approval. The Buyer will not be permitted to undertake activities that materially damage the Property.

5.1.3. ASSISTANCE WITH DUE DILIGENCE. Seller shall fully and promptly cooperate with Buyer's due diligence activities, provided that such cooperation is at no material additional expense or liability to Seller. Seller shall promptly deliver to Buyer all documents and materials concerning the Property which Buyer may request during the Contingency Periods (as defined in Section 5.1, Due Diligence and Feasibility", of this Agreement) that are in Seller's possession or control.

5.2. INDEMNIFICATION. To the maximum extent permitted by law, each party shall defend, indemnify and hold harmless the other party and all of its officials, employees, principals and agents from all claims, demands, suits, actions, and liability of any kind, including injuries to persons or damages to property, which arise out of, are connected with, or are due to any negligent acts or omissions of that party, its contractors, and/or employees, agents and

representatives related to the authority granted under this Agreement; provided, however, that if (and only if) the provisions of RCW 4.24.115 apply and any such damages and injuries to persons or property are caused by or result from the concurrent negligence of the **Buyer** or its contractors, employees, agents, or representatives, and the **Seller** or its contractors, employees, agents, or representatives, then each party's obligation hereunder applies only to the extent of the negligence of such party or its contractor or employees, agents, or representatives. Each party specifically assumes potential liability for actions brought by its own employees against the other party and for that purpose each party specifically waives, as to the other party only, any immunity under the Worker's Compensation Act, RCW Title 51; and the parties recognize that this waiver was the subject of mutual negotiation and specifically entered into pursuant to the provisions of RCW 4.24.115, if applicable. **Buyer**, its successors and assigns, agrees to indemnify, defend and hold **Seller** harmless from and against any and all claims and agency orders or requirements relating to or arising out of, directly or indirectly, the Property after the Closing Date of this Agreement, except to the extent such claims or agency orders or requirements are caused by or resulting from actions of **Seller**.

ARTICLE 6

COVENANTS OF SELLER PENDING CLOSING

6.1. CONDUCT, NOTICE OF CHANGE. **Seller** covenants that between the date hereof and the Closing Date, **Seller** shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of **Seller** set forth in this Agreement which are required to be performed by **Seller** at or prior to the Closing Date shall have been performed at or prior to the Closing Date as provided for in this Agreement. **Seller** shall give **Buyer** prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement, which occurs prior to the Closing Date.

ARTICLE 7

COVENANTS OF BUYER PENDING CLOSING

7.1. CONDUCT, NOTICE OF CHANGE. **Buyer** covenants that between the date hereof and the Closing Date, **Buyer** shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of **Buyer** set forth in this Agreement which are required to be performed by **Buyer** at or prior to the Closing Date shall have been performed at or prior to the Closing Date as provided for in this Agreement. **Buyer** shall give **Seller** prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement, which occurs prior to the Closing Date.

ARTICLE 8
CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of **Buyer** hereunder are subject to the fulfillment of each of the following conditions at or prior to the Closing Date, and **Seller** shall diligently attempt to cause each such condition to be fulfilled:

8.1. DELIVERY OF DOCUMENTS. **Seller** shall have delivered to **Buyer** at or prior to closing all documents required by the terms of this Agreement to be delivered to **Buyer**.

8.2. REPRESENTATIONS AND WARRANTIES. All representations and warranties of **Seller** contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

8.3. OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by **Seller** at or before the Closing Date shall have been properly performed in all material respects.

8.4. TITLE. Any and all matters shown or referred to in the Title Commitment to which **Buyer** has objected within the time specified in Section 4.1.3, "Review of Title Commitment and Survey", shall have been cured by the **Seller**, unless such objections have been waived by **Buyer**. The Title Company is irrevocably committed to issue an owner's standard policy of title insurance containing no exceptions other than the Permitted Exceptions.

8.5 APPROVAL OF COUNSEL. **Seller's** counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

8.6. CONDEMNATION. No portion of the Property shall have been taken or damaged by any public or quasi-public body, and **Seller** shall not have transferred any portion of the Property to any such body in lieu of condemnation.

ARTICLE 9
CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of **Seller** to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing Date, and **Buyer** shall diligently attempt to cause each such condition to be so fulfilled:

9.1 DELIVERY OF DOCUMENTS. **Buyer** shall have delivered to **Seller** at or prior to Closing Date all documents required by the terms of this Agreement to be delivered to **Seller**.

9.2 REPRESENTATIONS AND WARRANTIES. All representations and warranties of **Buyer** contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date.

9.3 OBLIGATIONS. All obligations required by the terms of this Agreement to be performed by **Buyer** at or before the Closing Date shall have been properly performed in all material respects.

9.4 TITLE. **Buyer** shall have caused the Title Company to be irrevocably committed to issue an owner's policy of title insurance for the full amount of the Purchase Price, effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions.

ARTICLE 10 CLOSING

10.1 CLOSING/CLOSING DATE. The Closing shall take place forty-five (45) days after **Buyer** approves its feasibility contingency pursuant to Section 5.1 or such earlier date as may be mutually agreed upon by the parties, unless extended pursuant to a written agreement executed by **Buyer** and **Seller** (the "**Closing Date**"). Upon execution of this Agreement, the parties agree to set up an escrow account with **First American Title Company** (the "**Escrow Agent**"). The Escrow Agent shall serve as closing agent for the transaction contemplated herein and closing shall occur in the offices of the Escrow Agent in Seattle, Washington. The title, right of possession and interest to the Property shall pass to **Buyer** upon the Closing Date and thereafter the risk of loss thereof shall be the responsibility of **Buyer**.

10.2. PRORATIONS. All prorations, unless otherwise specifically provided for herein, shall be made as of the Closing Date.

10.2.1. CLOSING COSTS. **Seller** shall pay the cost of one-half (1/2) of the escrow fee charged by the Escrow Agent, any real estate excise or other transfer tax due, if any, the premium for a ALTA standard owners policy of title insurance, and its own attorneys' fees. **Buyer** shall pay one-half (1/2) of the escrow fee charged by the Escrow Agent, the cost of the preliminary and binding title commitments from the Title Company, the recording fees for the Deed and its own attorneys' fees. Except as otherwise provided in Section 10.2, "Prorations", of this Agreement, all other expenses hereunder shall be paid by the party incurring such expenses.

10.2.2. TAXES. **Seller** is exempt by law from the payment of real property ad valorem taxes, LIDs and assessments ("Taxes") on the Property.

10.3. MONETARY LIENS. Except as otherwise expressly provided to the contrary in this Agreement, **Seller** shall pay or cause to be satisfied at or before the Closing Date all monetary liens on or with respect to all or any portion of the Property. If **Seller** fails to satisfy said liens, the Purchase Price shall be reduced by the amounts due to satisfy and discharge the liens.

10.4. SELLER'S DELIVERY OF DOCUMENTS AT CLOSING. At the Closing, **Seller** will deliver to **Buyer** the following properly executed documents:

- (a) The Deed as set forth in **Exhibit D**;
- (b) The setback easement set forth in **Exhibit E** (to be signed and accepted by **Buyer**)

- (c) Seller's Certificate of Non-Foreign Status as set forth in **Exhibit C**; and
- (d) The Lease as set forth in **Exhibit B** (to be signed by Seller and Buyer).

10.5. BUYER'S DELIVERY OF DOCUMENTS AND PURCHASE PRICE AT CLOSING. At the Closing, Buyer will deliver to Seller the following properly executed documents and funds:

- (a) Cash or immediately available funds in the amount of the Cash Purchase Price; and
- (b) The Maintenance Easement set forth in **Exhibit F** (to be signed and accepted by Seller).

ARTICLE 11 TERMINATION

11.1 TERMINATION BY EITHER PARTY. Either party may terminate this Agreement if a condition to its obligation to consummate the transactions contemplated by this Agreement as set forth in Articles 8, "Conditions Precedent to Buyer's Obligations", and 9, "Conditions Precedent to Seller's Obligations" has not been satisfied by the Closing Date. In that event, if neither party is in default under this Agreement, the parties shall have no further obligations or liabilities to one another, and all documents and funds delivered into escrow shall be returned to the appropriate party. In the event that, after all of the conditions precedent to the obligations as set forth herein have been satisfied, Buyer fails to consummate the transaction as provided herein, Seller shall retain the Earnest Money as its sole and exclusive remedy.

ARTICLE 12 MISCELLANEOUS PROVISIONS

12.1 NATURE AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Each statement, representation, warranty, indemnity, covenant, and agreement made by Seller and Buyer in this Agreement or in any document, certificate or other instrument delivered by or on behalf of Seller or Buyer pursuant to this Agreement or in connection herewith shall be deemed the representation, warranty, indemnity, covenant and agreement of Seller and Buyer and shall survive the Closing Date for one (1) year unless a different time period is expressly provided for in this Agreement and all such statements are made only to and for the benefit of the parties hereto, and shall not create any rights in other persons.

12.2 DEFAULT AND ATTORNEYS' FEES. In the event of default by either party to this Agreement, other than Buyer's failure to consummate the transaction after all conditions precedent have been met, the non-defaulting party shall have the right to bring an action for specific performance, damages and any other remedies available to such party at law or in equity. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have the exclusive jurisdiction and venue. In any action to enforce a party's rights under

this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney's fees and costs in addition to any other relief or remedy granted. Interest on any amount owed shall run at ten percent (10%) per annum from the date due.

12.3 TIME IS OF THE ESSENCE. Time is of the essence in the performance of this Agreement.

12.4 NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier or two (2) days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the parties at the addresses set forth below or at such other addresses as any parties may specify by notice to all other parties and given as provided herein:

If to Buyer: Port Blakely
Attn: Judd Kirk
1775 12th Avenue NW, Suite 101
Issaquah, WA 98027
Fax No.: (425) 391-9028

With a copy to: Davis Wright Tremaine LLP
Attn: Thomas A. Goeltz
1501 4th Avenue, Suite 2600
Seattle, WA 98101-1688
Fax No.: (206) 628-7699

If to Seller: King County Metro Transit Division
Attn: Nancy Gordon
201 South Jackson Street
MS: KSC-TR-0431
Seattle, WA 98104-3856
Fax No.: (206) 684-1900

With a copy to: King County Prosecuting Attorney
Attn: Scott Johnson
900 King County Administration Building
500 Fourth Avenue
Seattle, WA 98104
Fax No.: (206) 296-0420

12.5 ENTIRE AGREEMENT AND AMENDMENT. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all parties hereto.

12.6. SEVERABILITY. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

12.7. WAIVER. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

12.8. BINDING EFFECT. Subject to Section 12.14, "Assignment", below, this Agreement shall be binding upon and inure to the benefit of each party hereto, its successors and assigns.

12.9. LEGAL RELATIONSHIP. The parties to this Agreement execute and implement this Agreement solely as **Seller** and **Buyer**. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

12.10. CAPTIONS. The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

12.11. COOPERATION. Prior to and after the Closing Date, the parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement.

12.12. GOVERNING LAW. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law provisions.

12.13. NON-MERGER. The terms and provisions of this Agreement will not merge in, but will survive, the Closing of the transaction contemplated under this Agreement.

12.14. ASSIGNMENT. This Agreement may not be assigned by **Seller** without the prior written consent of **Buyer**, which consent shall not be unreasonably withheld. This Agreement may not be assigned by **Buyer** to an unaffiliated third party without the prior written consent of the **Seller**, which consent may not be unreasonably withheld. **Buyer** may assign, by giving ten (10) days written notice to **Seller**, its rights under this Agreement to an affiliate entity in which **Buyer** and/or its principals have an ownership interest of not less than fifty-one percent (51%) without seeking or obtaining **Seller's** consent. The **Buyer** shall include in notice evidence of the percentage of its ownership interest in a form reasonably acceptable to **Seller**. Failure to maintain at least a fifty-one percent (51%) ownership interest shall be deemed an assignment of this Agreement requiring prior written approval by **Seller**. Such assignment shall not become effective until the assignee executes an instrument whereby such assignee expressly assumes each of the assignor's obligations under this Agreement. No assignment shall release or otherwise relieve **Buyer** or **Seller** from any obligations hereunder.

12.15. NEGOTIATION AND CONSTRUCTION. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party. All parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement. Except as otherwise stated in Section ____, each party shall be and is separately responsible for payment of any legal services rendered on his/her/its behalf regarding legal review of the terms found in this Agreement

12.16. EXHIBITS. The following Exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

- | | |
|-------------|---|
| EXHIBIT A-1 | Legal Description of Land |
| EXHIBIT A-2 | Legal Description of the Park and Ride Lot |
| EXHIBIT B | Lease for Parking Stalls |
| EXHIBIT C | Certificate of Non-Foreign Status |
| EXHIBIT D | Bargain and Sale Deed |
| EXHIBIT E | Setback Easement |
| EXHIBIT F | Maintenance Access Easement |
| EXHIBIT G | Sketch showing Land, Park-and Ride-Lot and Garage, and certain easement locations |
| EXHIBIT H | Right of Entry Permit |

EXECUTED as of the date and year first above written:

KING COUNTY (SELLER)
Asset Development and Management
Section

By: _____
Name:
Title: Manager

Approved as to Form:

By _____
Scott Johnson
Sr. Deputy Prosecuting Attorney

Date _____

HIGH STREET 8 LLC, a Washington limited liability company (**BUYER**)

By Port Blakely Communities, Inc., a Washington corporation, its Manager

By: _____
Name: _____

[ACKNOWLEDGEMENTS TO FOLLOW]

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, to me known to be THE _____ of KING COUNTY, the municipal corporation and political subdivision of the State of Washington that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipal corporation and political subdivision, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2007.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
Residing at _____
My Commission Expires _____

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STATE OF WASHINGTON

COUNTY OF KING

} ss.

On this day personally appeared before me and known to me to _____ that executed the foregoing instrument, and acknowledged such instrument as the _____ of Port Blakely Communities, Inc., a Washington corporation, as Manager of HIGH STREET 8 LLC, a Washington limited liability company, to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this ____ day of _____, 2007.

Printed Name _____

NOTARY PUBLIC in and for the State of Washington,

Residing at _____

My Commission Expires _____

[END OF ACKNOWLEDGEMENTS]

EXHIBIT A-1

LEGAL DESCRIPTION OF THE LAND

Lot 1 of the City of Issaquah Short Plat No. SP04-001IH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.

EXHIBIT A-2

LEGAL DESCRIPTION OF PARK AND RIDE LOT

Lot 2 of the City of Issaquah Short Plat No. SP04-001IH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.

EXHIBIT B
LEASE FOR PARKING STALLS

PARKING STALL LEASE

1. **PARTIES.** This Lease is made by and between **King County**, a municipal corporation and political subdivision of the State of Washington, hereinafter called "Lessor," and **High Street 8 LLC**, a Washington limited liability company, hereinafter called "Lessee."

2. **PREMISES.**

A. Lessor hereby leases to Lessee, upon the following terms and conditions, thirty four (34) parking stalls as depicted on the attached site plan(s), attached as Exhibit A and incorporated herein by reference, hereinafter called the "Premises", located in the Issaquah Highlands Park and Ride Garage, hereinafter called the "Garage", which is located on a portion of real property in King County, Washington, which is legally described in the attached Exhibit B and incorporated herein by reference. Hereinafter, the Garage and real property, together, shall be called the "Property."

3. **TERM.**

A. **Duration.** The Lease term shall be for thirty (30) years subject to Lessee's right to terminate as provided in Section 22(D) herein ("Lease Term"); shall commence on the date described in Section 3(B) herein ("Commencement Date"); and shall end at midnight on the day exactly thirty (30) years after the Commencement Date, unless terminated sooner as provided herein.

B. **Commencement Date.** The Commencement Date of this lease, and Lessee's right to use and possession and payment of rent, shall occur at the earlier of (a) date the Lessor receives notice of Lessee's intent to commence the lease, such notice to be received no later than thirty (30) days following written notification by the Lessor to Lessee that the Garage occupancy by park and ride users has reached 80% of garage capacity (*i.e.* 800 of the 1000 stalls) as determined by the Lessor's quarterly utilization count, or (b) January 1, 2011; provided that the lease shall not commence prior to the Federal Transit Administration's (FTA's) approval of this Lease, which FTA approval the Lessor shall diligently seek. The running of the period for commencing the lease after receiving notice shall not be tolled while FTA's review is pending. If Lessee fails to give written notice of its intention to commence the lease within 30 days after being given notice from the Lessor that the Garage occupancy by park and ride users has reached

80% of Garage capacity, this Lease shall automatically terminate and neither party shall have any further rights or obligations to the other hereunder.

4. **RENT, OFFSET and LEASEHOLD EXCISE TAX.**

- A. **Rent.** Upon the Commencement Date of this Lease, Lessee shall commence paying monthly rent on a per-stall basis as described in this Section 4.A, for Lessee's use of the Premises ("Rent"). To determine the amount of Rent at the Commencement Date, the initial rental amount as of the closing date under the PSA is Seventy Dollars (\$70) per stall per month, which shall be increased annually on the anniversary of the Closing Date by the Consumer Price Index for Seattle-Tacoma-Bremerton for All Urban Consumers (1982-84=100) published by the United States Department of Labor's Bureau of Labor Statistics ("CPI") for the first full calendar month of the Lease Term shall be the "Base Index". The CPI for each month referred to in the second sentence of this paragraph shall be the "Adjustment Index" to compute rent adjustments to commence with each said month. If the applicable Adjustment Index has increased over the Base Index, then the Rent payable under this Lease commencing with each Adjustment Index month and continuing until another adjustment to Rent is made shall be the Rent set forth in this paragraph multiplied by a fraction, the numerator of which is the appropriate Adjustment Index and denominator of which is the Base Index. If, during the Lease Term, Rent payable under this paragraph is changed by an amendment to this Lease or pursuant to paragraph 4.E herein, said Rent payable pursuant to the latest Lease amendment or an adjustment per paragraph 4.E shall be the Rent which is adjusted by the formula set forth in this paragraph, and the CPI for the first full month for which the amended or adjusted rent is paid shall become the Base Index. In no event shall Rent be reduced below the sum payable for the year immediately preceding the year when the adjustment in Rent is to become effective. If any index is calculated from a base different from the base period 1982-84=100, such index shall be converted to a base period of 1982-84=100 by use of a conversion factor supplied said Bureau of Labor Statistics. If the CPI is discontinued or replaced during the term of this Lease, such other governmental Cost of Living Index or computation which replaces the CPI, as determined by the Lessor, shall be used in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or replaced,
- B. **Offset.** No offset, reduction or credit toward Rent shall be allowed unless approved in advance and in writing by Lessor.
- C. **Leasehold Excise Tax.** Upon the Commencement Date, Lessee shall also pay to Lessor a leasehold excise tax of 12.84% of the Rent and any increases thereto. If the State of Washington or King County shall change the leasehold excise tax, the tax payable shall be correspondingly changed.
- D. **Payment.** The leasehold excise tax and all Rent owing shall be made payable to the KING COUNTY OFFICE OF FINANCE and is to be received in the office of the:

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

All Rent owing and all taxes shall be payable in advance, without prior notice or demand, on the first (1st) day of each month of the Lease Term. If the Lease commences on the date other than the first (1st) day of a month, the Rent and taxes shall be prorated for that first month. If this Lease is terminated at a time other than the last day of the month, Rent shall be prorated as of the date of termination and any excess prepaid Rent and taxes returned to Lessee. Said Rent shall be exclusive of any other sale, franchise, business or occupation or other tax based on rents. Should any other such tax or any fee apply during the life of this Lease, the payment due by Lessee shall be increased by such amount.

E. Rent Adjustment. To ensure a fair Rent based upon fair market value of the Premises, Lessor may adjust the Rent to the then current fair market rental value, effective five (5) years after the Closing Date, and again every five (5) years thereafter. Lessor shall give Lessee written notice of the adjusted Rent, which adjustment shall take effect thirty (30) days following receipt of such notice unless, within that thirty (30) day period, Lessee gives Lessor written notice of Lessee's rejection of the adjusted Rent. If Lessor and Lessee cannot agree upon the amount of the adjusted Rent within 15 business days after Lessee delivers its notice of rejected adjusted Rent, then either party can commence arbitration to adjust the Rent, as prescribed by K.C.C. 4.56.180(C). In the event resolution of the Rent adjustment is not completed either by negotiation or arbitration prior to the term being considered, Lessee shall, pending resolution of such Rent adjustment, continue to pay Lessor the Rent then in effect and the adjusted Rent, as determined either by negotiation or arbitration, shall be retroactive to the first (1st) day of the term. The sum due as a result of a retroactive increase shall become due and owing Lessor immediately upon determination of the adjusted Rent. In addition, if Lessee objects to the adjusted rent amount but thereafter fails through arbitration to obtain a reduction in the adjusted rent of at least ten percent (10%) from Lessor's proposed adjusted rental rate, then Lessor, at its option, may elect to require Lessee to pay interest in the amount of twelve percent (12%) per annum on any sum due as a result of a retroactive increase. Such interest shall be calculated from the due date of the Rent payment that corresponds to each applicable underpayment.

5. SECURITY DEPOSIT. If, at any time during the Lease Term, Lessee pays Rent and taxes more than ten (10) days after they come due, Lessor shall collect a security deposit from Lessee. Under these circumstances, Lessee shall deposit with Lessor the sum of Five Thousand Dollars (\$5,000) as a security deposit for the payment of Rents and taxes due Lessor pursuant to the terms of the Lease. The amount Lessee must initially deposit with Lessor as a security deposit shall adjust upwards in the same manner as the Rent. The

security deposit is the only sum that may be credited toward payment of the last month's Rent upon termination of the Lease. Within sixty (60) days after termination of the Lease and vacation of the Premises, Lessor shall return any sum due Lessee from this deposit retained by Lessor after deduction of any Rent, taxes or additional Rent owing. The deposit will not be held in any special account and no interest will be paid thereon.

6. **LICENSE, FEES and TAXES.** Lessee shall pay, as they become due and payable, all applicable taxes and all fees, charges and expenses for licenses and/or permits required for or occasioned by Lessee's use of the Premises.

7. **LATE PAYMENTS.**

- A. **Late Charges.** Lessee acknowledges that the late payment by Lessee of any Rent or additional Rent will cause Lessor to incur administrative, collection, processing and accounting costs and expenses not contemplated under this Lease, the exact amount of which is extremely difficult or impracticable to fix. Therefore, if any Rent or additional Rent is not received by Lessor from Lessee by the tenth (10th) day of the month, Lessee shall immediately pay Lessor a late charge equal to five percent (5%) of the amount of such Rent. Lessor and Lessee agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Lessor for its loss caused by Lessee's nonpayment. Should Lessee pay the late charge but fail to pay contemporaneously therewith all unpaid amounts of Rent or additional Rent, Lessor's acceptance of this late charge shall not constitute a waiver of Lessee's default with respect to Lessor's nonpayment nor prevent Lessor from exercising all other rights and remedies available to Lessor under this Lease or under law.
- B. **Interest.** In addition to all other charges, Lessee shall pay to Lessor interest at a rate of two percent (2%) per month or the maximum legal rate of interest on judgments (per RCW 19.52.020, whichever is less, on any delinquent Rent or additional Rent not received by Lessor by the tenth (10th) day of the month that it is due.

8. **USE.**

- A. **Purposes Defined.** Lessee shall use said Premises for the following purposes and for no others without prior written consent of Lessor: parking for customers of retail shops and other commercial uses to be located in a building Lessee constructs on its property and that abuts the southern edge of the Garage ("Lessee's Building"), together with the non-exclusive right of ingress to and egress from the Premises, to and from the retail shops and other commercial uses and to and from the Garage's vehicular entrances for the foregoing purpose, consistent with Lessor's rules and standards pertaining to the Property; provided, however, that, in the event of an emergency, ingress to and egress from the Premises may be delayed or restricted by Lessor until such time as Lessor determines, in its sole discretion, that the Property is safe.

B. Charges for Garage Use. Lessor reserves the right, in its sole discretion, to charge fees for parking in the Garage; provided that if Lessor shall exercise this right, Lessor and Lessee agree to negotiate a reasonable method, such as validation, to exempt retail users of the Premises from such parking fees. In the alternative, the parties may mutually agree to allow Lessor to charge such fees to retail users of the Premises. Such negotiation shall be begun and concluded in a timely manner and without delay to Lessor's implementation of the parking fees. Any method to exempt retail users from Lessor's parking fees shall be at no cost to Lessor.

C. Hours of Use. Lessor reserves the right to close the Garage during hours when there are no transit facility operations. Should Lessee require access to the Garage during hours when it is closed by Lessor, the Parties will endeavor to develop an access plan. If agreement on a plan cannot be reached prior to the time Lessee requires access, Lessor shall implement a plan at its discretion.

9. MAINTENANCE of the PREMISES. Lessor shall be responsible for all maintenance and repair of the Premises to the same standard as the remainder of the Garage. Lessor may temporarily relocate the Premises, by providing a like number of stalls elsewhere in the Garage as close to the Premises as reasonably possible, if Lessor determines, in its sole discretion, that such relocation is necessary in order to maintain or repair the Premises or Lessor's Property. The relocation will be limited to the time reasonably required to complete the maintenance or repairs. Costs to repair damage caused by Lessee's use beyond normal wear and tear shall be charged to Lessee and shall become additional rent.

10. LESSEE IMPROVEMENTS.

A. Approval Required. Lessee shall not undertake any improvements to the Premises or the Property without the prior written consent of the Lessor, except for the doorway installation to Lessee's Building described in Section 10(C) below. Lessee shall submit to Lessor, for review and approval, detailed plans and specifications for any proposed improvements to the Premises or the Property. Upon obtaining consent, if permits are required, it is the responsibility of Lessee to obtain and pay any and all fees associated with such permits. Lessee shall provide to Lessor copies of all approved permits prior to commencing improvements. Lessor's approval shall not constitute a warranty of any plans of Lessee's improvements or the assumption of any liability for such plans or improvements by Lessor. Within thirty (30) days after any improvements are completed, Lessee shall provide Lessor as-built drawings of the improvements, if requested by Lessor. Lessee shall be responsible for all costs associated with the improvements.

B. Repair of Damage. Lessee shall be responsible for any damage done to the Premises or Lessor's Property or the property of any other tenant or user of the Property during the installation, construction or operation of Lessee's improvements.

C. Doorway to Lessee's Building. Notwithstanding the foregoing, should Lessee's Building be constructed on land abutting the Property to the south and should a floor of such building align with the third (3rd) floor of the Garage, then Lessee shall have the right to install doorways, doors and a waterproof seismic joint between the third (3rd) floor of the Garage and Lessee's Building abutting the Property to the south to provide Lessee's customers with access to its retail shops at one of the locations shown in the attached Exhibit C. Lessee shall be responsible for all costs associated with the installation of such doorways and doors. Lessee shall be responsible for all design and construction associated with the installation of the doorways, doors and waterproof seismic joint. Lessee shall provide Lessor with all design and construction plans and documents necessary for Lessor's review for the purpose of ensuring that the location and design is safe and compatible with the Garage structure and design and consistent with this Lease. Lessee shall not commence installation of the doorway until receiving Lessor's reasonable approval of the location and design of the doorways, seismic joint and doors. Lessee shall be responsible for obtaining all necessary permits and approval. Lessor shall be responsible for the operations and maintenance of such doorways, doors and waterproof seismic joint and the cost thereof.

11. SIGNS AND STALL DESIGNATIONS.

- A. General Proscription – Approval Required. No signs shall be permitted on the Premises except as required by law or regulation, except Lessee shall have the right to install signage designating the stalls for customer parking and directional signs indicating the doorway to Lessee's Building, which shall be subject to Lessor's written approval of the design and location of such signs, not to be unreasonably withheld or delayed. Any other signage or displays may be permitted on the Premises only with Lessor's reasonable prior written approval.
- B. Lessee's Parking Stall Designation. Lessor shall be responsible for designating each of Lessee's parking stalls by signs, painted lines or otherwise in a manner that provides notice of the reserved use by Lessee. Lessor may, in its sole discretion if Lessee fails to place signage, designate Lessee's parking stalls by signs placed within the Premises or elsewhere on the Property.
- C. Lessee Stall Management. Lessee shall be responsible for vehicles parked within the Premises and managing the use of the Premises, including Lessee's right to undertake one or more of the following to reserve use of the stalls for customers of businesses within Lessee's Building: (a) setting out pylons or other temporary barricades to prevent general park-and-ride parking, (b) issuing notices and/or towing parked cars that are not Lessee's customers, or (c) other reasonable means. It shall be Lessee's sole responsibility to tow abandoned vehicles from the Premises and pay all costs related thereto. Both parties will establish and appoint at least one representative to a Management Team that will be responsible for resolving issues related to parking that occur over time. The Management Team will establish a routine format and schedule for meeting. The Management Team

will meet at least twice a year, and will meet within 5 business days after a request by any member of the Management Team.

12. INTERFERENCE.

- A. General Duty. Lessee's use of the Premises shall not damage or interfere with, in any way, Lessor's use of its Property or the use of Lessor's property by other tenants or users. If interference occurs, Lessee shall immediately cure the interference upon verbal or other actual notice by Lessor or otherwise cease actions creating the interference until the interference is eliminated. Any interference caused by Lessee or by other tenants or users affecting Lessee shall not result in liability to Lessor.
- B. Lessor's Reservation of Rights. Lessor, at all times during this Lease, reserves the right to take any action it deems necessary, in its sole discretion, to repair, maintain, alter or improve its Property including, but not limited to, leasing portions of its Property to others or granting to others a license or lease to use Lessor's Property.

13. ASSIGNMENT or SUBLEASE.

- A. General Prohibition - Consent Required. Lessee shall not assign or transfer this Lease or any interest or rights therein, nor delegate its duties under this Lease, nor sublease the whole or any part of the Premises, nor grant an option for assignment, delegation, transfer or sublease for the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable, delegatable or transferable by operation of law, or by any process or proceeding of any court or otherwise without obtaining the prior written consent of Lessor. If Lessor gives its consent to any assignment, delegation, sublease or other transfer, this paragraph shall nevertheless continue in full force and effect, and no further assignment, delegation, sublease or other transfer shall be made without Lessor's consent. Notwithstanding the foregoing, Lessee without Lessor's consent may assign this Agreement to (a) to a general or limited partnership, provided that either (i) the original Lessee hereunder has at least a 51% ownership interest and is one of the managing general partners or (ii) the original Lessee's parent (*i.e.* the entity that owned 80% of Lessee at the time of this Lease) has at least a 51% ownership interest in one of the managing general partners, (b) to a wholly-owned subsidiary of Buyer or of its parent, or (c) to a limited liability company in which the original Buyer or its parent has at least a 51% ownership interest and is the managing member (collectively "Authorized Transferees"). Further, Lessee without Lessor's consent may allocate the use of the stalls within the Premises to subtenants or occupants within Lessee's Building.
- B. Assignments and Transfers Included. The following shall be deemed an assignment or transfer of this Lease by Lessee within the meaning of this Section 13:

- i. a change in the ownership of fifty percent (50%) or more of the outstanding shares of any class of voting stock of Lessee's corporation, determined based upon stock ownership at the time of the execution of this Lease;
- ii. an addition or withdrawal of a shareholder owning twenty percent (20%) or more of the voting shares of any class of stock;
- iii. a transfer to any successor in interest of fifty percent (50%) or more of the assets or business of Lessee;
- iv. a transfer to any other entity to which Lessee conveys or otherwise transfers ownership of and/or management responsibility for its business;
- v. any merger or share exchange;
- vi. a change in or withdrawal, addition or substitution of a general partner if Lessee is a limited partnership;
- vii. a transfer of interest in a partnership resulting in fifty percent (50%) or more of the entire partnership interest; and/or
- viii. an addition or withdrawal of a partner or member owning fifty percent (50%) or more interest in a limited liability partnership or limited liability company if Lessee is such a partnership or company.

C. Notice by Lessee – Production of Records. If Lessee desires or intends to assign, delegate, sublease or transfer, or grant an option for assignment, delegation, sublease or transfer for, the whole or part of the Premises, or any portion of this Lease or any interest therein, then Lessee shall notify Lessor in writing of Lessee's desire or, in the case of exceptions listed in Section 13A, Lessee's intent to assign, delegate, sublease, transfer or to grant an option and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment, delegation, sublease, transfer or grant to a third party. The notification shall include, but not be limited to, the proposed date of the assignment, delegation, sublease, transfer or grant, a description of the expected terms of the assignment, delegation or sublease or other transfer or grant and a full disclosure of any and all payments and any and all other consideration of any kind to be received by Lessee. Upon request by Lessor for any transfer other than to an Authorized Transferee, Lessee shall provide:

- i. a financial statement of the proposed assignee, delegatee, sublessee, transferee or grantee;
- ii. a copy of the assignment, delegation, sublease or other transfer or grant document;
- iii. an affidavit from the proposed assignee, delegatee, sublessee, transferee or grantee stating it has examined this Lease, has had the opportunity to consult with legal

counsel regarding the terms of the Lease and understands all such terms and conditions, agrees to assume and be bound by all of the Lessee's obligations and covenants under this Lease as if it were the original Lessee hereunder; and

- iv. any other documents or information requested by Lessor related to the assignment, delegation, sublease or other transfer or grant.

For any transfer to an Authorized Transferee, Lessee upon Landlord's request shall provide an affidavit confirming that the Authorized Transferee qualifies as an Authorized Transferee as defined in Section 13.A. herein and has assumed the obligations of this Lease.

D. Approval by Lessor – Fees. Lessor shall review the request and, if applicable, respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date of assignment, delegation, sublease, transfer or grant. Disapproval of any such request shall be final and binding on the Lessee and not subject to arbitration. Lessor shall charge to Lessee a reasonable fee for administrative costs for the review and processing of any assignment, delegation, sublease or other transfer or grant.

E. Assignment Premium. If Lessee assigns its interest, Lessee shall pay Lessor, as additional rent, seventy-five percent (75%) of the Assignment Premium derived from the assignment. "Assignment Premium" shall mean all rent, additional rent and other moneys, property and other consideration of every kind whatsoever received by Lessee from the assignee for, or by reason of, the assignment (including all amounts received by Lessee for any Included Property, as defined in this Section 13).

F. Sublease Premium. If Lessee subleases its interest, Lessee shall pay Lessor, as additional rent, fifty percent (50%) of the Sublease Premium derived from the sublease. "Sublease Premium" shall mean all rent, additional rent and other moneys, property and other consideration of every kind whatsoever received by Lessee from the sublessee for, or by reason of, the sublease (including all amounts received by Lessee for any Included Property, as defined in this Section 13). Lessee shall also pay to Lessor leasehold excise tax on Sublease Premiums, as required by law.

G. Changes in Assignment and Sublease Premiums. Lessee shall immediately notify Lessor of all changes in Assignment and/or Sublease Premiums received by Lessee or agreed to by sublessee and Lessee, without prior demand or request by Lessor. Lessor shall have the right to audit and inspect the books and records of Lessee and subleases and/or assignments entered into by Lessee relating to the Premises to verify the accuracy of all Assignment and Sublease Premiums paid or owing to Lessor. Any underpayment revealed by such audit or inspection shall be paid by Lessee with interest at the rate set forth in Section 7 (Late Payments) of this Lease, along with the reasonable costs and expenses of the audit or inspection.

H. Included Property. "Included Property" shall mean the leasehold improvements added by the Lessee and any non-removable fixtures purchased by the Lessee attached thereto that are transferred to the assignee or sublessee as part of the assignment, sublease or other transfer. The value of the included property shall be documented by appropriate appraisals, financial statements or other business records prepared by an independent and qualified source.

I. Payment of Assignment and/or Sublease Premium. Lessee shall pay the Assignment Premium to Lessor within ten (10) days before the effective date of the assignment. Lessee shall pay the Sublease Premium to Lessor at the same time and under the same conditions, and subject to the same late charges and interest, as Rent is paid or as otherwise determined by Lessor.

14. AS IS CONDITION. Lessee acknowledges that the Premises are leased "as is," and Lessor makes no representations or warranties regarding the Premises or other of its property, any environmental defect or condition on or in the same, the suitability of the same for Lessee's intended use or compliance of Lessor's property with applicable environmental laws and regulations. Except as provided in Section 9 (Maintenance of the Premises), Lessor has no obligation to keep the Premises or other of its property in its current condition or to make any changes or improvement in facilities, services or any other functions or to augment any security services.

15. INDEMNITY and HOLD HARMLESS.

A. Lessee's Obligations. Pertaining to the Premises, Lessee's Use of Premises and this leasehold interest, Lessee agrees to indemnify and hold Lessor harmless as provided herein to the maximum extent possible under law. Accordingly, the Lessee agrees for itself, its successors and assigns, to defend, indemnify and hold harmless Lessor, its appointed and elected officials and employees from and against any and all liability for claims, demands, suits and judgments including, but not limited to, the costs thereof, without regard to whether such claims, demands, suits or any allegations are groundless, false or fraudulent, for injury to persons, death or property damage which is caused by, arises out of or is incidental to Lessee's exercise of rights and privileges granted under this Lease, except to the extent of Lessor's negligence or intentional misconduct. Lessee's obligations under this Section 15(A) shall include, but are not limited to:

- i. Defense and indemnification from such claims, whether or not they arise from Lessee's sole negligence, Lessee's portion of any concurrent negligence of both parties or the negligence or intentional acts of one or more of Lessee's employees, customers, invitees or agents;

- ii. Defense and indemnification from any claim arising from Lessee's Use of Premises or any emissions from the installation and operation of equipment placed on the Premises by Lessee;
- iii. The duty to promptly accept tender of defense and provide defense to Lessor at Lessee's own expense;
- iv. Defense and indemnification from claims made by Lessee's own employees or agents; and
- v. Waiver of Lessee's immunity, as respects the Lessor only, under the Industrial Insurance Provisions of RCW Title 51, but only for the sole purpose and only to the extent necessary to indemnify Lessor, which waiver has been mutually negotiated by the parties.

B. Attorney's Fees and Expenses. In the event it is necessary for Lessor or Lessee to incur attorneys' fees, legal expenses or other costs to enforce the provisions of this Lease, all such fees, expenses and costs shall be recoverable from the non-prevailing party.

C. Statutory Limitations. In the event it is determined that RCW 4.24.115 applies to this Lease, Lessee agrees to defend, hold harmless and indemnify Lessor to the maximum extent permitted thereunder. In such event, Lessee agrees to defend, indemnify and hold harmless Lessor for claims by Lessee's employees and agrees to waiver of its immunity under RCW Title 51 for the purpose of indemnity only, which waiver has been mutually negotiated by the parties.

D. Risk of Loss. Lessee assumes all risk of damage to its property and the loss by theft or otherwise, of any property of the Lessee or its employees, agents, assignees, sublessees, invitees or customers, and no claim shall be made upon the Lessor because of any such loss, except to the extent of Lessor's negligence. The Lessee shall be responsible for the provision of security during the term of this Lease for any property brought onto the Premises by the Lessee or its employees, agents, assignees, sublessees, invitees or customers.

16. INSURANCE.

A. Insurance Required. By the date of execution of this Lease, the Lessee shall procure and maintain for the duration of this Lease, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the use of Premises hereunder by Lessee, its agents, representatives and employees. The cost of such insurance shall be paid by the Lessee. By requiring such minimum insurance coverage, the Lessor shall not be deemed or construed to have assessed the risks that may be applicable to the Lessee under this Lease. The Lessee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

- B. For All Coverages. Each insurance policy shall be written on an "Occurrence" form.
- C. Minimum Scope of Insurance. Coverage shall be at least as broad as: Insurance Services Office Form No. CG 00 01 Ed. 11-88, covering Commercial General Liability.
- D. Minimum Limits of Insurance. The Lessee shall maintain limits for General Liability no less than \$1,000,000 combined single limit per occurrence and, for those policies with an aggregate limit, a \$2,000,000 aggregate limit.
- E. Deductibles and Self-insured Retentions. Any deductibles or self-insured retentions shall be declared to the Lessor.
- F. Other Insurance Provisions. The insurance policies required in this Lease are to contain or be endorsed to contain the following provisions:
- i. Lessor, its officers, officials, employees and agents are to be covered as additional insureds with respect to liability arising out of activities performed by or on behalf of the Lessee in connection with this Lease.
 - ii. To the extent of Lessee's negligence, the Lessee's insurance coverage shall be primary insurance with respect to King County, its officers, officials, employees and agents. Any insurance or self-insurance maintained by Lessor, its officers, officials, employees or agents shall not contribute with the Named Insured's insurance or benefit the Named Insured in any way.
 - iii. Lessee's insurance shall apply separately to each insured against whom a claim is made and/or a lawsuit is brought, except with respect to the limits of the insurer's liability.
- G. Change in Coverage. Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, until after forty-five (45) days' prior written notice has been given to Lessor.
- H. Acceptability of Insurers. Insurance is to be placed with insurers with a Bests' rating of no less than A:VIII or, if not rated with Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII. Any exceptions shall be approved by Lessor. Lessee maintains the right to place coverage with the insurance provider of its choosing. If the selected provider has a Bests' rating lower than that specified above, Lessor approval shall be required. Lessee further maintains the right to institute a self-insurance program subject to Lessor's approval. Approval of such policies or programs shall not be unreasonably withheld or be construed to offer any guarantee of coverage to the Lessee by Lessor.
- I. Verification of Coverage. Lessee shall furnish Lessor with certificate(s) of insurance and with endorsement(s) required by this Lease. The certificate(s) and endorsement(s) for each

insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on standard forms and are to be received by Lessor prior to the commencement of this Lease. If Lessor becomes involved in litigation arising out of, or is incidental to the Lessee's rights or privileges granted by this Lease, Lessor shall reserve the right to require complete certified copies of all required insurance policies.

17. HAZARDOUS MATERIALS and ENVIRONMENTAL COMPLIANCE.

A. Definitions. "Hazardous Materials" as used in this Lease shall mean:

- i. Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease-producing substances; or
- ii. Any dangerous waste or hazardous waste as defined in:
 - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or
 - b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or
- iii. Any hazardous substance as defined in:
 - a. Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or
 - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105D); or
- iv. Any pollutants, contaminants or substances posing a danger or threat to public health, safety or welfare or to the environment, which are regulated or controlled as such by any applicable federal, state or local laws or regulations as now existing or hereafter amended.

B. Environmental Compliance.

- i. In its use and occupancy of the Premises, the Lessee shall, at the Lessee's own expense, comply with all federal, state and local laws and regulations now or hereafter in effect related to Hazardous Materials and the environment which result from Lessee's use of the Premises, Lessee's business or any other activity or condition undertaken or caused by Lessee on or about the Premises ("the Environmental Laws"). Lessee warrants that its business and all its activities to be

conducted or performed in, on or about the Premises shall comply with all of the Environmental Laws. Lessee agrees to change, reduce or stop any non-complying activity or install necessary equipment, safety devices, pollution control systems or other installations as may be necessary at any time during the term of this Lease to comply with the Environmental Laws.

- ii. Lessee shall not, without first obtaining Lessor's prior written approval, use, generate, release, handle, spill, store, treat, deposit, transport, sell or dispose of any Hazardous Materials in, on or about the Premises. In the event, and only in the event, that Lessor approves any of the foregoing, Lessee agrees that such activity shall occur safely and in compliance with the Environmental Laws.
- iii. Lessee shall not cause or permit to occur any violation of the Environmental Laws on, under or about the Premises, or arising from Lessee's use or occupancy of the Premises.
- iv. Lessee shall, in a timely manner and at Lessee's own expense, make all submissions to, provide all information required by and comply with all requirements of all governmental or regulatory authorities ("the Authorities" or "Authority") with jurisdiction under the Environmental Laws. If Lessee fails to fulfill any duty imposed under this Section 17 within a reasonable time, Lessor may do so; and in such case, Lessee shall cooperate with Lessor in order to prepare all documents Lessor deems necessary or appropriate to determine the applicability of the Environmental Laws to the Premises and the Lessee's use or occupancy thereof, and for compliance with the Environmental Laws, and Lessee shall execute all documents promptly upon Lessor's request. No such action by Lessor and no attempt made by Lessor to mitigate damages shall constitute a waiver of any of Lessee's obligations under this Section 17.
- v. Should any Authority demand that a cleanup or remediation plan be prepared and that a cleanup or remediation be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials which occurs during the term of this Lease at or from the Premises, or which arises at any time from Lessee's use or occupancy of the Premises, then Lessee shall, in a timely manner and at Lessee's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Lessee shall carry out all such cleanup or remediation plans. Any such cleanup or remediation plans are subject to Lessor's prior written approval. Although Lessor reserves the right to review and approve such cleanup or remediation plans, Lessor assumes no responsibility for such plans or their compliance with the Environmental Laws.

C. Indemnification.

- i. Lessee shall be fully and completely liable to Lessor for any and all investigation, cleanup and/or remediation costs and expenses and any and all other charges,

expenses, fees, penalties (civil and criminal) imposed by any Authority as a result of Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials on or about the Premises. Lessee shall indemnify, defend and save Lessor harmless from any and all of the costs, expenses, fees, penalties and charges assessed against or imposed upon Lessor (as well as Lessor's reasonable attorney's fees, costs and expenses) by any Authority as a result of Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials on or about the Premises or as a result of Lessee's failure to provide all information, make all submissions and/or take all steps required by all Authorities under the Environmental Laws.

- ii. Lessee shall indemnify and hold Lessor harmless from any and all claims, liabilities, lawsuits, damages and expenses, including reasonable attorney's fees, for injuries to persons or death, property damage, loss or costs caused by or arising from the use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Lessee or any of its agents, representatives or employees on or about the Premises.

D. Reporting Requirements. Lessee shall comply with the Environmental Laws requiring the submission, reporting or filing of information concerning Hazardous Materials with the Authorities and shall provide to Lessor a full copy of any such submission, filing or report as submitted within fifteen (15) days of such submission.

E. Right to Check on the Lessee's Environmental Compliance. Lessor expressly reserves the right to conduct, and Lessee shall fully cooperate in allowing, from time to time, such examinations, tests, inspections and reviews of the Premises as Lessor, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems.

F. Remedies. Upon any default by Lessee under this Section 17 and after providing Lessee with written notice of Lessor's intent and a reasonable opportunity to cure, which shall not be less than ten (10) business days after such notice and which shall provide reasonable time to cure based on the circumstances (unless Lessor is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), Lessor shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to the Lessor:

- i. At the Lessor's option, to terminate this Lease immediately; and/or
- ii. At the Lessor's option, to perform such response, remediation and/or cleanup as is required to bring the Premises and any other property owned by Lessor affected by the Lessee's default into compliance with the Environmental Laws and to recover from the Lessee all of the Lessor's costs and expenses in connection therewith; and/or

- iii. To recover from the Lessee any and all damages associated with the default including, but not limited to, response, remediation and cleanup costs, expenses and charges, civil and criminal penalties and fees, diminution of value of the Premises and/or other property owned by Lessor, the loss of or restriction of useful space in or on the Premises and/or other property owned by Lessor, and any and all damages and claims asserted by third parties and the Lessor's attorney's fees, costs and expenses.

G. Remediation on Termination of Lease.

- i. Upon the expiration or earlier termination of this Lease, Lessee shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Premises that resulted from Lessee's use of the Premises, and the Lessee shall undertake whatever other action may be necessary to bring the Premises into full compliance with the Environmental Laws due to Lessee's or its employee's, customer's, invitee's or agent's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials on or about the Premises ("Termination Cleanup"). The process for such Termination Cleanup is subject to Lessor's prior written approval. Although Lessor reserves the right to review and approve the Termination Cleanup process, Lessor assumes no responsibility for it or its compliance with the Environmental Laws.
- ii. If Lessee fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, Lessor may elect to perform such Termination Cleanup after providing Lessee with written notice of Lessor's intent to commence Termination Cleanup and after providing Lessee a reasonable opportunity, which shall not be less than ninety (90) days after such notice (unless Lessor is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), to commence or resume the Termination Cleanup process. If Lessor performs such Termination Cleanup after said notice and Lessee's failure to perform same, Lessee shall pay all of Lessor's costs and expenses.

H. Survival. Lessee's obligations and liabilities under this Section 17 shall survive the expiration or earlier termination of this Lease.

18. **LIENS.** Lessee acknowledges that Lessor may not, and shall not, be subject to claims or liens for labor or materials and shall keep the Premises and Lessor's Property free of any liens for any providers of work, labor, material or services claiming by, through or under Lessee. Lessee shall indemnify, defend and hold Lessor harmless from and against any such claims or liens, and Lessor's attorney's fees and costs incurred in connection therewith. If such a lien is filed, it shall be discharged of record by Lessee within ten (10) days after notice of filing by bonding, payment or other arrangement satisfactory to Lessor.

19. **NON-DISCRIMINATION**. Lessor and Lessee shall not discriminate on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age or the presence of any sensory, mental or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits associated with this Lease. Lessor and Lessee shall comply fully with all applicable federal, state and local laws, executive orders and regulations which prohibit such discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington and Titles VI and VII of the Civil Rights Act of 1964.

20. **CONDEMNATION**.

- A. **Notice**. Lessor shall immediately notify Lessee in writing of the receipt of notice of any proceedings with respect to a condemnation action or intent of any authority to exercise the power of eminent domain.
- B. **Permanent Taking**. If all or a portion of the Premises is taken by any lawful authority under or pursuant to the power of eminent domain during the term of this Lease or any extension or hold-over, Lessor is under no obligation to replace stalls lost to the condemnation. If Lessor does not provide replacement stalls, Lessee may elect to terminate this Lease as of the date the condemnor takes possession. If Lessee does not elect to terminate this Lease, the Rent shall be reduced in the same proportion that the value of the portion of the Premises to be taken bears to the value of the entire Premises as of the date condemnor takes possession. Lessee shall have no claim or interest in or to any award of just compensation except that the Lessee shall be entitled to an amount equal to the fair market value of the Lessee's interest in any improvements made to the Premises by Lessee which are taken by the condemnor.
- C. **Temporary Taking**. If temporary use of all or a portion of the Premises is taken by any lawful authority for a period which would reduce the use and, consequently, would cause the Premises to be untenable for the use by Lessee as set forth in this Lease, Lessee or Lessor may elect to terminate this Lease. Said termination shall occur as of the date the condemnor takes possession. If neither Lessee nor Lessor elects to terminate this Lease, Lessee shall be entitled to receive any award from the condemnor for the use of all or a portion of the Premises, except that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event, Lessee shall not be entitled to any portion of the award attributable to said use.
- D. **Prohibition**. It is understood and agreed that Lessee shall not be a party to any negotiation or proceedings wherein Lessor claims compensation other than which is defined statutorily as constituting "just compensation."

21. **QUIET ENJOYMENT.** Lessor warrants that Lessee shall have the quiet enjoyment of the Premises during the term of this Lease or any extension or hold-over thereof, without interference or disturbance, direct or indirect, by Lessor or any person having title paramount to Lessor's title or by any person claiming under Lessor, provided that Lessor reserves the right to inspect the Premises at any and all reasonable times throughout the term of this Lease or any extension or hold-over.
22. **TERMINATION.** This Section 22 is in addition to any other provision of this Lease authorizing or otherwise relating to early termination of said Lease.
- A. **Damage or Destruction.** In the event that the Garage or any portion thereof is substantially damaged or destroyed so as to hinder effective use of the Premises for Lessee's authorized use, as defined herein, Lessor is under no obligation to designate replacement stalls. However, if Lessor does not provide replacement stalls, Lessee may elect to terminate this Lease, upon thirty (30) days' written notice to Lessor. Lessee shall not be obligated to pay Rent for any stalls during the period of time any stalls that cannot be effectively used for customer parking and for which no replacement stalls are provided.
- B. **Lessee's Breach.**
- i. Lessor may terminate this Lease upon ten (10) days' prior written notice to Lessee if Lessee fails to pay rent or additional rent [including, but not limited to, Assignment and/or Sublease Premiums as set forth in Section 13 (Assignment or Sublease)] of this Lease by the tenth (10th) day of the month that it is due.
- ii. Lessor may terminate this Lease if Lessee breaches or fails to perform or observe any of the terms and/or conditions of this Lease, other than payment of rent, and fails to cure such breach or default within thirty (30) days after written notice from Lessor or such longer period, up to sixty (60) days, as may be reasonably required, within Lessor's sole discretion, to diligently complete a cure commenced within that thirty (30) day period and being diligently and continuously pursued by Lessee.
- C. **Lessor's Breach.** Lessee may terminate this Lease if Lessor breaches or fails to perform or observe any of the terms and/or conditions of this Lease and fails to cure such breach or default within thirty (30) days after written notice from Lessee or such longer period, up to sixty (60) days, as may be reasonably required, within Lessee's sole discretion, to diligently complete a cure commenced within that thirty (30) day period and being diligently and continuously pursued by Lessor.
- D. **Lessee's Right to Terminate without Cause.** Lessee may terminate this Lease without cause at the end of years ten (10), fifteen (15), twenty (20) and twenty-five (25). To exercise this right to terminate without cause, Lessee must, within ten (10) business days after the final determination of the 5-year adjusted Rent pursuant to Section 4E, deliver of

written notice of termination to Lessor. Termination shall be effective upon Lessor's receipt of such notice.

- E. **Termination Process.** Unless otherwise specified in this Lease, prior written notice of termination shall be delivered by certified mail, return receipt requested, and shall be effective upon receipt of such notice, as evidenced by the return receipt. Upon such termination, Lessee shall be entitled to the reimbursement of any rent prepaid by Lessee for any period after termination.
- F. **Nonexclusive Remedy.** Termination under this Section 22 shall be in addition to and not in limitation of any other remedy of Lessor or Lessee at law or in equity. Termination shall not release Lessee or Lessor from any liability or obligation with respect to any matter occurring prior to such termination.

23. SURRENDER OF PREMISES.

- A. **Duties.** At the end of the term of this Lease or any extension or hold-over thereof or other termination of this Lease, Lessee shall peaceably deliver up to Lessor possession of the Premises in the same condition as received, except for ordinary wear and tear and those improvements constructed in compliance with the terms of this Lease. All improvements located on either the Premises or constructed by Lessee elsewhere on the Property shall be the property of the Lessor. However, upon Lessor's request, Lessee, at Lessee's expense, shall remove any improvements installed by Lessee during the term of the Lease and restore the Property to the same condition as prior to the construction of the improvement. Such removal shall be done in a workmanlike and careful manner and without interference or damage to any other equipment, structures or operations on the Premises or on Lessor's Property.
- B. **Costs and Expenses.** All costs and expenses for removal of improvements and restoration and repair of the Premises shall be borne by the Lessee and shall become additional rent, and Lessee shall hold Lessor harmless from any portion thereof.

- 24. **HOLDING-OVER.** If Lessee holds over after the expiration of the term of this Lease or any extension thereof, Lessee shall become a tenant from month-to-month upon the terms of this Lease, as applicable. Acceptance by Lessor of rent after such expiration or early termination shall not result in a renewal of this Lease nor affect Lessor's right of re-entry or any rights of Lessor herein or as otherwise provided by law or equity. If Lessee fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Lessor, Lessee shall pay two (2) times the rent herein specified (prorated on a monthly basis), interest, attorney's fees and costs and shall indemnify and hold Lessor harmless from all loss or liability including, but not limited to, any claim made by any succeeding lessee founded on or resulting from such failure to surrender.

25. **AGENTS, SUCCESSORS and ASSIGNS.** All of the agreements, conditions and provisions of this Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, agents and assigns of Lessor and Lessee.
26. **COSTS and ATTORNEY'S FEES.** Except as otherwise provided in this Lease, if a legal action is instituted by reason of any default or breach on the part of either party in the performance of any of the terms and conditions of this Lease, the losing party agrees to pay all reasonable costs and attorney's fees in connection therewith.
27. **NO PRESUMPTION AGAINST DRAFTER.** Lessor and Lessee understand, agree and acknowledge that this Lease has been freely negotiated by both parties and that, in the event of any controversy, dispute or contest over the meaning, interpretation, validity or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.
28. **NON-WAIVER.** The failure of either the Lessor or Lessee to insist upon strict performance of any of the terms of this Lease shall not be construed as a waiver thereof. Waiver of a particular breach or default shall not be deemed to be a waiver of any subsequent breach or default.
29. **CUMULATIVE REMEDIES.** No provision of this Lease shall preclude Lessor or Lessee from pursuing any other remedies, in law or equity, for Lessee's failure to perform its obligations.
30. **SURVIVABILITY.** The provisions of Sections 15 (Indemnity and Hold Harmless) and 17 (Hazardous Materials and Environmental Compliance) of this Lease shall survive the expiration, hold-over or earlier termination of this Lease for any event occurring prior to or on the date of such expiration, hold-over or termination.
31. **CAPTIONS.** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of the Lease.
32. **VENUE and CHOICE OF LAW.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington. The venue of any legal action brought under the terms of this Lease shall be in the county in which the Premises are located.

33. **AUTHORITY to CONTRACT.** Each party represents and warrants to the other that: it has full right, power and authority to execute this Lease and has the power to grant all rights hereunder, its execution and performance of this Lease will not violate any laws, ordinances, covenants or the provisions of any mortgage, lease or other agreement binding on said party, and the execution and delivery of this Lease and the performance of its obligations hereunder have been duly authorized by all necessary personnel or corporate officers and do not violate any provisions of law or the party's certificate of incorporation or bylaws or any other arrangement, provision of law or court order or decree.

34. **COMPLIANCE WITH ALL LAWS AND REGULATIONS.** Lessee's use of the Premises shall be contingent upon its obtaining all certificates, permits, zoning and other approvals which may be required by any federal, state or local authority. Lessee shall use the Premises, as authorized by this Lease, in compliance with site rules and standards, permits and approvals, laws and regulations, now in effect or which may become effective hereafter by any federal, state or local authority including, but not limited to, all laws and regulations relating to health and safety.

35. **NOTICES.** Except as otherwise provided herein, required notices, except legal notices, shall be given in writing to the following respective addresses, effective as of the post-mark time and date, or to such other place as may hereafter be designated by either party in writing:

If to LESSOR, to:

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

With a copy to:

King County Department of Transportation
Metro Transit Division
Design and Construction Section
201 South Jackson Street, KSC-TR-0431
Seattle, WA 98104-3856

If to LESSEE, to:

High Street 8 LLC
c/o Port Blakely Communities, Inc.

1775 12th Avenue NW, Suite 101
Issaquah, WA 98027
Attn: Judd Kirk

With a copy to:

Davis Wright Tremaine LLP
Attn: Thomas A. Goeltz
1501 4th Avenue, Suite 2600
Seattle, WA 98101-1688

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

37. **TIME IS OF THE ESSENCE.** Time is of the essence of this Lease, and in the event of the failure of Lessee to pay any charges at the time and in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

38. **ENTIRE AGREEMENT – AMENDMENTS.** This Lease, together with any and all exhibits expressly incorporated herein by reference and attached hereto, shall constitute the whole agreement between the parties. There are no terms, obligations, covenants, or conditions other than those contained herein. No modification or amendment of this Lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

39. **EXHIBITS.** The following exhibits are attached hereto and incorporated herein by reference:
A. Site Plan(s);
B. Legal Description; and
C Sketch showing doorway locations.

40. **SEVERABILITY.** The unenforceability, invalidity or illegality of any provision of this Lease shall not render the other provisions unenforceable, invalid or void, and such other provisions shall continue in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease on the dates specified below.

LESSEE:
HIGH STREET 8 LLC, a Washington
limited liability company

By: _____

Title: _____

Date: _____

LESSOR:
KING COUNTY, a Political Subdivision of the
State of Washington

By: _____

Kathy Brown, Manager
Facilities Management Division

Date: _____

APPROVED AS TO FORM:

By: _____
Scott Johnson, Senior Deputy Prosecuting Attorney

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this day personally appeared before me _____ to me known to be the _____ of Port Blakely Communities, Inc., a Washington corporation, as Manager the HIGH STREET 8 LLC, a Washington limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned and that he was authorized to execute the said instrument.

Given under my hand and official sea this _____ day of _____, 2006.

NOTARY PUBLIC in and for the State of Washington
residing at _____
My appointment expires on _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I certify that Kathy Brown signed this instrument, on oath stated that he was authorized by the **King County Executive** to execute the instrument, and acknowledged it as the Manager of the Facilities Management Division of King County, Washington to be the free and voluntary act of said County for the uses and purposes mentioned in the instrument.

Given under my hand and official sea this _____ day of _____, 2006.

NOTARY PUBLIC in and for the State of Washington
residing at _____
My appointment expires on _____

EXHIBIT A

**Site Plan with Parking Stall Layout
[Stalls labelled #1-34]**

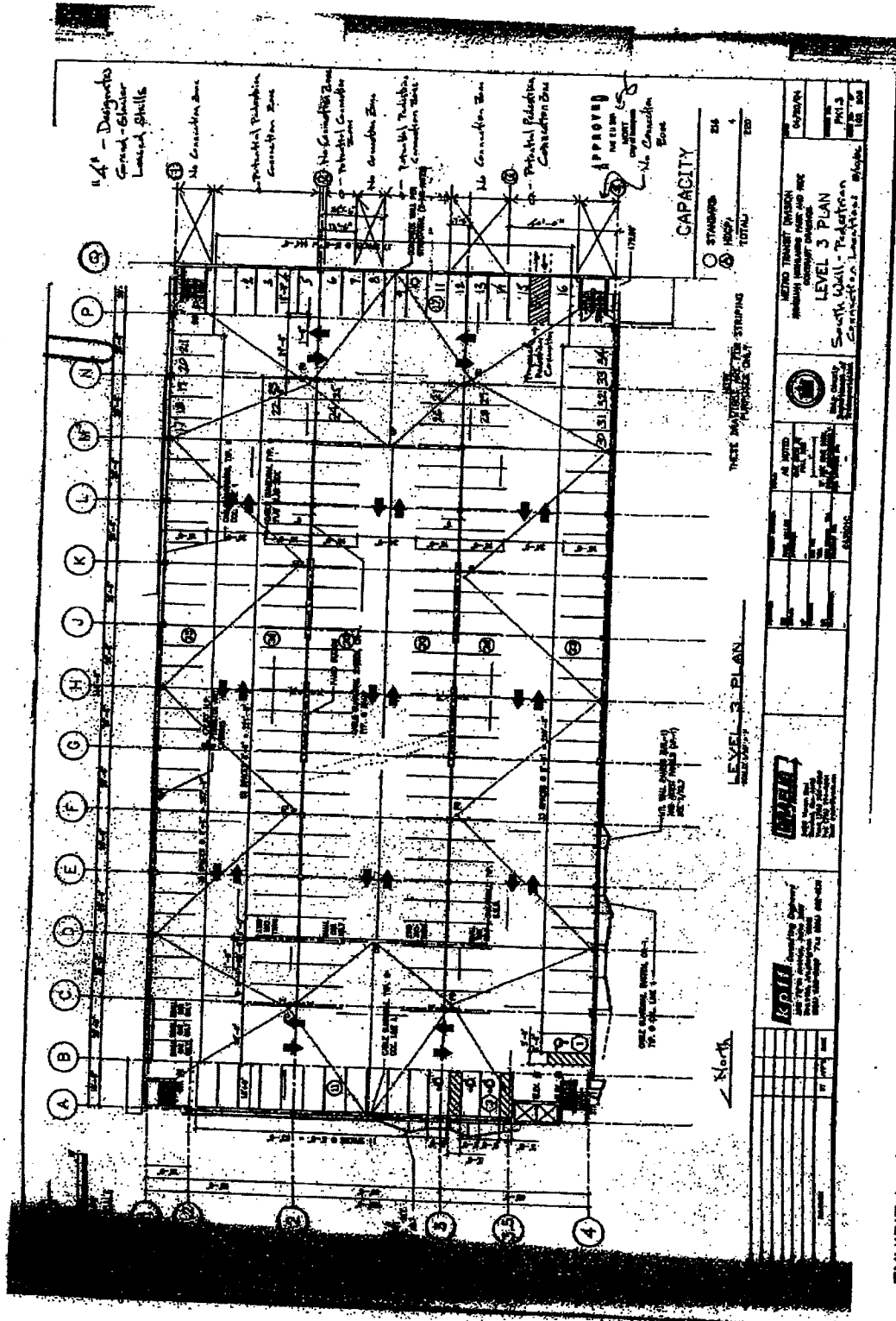


EXHIBIT A to Lease
Parking Stall Layout (1 of 1)

EXHIBIT B

Legal Description of Parking Stalls

That portion of the following described Park and Ride Parcel consisting of Stalls #1-34 (as shown on Exhibit A to this Lease), along with a right of access to use those stalls over and through the garage entrance and driving lanes:

Lot 2 of the City of Issaquah Short Plat No. SP04-001IH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.

EXHIBIT C

Pedestrian Doorway Connection Locations

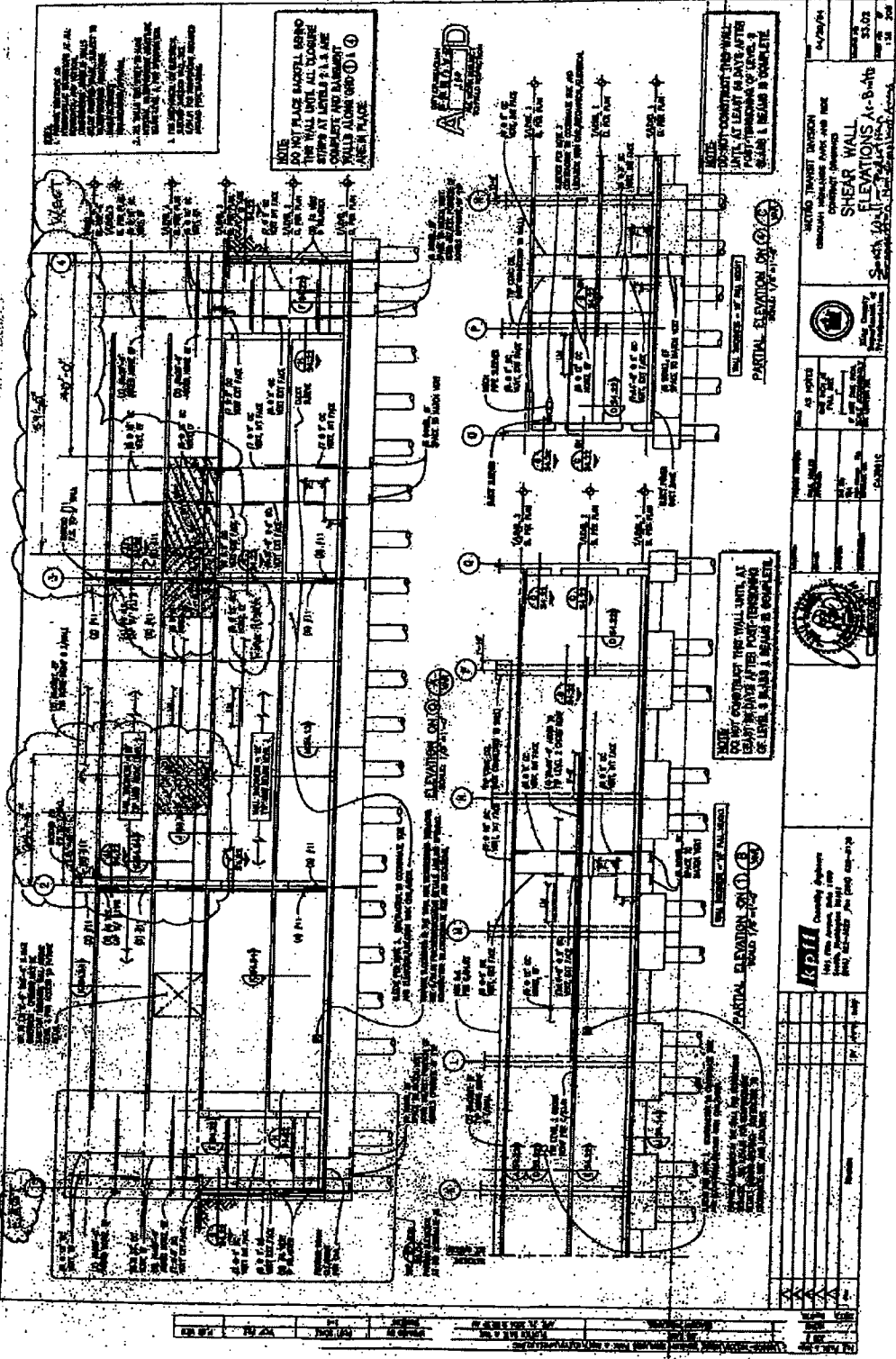


EXHIBIT C to Lease
 Pedestrian Doorway Connection Locations (1 of 1)

EXHIBIT C

CERTIFICATE OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a United States real property interest by **KING COUNTY** ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations); and
2. Transferor's United States employer identification number is 91-6001327; and
3. Transferor's office address is King County Facilities Management Division, Asset Development and Management Section, Room 500 King County Administration Building, 500 Fourth Avenue, Seattle, WA 98104

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

DATED this _____ day of _____, 2007.

TRANSFEROR:

KING COUNTY

By _____

Title _____

EXHIBIT D

[REPLACE WITH NEW DEED]

BARGAIN AND SALE DEED

AFTER RECORDING RETURN TO:

King County
Asset Management Section
ADM-ES-0500
Room 500 King County Admin. Bldg.
500 Fourth Avenue
Seattle, WA 98104

BARGAIN AND SALE DEED

Grantor — ~~KING COUNTY~~, a political subdivision of the State of Washington

Grantee — ~~HIGH STREET 8 LLC~~, a Washington limited liability company

Legal — ~~Lot 1, City of Issaquah Short Plat No. SP04 0001HH, King County, Washington~~
~~{Sec. 22, T24N, R6E W.M, King County, Wa}~~

Tax Acct. — ~~222406-9159~~

The Grantor, ~~KING COUNTY~~, a political subdivision of the State of Washington, for and in consideration of _____ Dollars (\$ _____), the receipt of which is hereby acknowledged, does hereby convey and warrant unto, ~~HIGH STREET 8 LLC~~, a Washington limited liability company, the following described real property, situate in King County, Washington:

— ~~Lot 1 of the City of Issaquah Short Plat No. SP04 001HH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.~~

~~Grantee, on behalf of itself, its successors, assignees, lessees and licensees, covenants that it will maintain a three and one half foot (3.5") setback from the south property line of Grantor's property that abuts the above described property to the north. [Reserve footing easement and easements for utilities.]~~

— Dated this _____ day of _____, 2006.

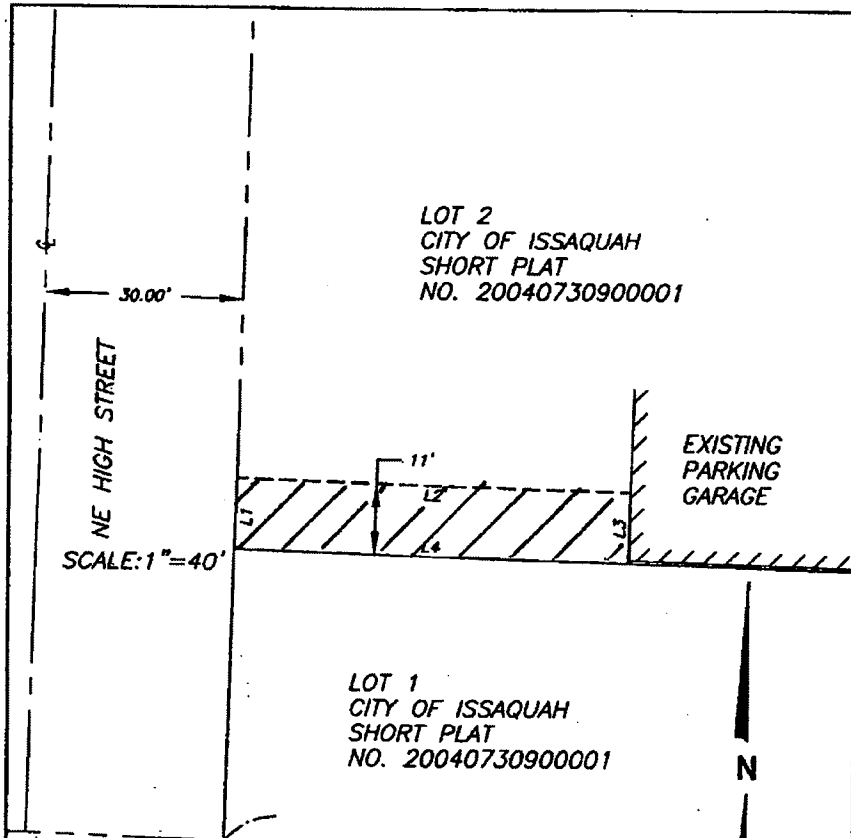
GRANTOR: KING COUNTY, a political subdivision of the state of Washington

BY _____

TITLE _____

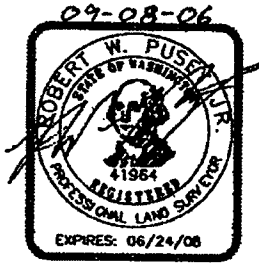
BY _____

TITLE _____



NE HIGH STREET

LINE TABLE		
LINE	LENGTH	BEARING
L1	11.00	N01°38'14"E
L2	60.75	N88°21'46"W
L3	11.00	N01°38'14"E
L4	60.75	N88°21'46"W



PORT BLAKELY
SETBACK EASEMENT
EXHIBIT



PACIFIC GEOMATIC SERVICES, INC.

LAND SURVEYING & MAPPING SERVICES
QUALITY SERVICE - CREATIVE SOLUTIONS

6808 218TH STREET SW, STE. 304
MOUNTLAKE TERRACE, WA 98043
PHONE:(425) 778-5820 FAX:(425) 775-2849
WEB: www.PacGeoInc.com

DWN BY: RWP	CHK. KDB
SCALE: 1"=20'	
DATE: 09-08-06	
JOB NUMBER	SHEET
06-090-01	1 OF 1

EXHIBIT A to Deed
Setback Easement Area (1 of 2)

SETBACK EASEMENT DESCRIPTION

AN EASEMENT ACROSS A PORTION OF LOT 2, CITY OF ISSAQUAH SHORT
PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO.
20040730900001, BEING FURTHER DESCRIBED AS FOLLOWS:

THE SOUTH 11 FEET OF THE WEST 60.75 FEET OF SAID LOT 2.

SAID EASEMENT CONTAINING 688 SQUARE FEET MORE-OR-LESS.

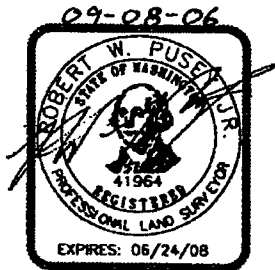
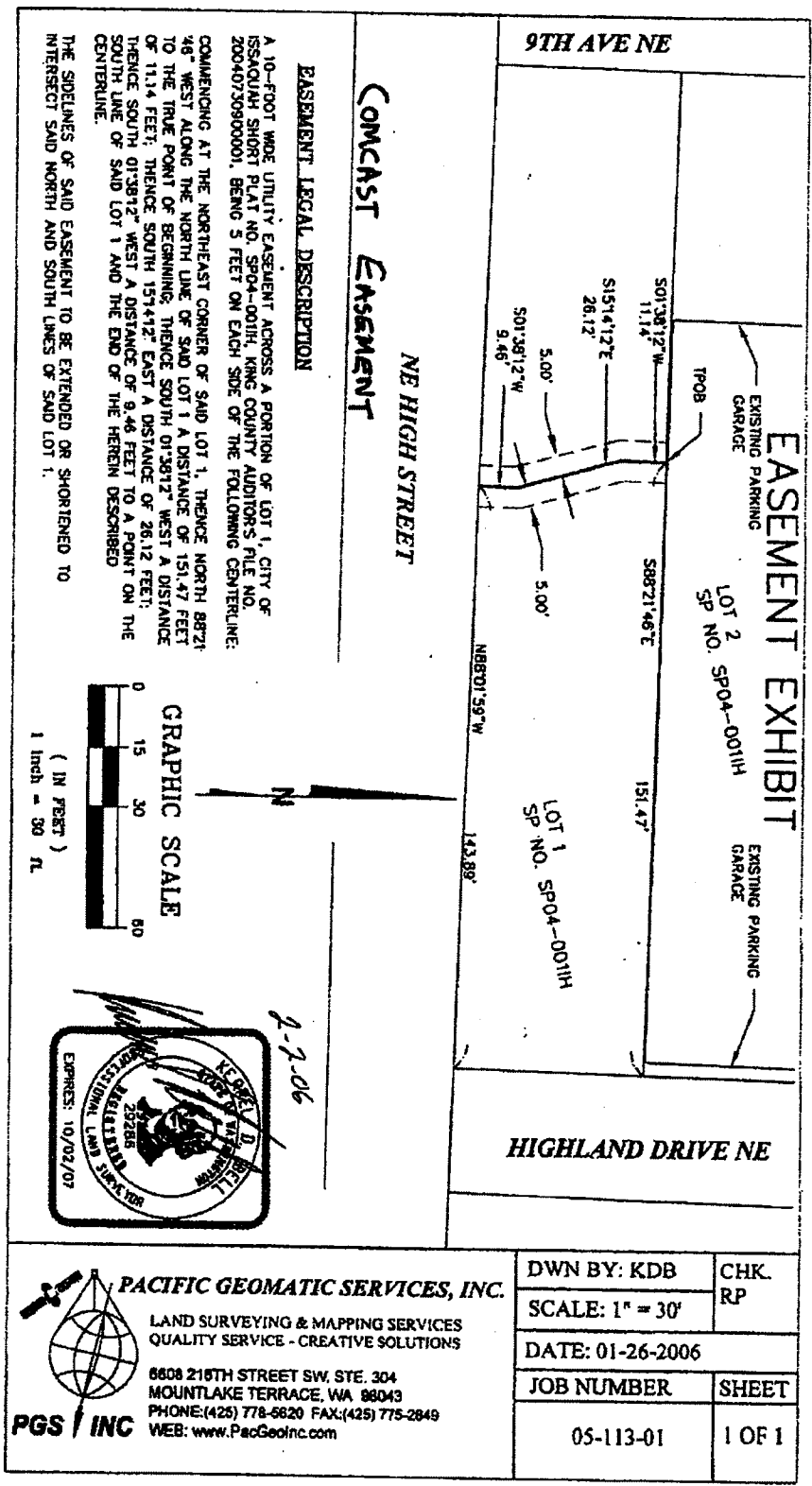


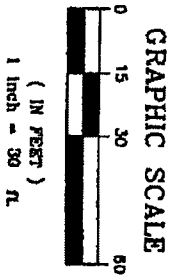
EXHIBIT A to Deed
Setback Easement Area (2 of 2)

Comments



EASEMENT LEGAL DESCRIPTION

A 10-FOOT WIDE UTILITY EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH SHORT PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO. 20040730900001, BEING 5 FEET ON EACH SIDE OF THE FOLLOWING CENTERLINE:
 COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1, THENCE NORTH 88°21'46" WEST ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 151.47 FEET TO THE TRUE POINT OF BEGINNING, THENCE SOUTH 01°38'12" WEST A DISTANCE OF 11.14 FEET; THENCE SOUTH 15°41'27" EAST A DISTANCE OF 26.12 FEET; THENCE SOUTH 01°38'12" WEST A DISTANCE OF 9.46 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 1 AND THE END OF THE HEREIN DESCRIBED CENTERLINE.
 THE SIDELINES OF SAID EASEMENT TO BE EXTENDED OR SHORTENED TO INTERSECT SAID NORTH AND SOUTH LINES OF SAID LOT 1.



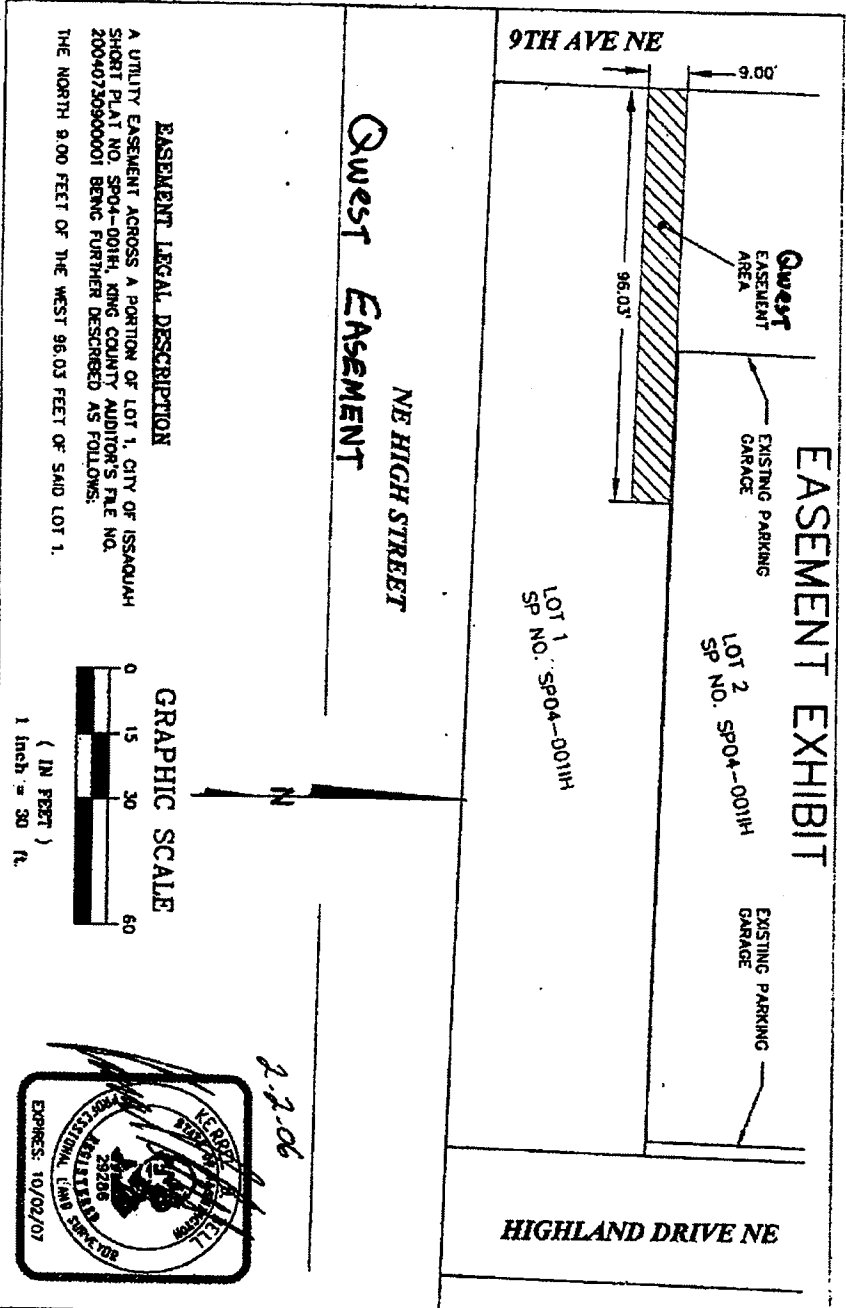
PACIFIC GEOMATIC SERVICES, INC.
 LAND SURVEYING & MAPPING SERVICES
 QUALITY SERVICE - CREATIVE SOLUTIONS

8608 218TH STREET SW, STE. 304
 MOUNTLAKE TERRACE, WA 98043
 PHONE: (425) 778-6620 FAX: (425) 775-2849
 WEB: www.PacGeoInc.com

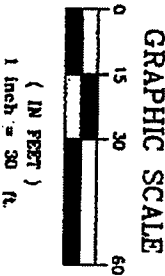
DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	
DATE: 01-26-2006	
JOB NUMBER	SHEET
05-113-01	1 OF 1

EXHIBIT B to Deed
 Comcast Easement (1 of 1)

QUEST
EASEMENT



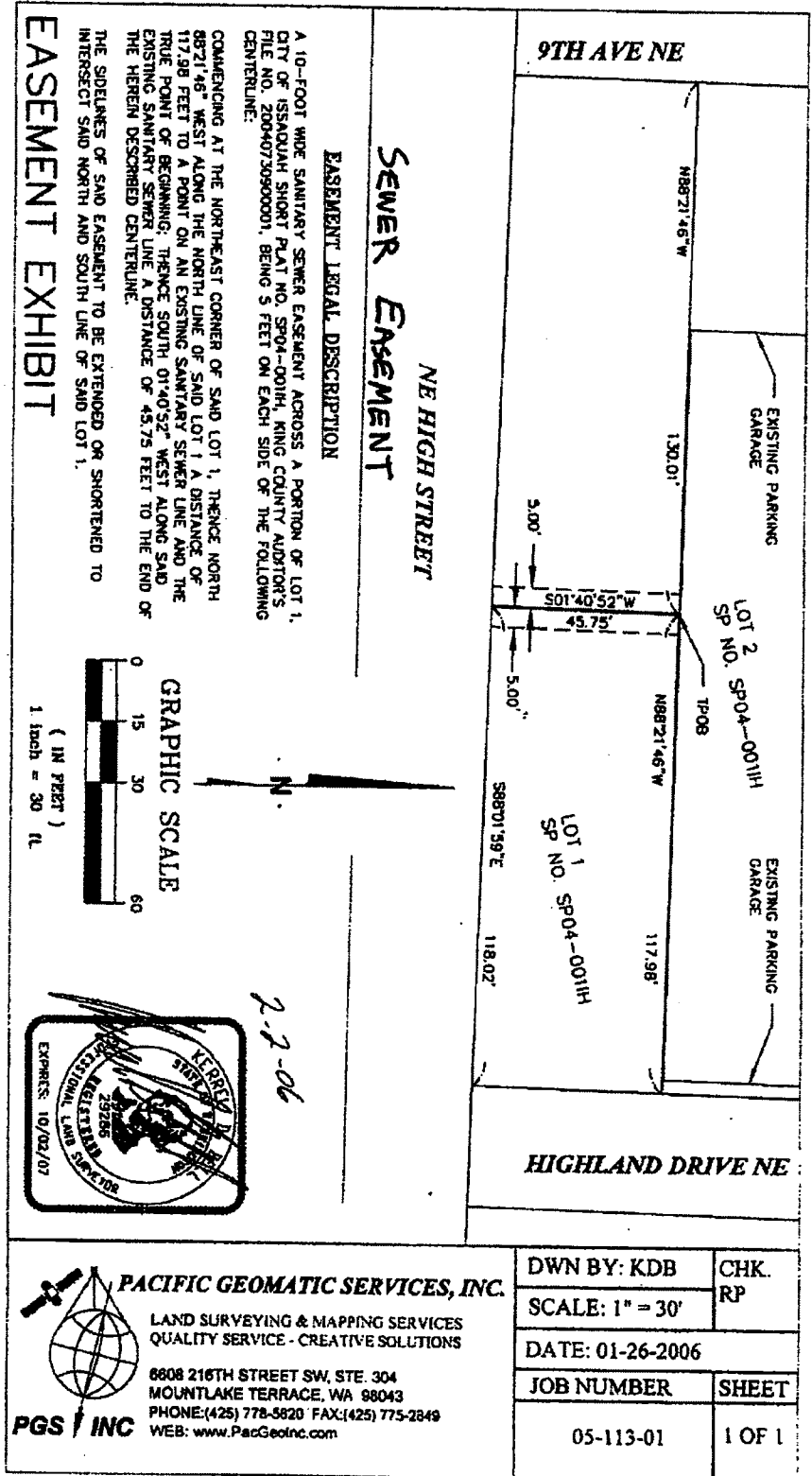
EASEMENT LEGAL DESCRIPTION
 A UTILITY EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH
 SHORT PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO.
 20040730900001 BEING FURTHER DESCRIBED AS FOLLOWS:
 THE NORTH 9.00 FEET OF THE WEST 96.03 FEET OF SAID LOT 1.



PACIFIC GEOMATIC SERVICES, INC.
 LAND SURVEYING & MAPPING SERVICES
 QUALITY SERVICE - CREATIVE SOLUTIONS
 8608 216TH STREET SW, STE. 304
 MOUNTLAKE TERRACE, WA 98043
 PHONE: (425) 778-5620 FAX: (425) 775-2849
 WEB: www.PacGeoInc.com

DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	DATE: 01-26-2006
JOB NUMBER	SHEET
05-113-01	1 OF 1

EXHIBIT C to Deed
 Quest Easement (1 of 1)



EASEMENT LEGAL DESCRIPTION

A 10-FOOT WIDE SANITARY SEWER EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH SHORT PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO. 2004073090001, BEING 5 FEET ON EACH SIDE OF THE FOLLOWING CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1, THENCE NORTH 88°21'46" WEST ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 117.98 FEET TO A POINT ON AN EXISTING SANITARY SEWER LINE AND THE EXISTING SANITARY SEWER LINE A DISTANCE OF 45.75 FEET TO THE END OF THE HEREIN DESCRIBED CENTERLINE.

THE SIDELINES OF SAID EASEMENT TO BE EXTENDED OR SHORTENED TO INTERSECT SAID NORTH AND SOUTH LINE OF SAID LOT 1.

EASEMENT EXHIBIT

GRAPHIC SCALE

(IN FEET)

0 15 30 60

1 inch = 30 ft



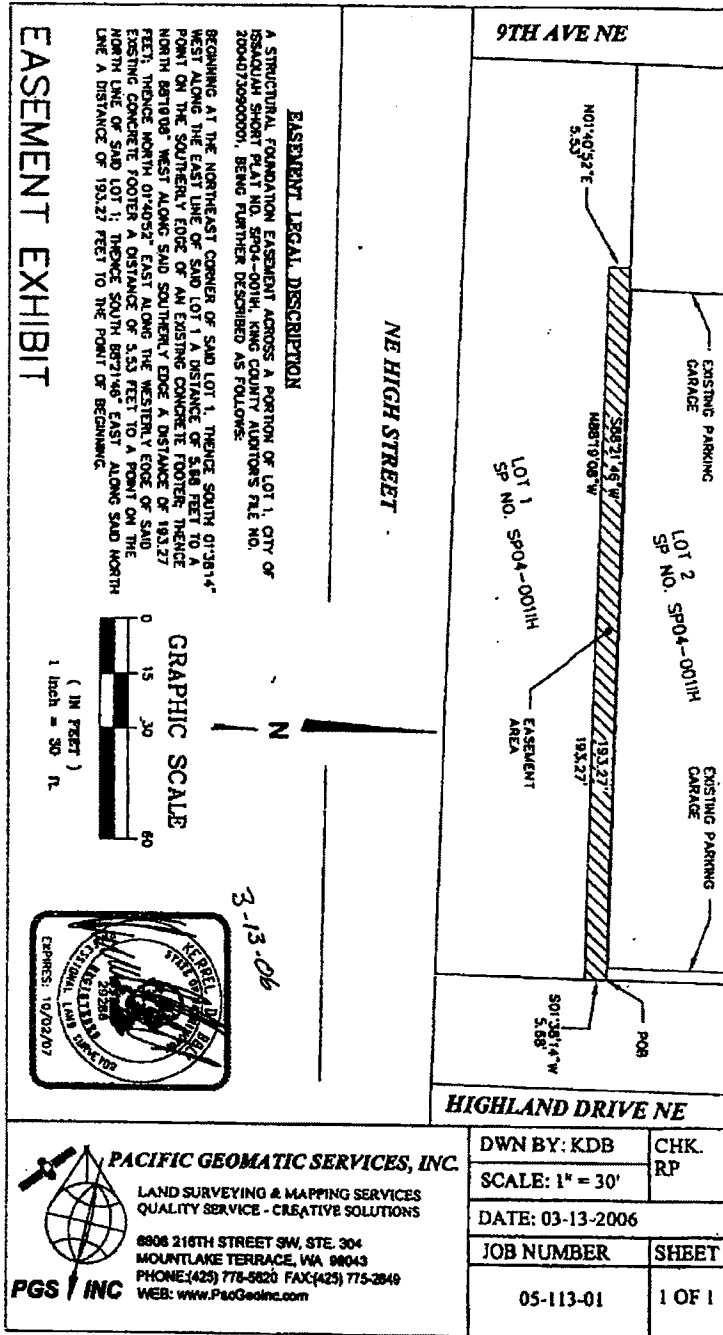
PACIFIC GEOMATIC SERVICES, INC.

LAND SURVEYING & MAPPING SERVICES
 QUALITY SERVICE - CREATIVE SOLUTIONS

6808 216TH STREET SW, STE. 304
 MOUNTLAKE TERRACE, WA 98043
 PHONE: (425) 778-5820 FAX: (425) 775-2849
 WEB: www.PacGeom.com

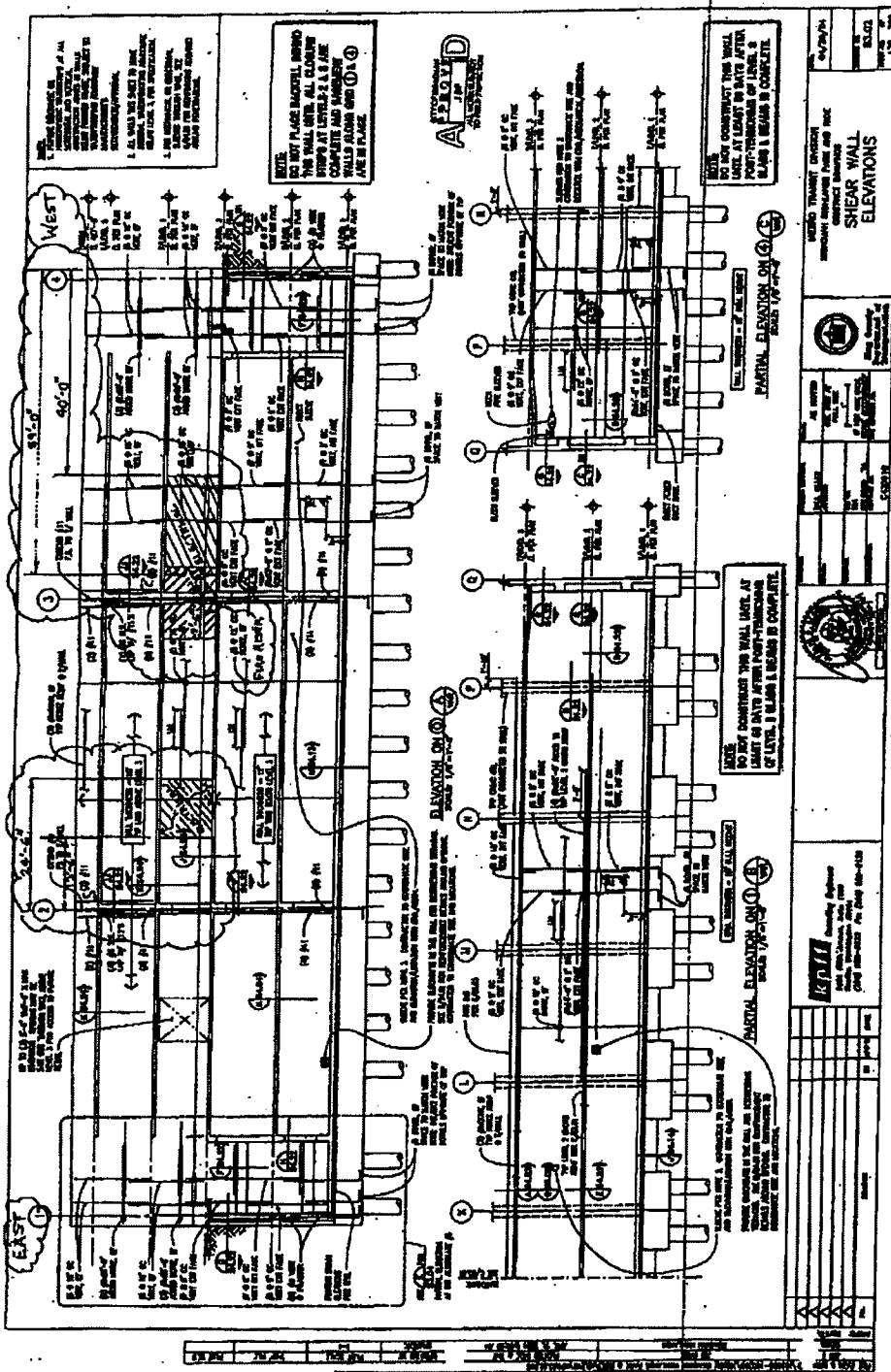
DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	
DATE: 01-26-2006	
JOB NUMBER	SHEET
05-113-01	1 OF 1

EXHIBIT D to Deed
 Sanitary Sewer Easement (1 of 1)



Note to County
The Deed refers
to a 6-page doc
↓
PBC does not have
a 6-page doc.

EXHIBIT E
Structural Foundation Easement (1 of 2)



CONSTRUCT THIS WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

APPROVED

CONSTRUCT THIS WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

CONSTRUCT THIS WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

CONSTRUCTION OF WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

CONSTRUCTION OF WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

CONSTRUCTION OF WALL DATE AT EARLY AS PRACTICABLE AFTER POST-TENSIONING OF LEVEL 1 SLABS IS BEGUN IS COMPLETE.

EXHIBIT E Structural Foundation Easement (2 of 2)

EXHIBIT E
SETBACK EASEMENT

After Recording Return To:

Ms. Claudia Nelson
Grand-Glacier LLC
1775 - 12th Ave. NW, Suite 101
Issaquah, WA 98027

MAINTENANCE ACCESS EASEMENT
[Park & Ride Parcel at Issaquah Highlands]

Grantor(s):	High Street 8 LLC, a Washington limited liability company
Grantee(s):	King County, a municipal corporation
Abbreviated Legal Description:	Portion of Lot 2, City of Issaquah Short Plat No. SP04-0001IH, King County, Washington [Sec. 22, T24N, R6E W.M, King County, Wa]
Additional legal description:	See Exhibits A and B
Assessor's Property Tax Parcel Account Number(s):	222406-9158
Related Documents:	N/A

This MAINTENANCE ACCESS EASEMENT ("Easement") is granted effective _____, 2007, by HIGH STREET 8 LLC, a Washington limited liability company ("Grantor"), as owner of the land legally described on Exhibit A ("Burdened Parcel"), to KING COUNTY, a municipal corporation and political subdivision of the State of Washington ("Grantee"), to establish a non-exclusive maintenance access easement over the Burdened Parcel on the terms set forth herein.

Grantor, for good and valuable consideration, hereby grants and conveys an easement as follows:

1. Maintenance Access Easement; Benefited Parties. Grantor hereby grants, establishes and conveys to Grantee a permanent, non-exclusive easement over and within the Burdened Parcel for the purpose of maintaining the south wall of the parking garage constructed by Grantee on the parcel located immediately north of the Burdened Parcel as legally described on Exhibit B ("Benefited Parcel"). Grantee shall have the right of access over the Burdened Parcel for the purpose of maintaining the south wall of

the parking garage. Grantor shall provide Grantee reasonable access to the south wall over or through any improvements constructed on the Burdened Parcel to the extent such access does not cause any damage or interference with Grantor's use of and buildings and operations on the Burdened Parcel. This Easement is subject to Grantor's unlimited use of the Burdened Parcel, and nothing in this Easement shall limit or restrict Grantor's right to construct, reconstruct, expand or modify any buildings, landscaping, signage or other improvements of any size, height or configuration upon the Burdened Parcel.

2. Termination. If the parking garage is destroyed and not reconstructed within five (5) years of destruction, this easement shall terminate.

3. Indemnity. Grantee agrees to indemnify and hold harmless Grantor as provided herein to the maximum extent possible under law. Accordingly, Grantee agrees for itself, its successors and assigns to defend, indemnify, and hold harmless Grantor, its officers, and employees from and against liability for all claims, demands, suits, and judgments including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Grantee's exercise of rights and privileges granted by this easement. Grantee's obligations under this section shall include:

(a) The duty to promptly accept tender of defense and provide defense to Grantor at Grantee's own expense.

(b) Indemnification of claims made by Grantee's own employees or agents.

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

In the event it is determined that RCW 4.24.115 applies to this Easement agreement, Grantee agrees to defend, hold harmless, and indemnify Grantor to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of Grantor to the full extent of Grantee's negligence. Grantee agrees to defend, indemnify, and hold harmless Grantor for claims by Grantee's employees and agrees to waiver of its immunity under Title 51 RCW, which waiver has been mutually negotiated by the parties.

4. Successors and Assigns. This Easement and the terms contained herein shall be deemed covenants running with the land and shall inure to the benefit of and shall be binding upon the respective grantees, heirs, successors and assigns of the parties.

5. General. This Easement shall be governed by the laws of the State of Washington. This Easement shall not be amended without the signatures of the owners

of the Burdened Parcel and the Benefited Parcel. If a suit or action is instituted to enforce or interpret any provisions of this Easement, then the substantially prevailing party shall be entitled to recover its reasonable attorneys fees and costs of litigation, including fees and costs on appeal.

IN WITNESS WHEREOF, this Easement was executed effective on the date first above written.

GRANTOR: HIGH STREET 8 LLC, a
Washington limited liability company,

By _____
Name:
Title:

GRANTEE: KING COUNTY, A
Washington municipal corporation

By _____
Name:
Title:

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, to me known to be the _____ of **HIGH STREET 8 LLC**, the Washington limited liability company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2007.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me _____, to me known to be the _____ of **KING COUNTY**, the Washington municipal corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this _____ day of _____, 2007.

Printed Name _____
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission Expires _____

EXHIBIT A

LEGAL DESCRIPTION OF BURDENED PARCEL

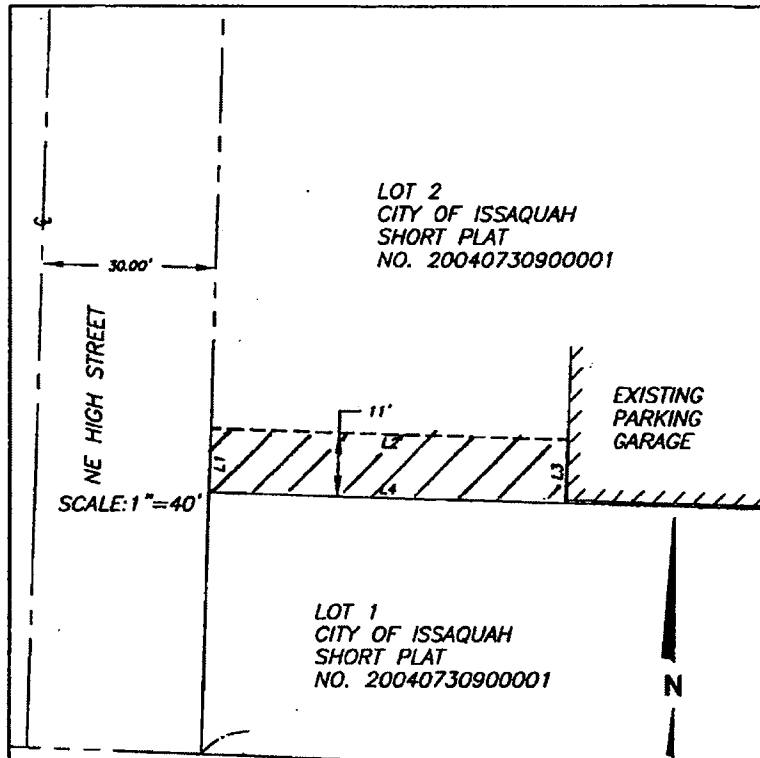
Lot 1 of the City of Issaquah Short Plat No. SP04-001IH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.

EXHIBIT B

LEGAL DESCRIPTION OF BENEFITED PARCEL

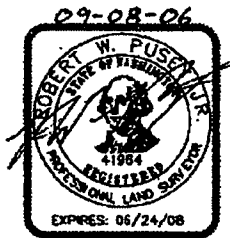
Lot 2 of the City of Issaquah Short Plat No. SP04-001IH as recorded in Book 174 at pages 285 through 286 on July 30, 2004, under King County Auditor's File No. 20040730900001.

lot-



NE HIGH STREET

LINE TABLE		
LINE	LENGTH	BEARING
L1	11.00	N01°38'14"E
L2	60.75	N88°21'48"W
L3	11.00	N01°38'14"E
L4	60.75	N88°21'48"W



PORT BLAKELY
SETBACK EASEMENT
EXHIBIT

 <p>PACIFIC GEOMATIC SERVICES, INC. LAND SURVEYING & MAPPING SERVICES QUALITY SERVICE - CREATIVE SOLUTIONS 6808 216TH STREET SW, STE. 304 MOUNTLAKE TERRACE, WA 98043 PHONE: (425) 778-5620 FAX: (425) 775-2849 WEB: www.PacGeom.com</p>	DWN BY: RWP	CHK. KDB
	SCALE: 1"=20'	
	DATE: 09-08-06	
	JOB NUMBER	SHEET
	06-090-01	1 OF 1

EXHIBIT D
Map of Setback Easement Area and Benefited Parcel (1 of 2)

SETBACK EASEMENT DESCRIPTION

AN EASEMENT ACROSS A PORTION OF LOT 2, CITY OF ISSAQUAH SHORT
PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO.
20040730900001, BEING FURTHER DESCRIBED AS FOLLOWS:

THE SOUTH 11 FEET OF THE WEST 60.75 FEET OF SAID LOT 2.

SAID EASMENT CONTAINING 668 SQUARE FEET MORE-OR-LESS.

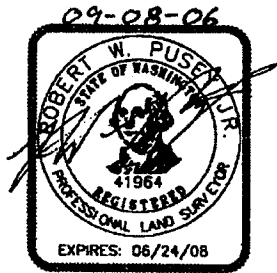


EXHIBIT D

Map of Setback Easement Area and Benefited Parcel (2 of 2)

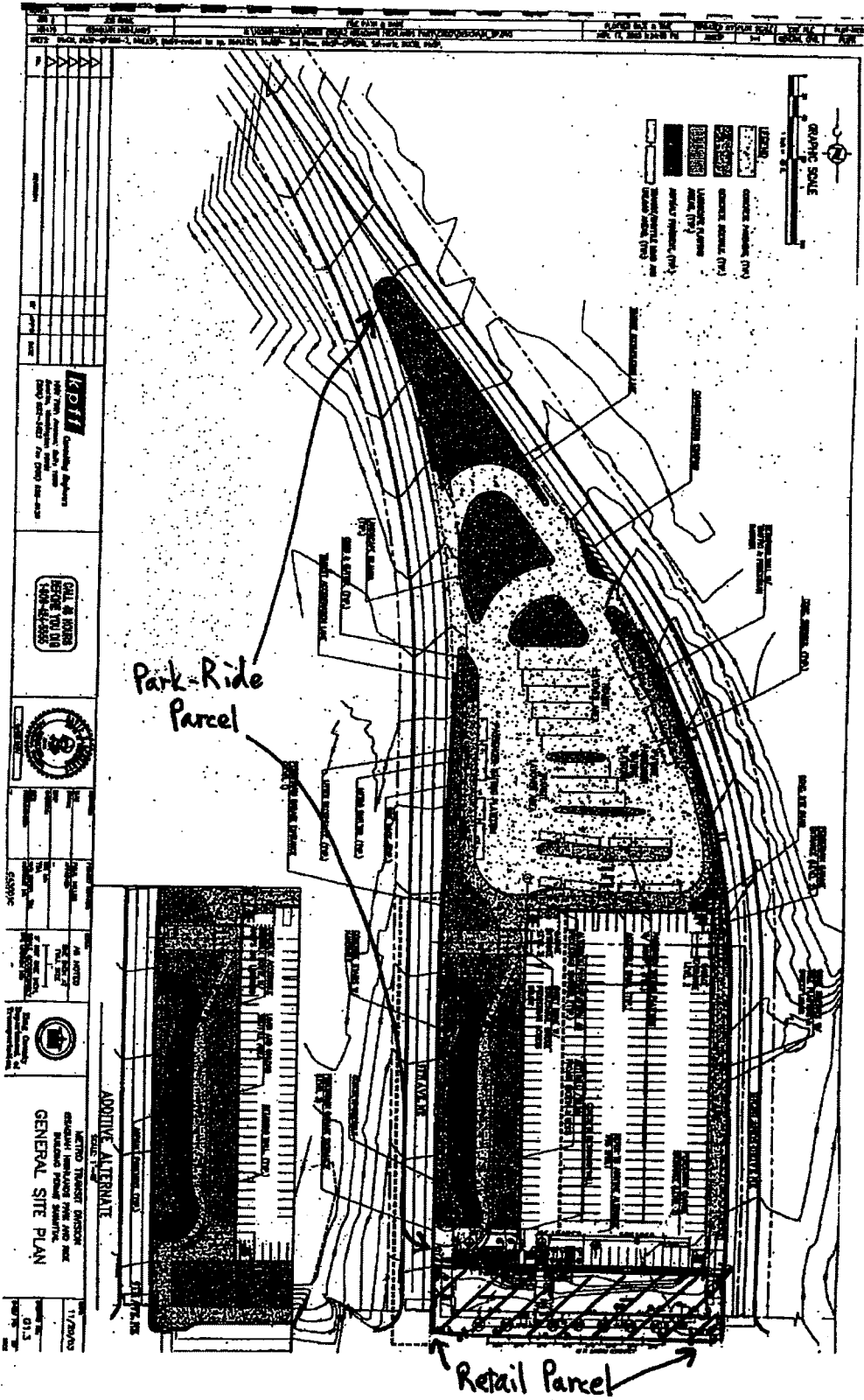
EXHIBIT F

MAINTENANCE ACCESS EASEMENT

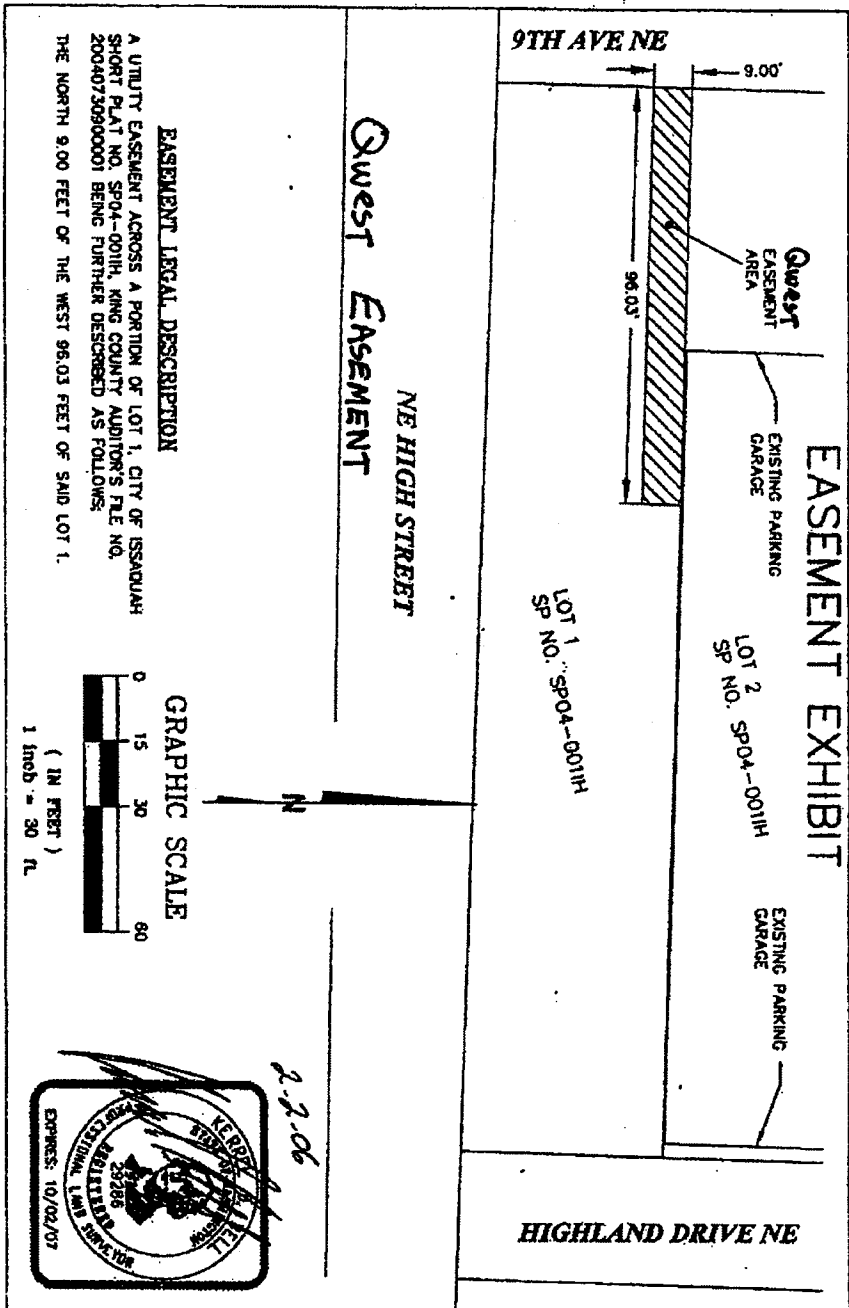
EXHIBIT G

**SKETCH SHOWING LAND AND PARK-AND RIDE-PROJECT AND
CERTAIN EASEMENTS**

EXHIBIT G to PSA (1 of 4)



QUEST EASEMENT



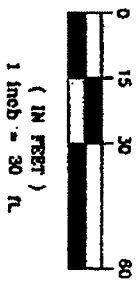
EASEMENT EXHIBIT

QUEST EASEMENT
NE HIGH STREET

EASEMENT LEGAL DESCRIPTION

A UTILITY EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH SHORT PLAT NO. SP04-001H, KING COUNTY AUDITOR'S FILE NO. 20040730900001 BEING FURTHER DESCRIBED AS FOLLOWS:
THE NORTH 9.00 FEET OF THE WEST 96.03 FEET OF SAID LOT 1.

GRAPHIC SCALE

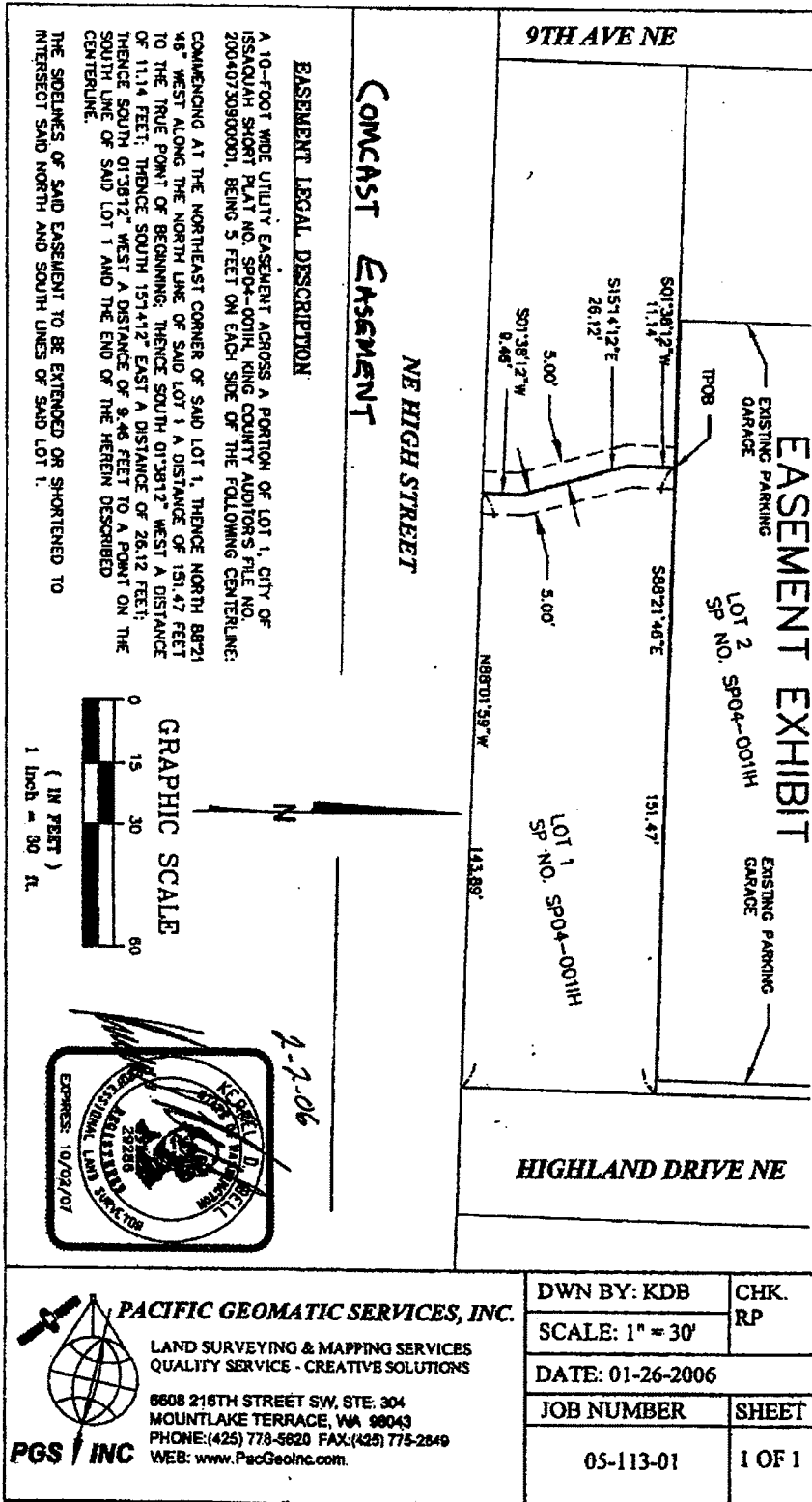


DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	
DATE: 01-26-2006	
JOB NUMBER	SHEET
05-113-01	1 OF 1

PACIFIC GEOMATIC SERVICES, INC.
LAND SURVEYING & MAPPING SERVICES
QUALITY SERVICE - CREATIVE SOLUTIONS
6008 216TH STREET SW, STE. 304
MOUNTLAKE TERRACE, WA 98043
PHONE: (425) 778-5620 FAX: (425) 775-2849
WEB: www.PacGeoInc.com

PGS / INC

Continued

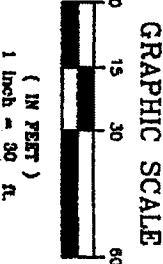


COMCAST Easement
NE HIGH STREET

EASEMENT LEGAL DESCRIPTION:

A 10-FOOT WIDE UTILITY EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH SHORT PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO. 20040730900001, BEING 5 FEET ON EACH SIDE OF THE FOLLOWING CENTERLINE: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1, THENCE NORTH 88°71'46" WEST ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 151.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 01°38'12" WEST A DISTANCE OF 11.14 FEET; THENCE SOUTH 15°14'12" EAST A DISTANCE OF 26.12 FEET; THENCE SOUTH 01°38'12" WEST A DISTANCE OF 9.46 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 1 AND THE END OF THE HEREIN DESCRIBED CENTERLINE.

THE SIDELINES OF SAID EASEMENT TO BE EXTENDED OR SHORTENED TO INTERSECT SAID NORTH AND SOUTH LINES OF SAID LOT 1.



2-2-06

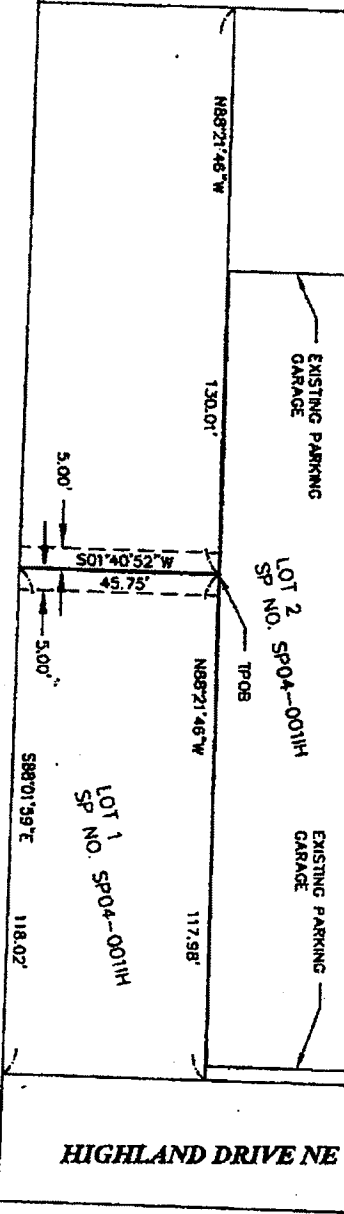
PACIFIC GEOMATIC SERVICES, INC.
 LAND SURVEYING & MAPPING SERVICES
 QUALITY SERVICE - CREATIVE SOLUTIONS
 6608 216TH STREET SW, STE. 304
 MOUNTLAKE TERRACE, WA 98043
 PHONE: (425) 778-5620 FAX: (425) 775-2849
 WEB: www.PacGeoInc.com

DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	
DATE: 01-26-2006	
JOB NUMBER	SHEET
05-113-01	1 OF 1

EXHIBIT G to PSA (3 of 4)

-74-

9TH AVE NE



SEWER EASEMENT

EASEMENT LEGAL DESCRIPTION

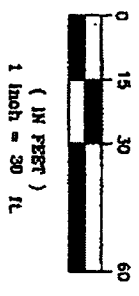
A 10-FOOT WIDE SANITARY SEWER EASEMENT ACROSS A PORTION OF LOT 1, CITY OF ISSAQUAH SHORT PLAT NO. SP04-0011H, KING COUNTY AUDITOR'S FILE NO. 20040720900001, BEING 5 FEET ON EACH SIDE OF THE FOLLOWING CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1, THENCE NORTH 88°21'46" WEST ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 117.98 FEET TO A POINT ON AN EXISTING SANITARY SEWER LINE AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 01°40'52" WEST ALONG SAID EXISTING SANITARY SEWER LINE A DISTANCE OF 45.75 FEET TO THE END OF THE HEREIN DESCRIBED CENTERLINE.

THE SIDELINES OF SAID EASEMENT TO BE EXTENDED OR SHORTENED TO INTERSECT SAID NORTH AND SOUTH LINE OF SAID LOT 1.

EASEMENT EXHIBIT

GRAPHIC SCALE



2-2-06

DWN BY: KDB	CHK. RP
SCALE: 1" = 30'	
DATE: 01-26-2006	
JOB NUMBER	SHEET
05-113-01	1 OF 1

PACIFIC GEOMATIC SERVICES, INC.
 LAND SURVEYING & MAPPING SERVICES
 QUALITY SERVICE - CREATIVE SOLUTIONS

6608 216TH STREET SW, STE. 304
 MOUNTLAKE TERRACE, WA 98043
 PHONE: (425) 778-5820 FAX: (425) 775-2849
 WEB: www.PacGeomatic.com

PGS INC

EXHIBIT H

FORM OF RIGHT OF ENTRY PERMIT

TERMS AND CONDITIONS

1. **PERMIT REVOCATION:** This Permit is revocable at any time by King County. The right to revoke is expressly reserved to King County.
2. **INDEMNITY AND HOLD HARMLESS.** The Permittee agrees to indemnify and hold harmless King County as provided herein to the maximum extent possible under law. Accordingly, the Permittee agrees for itself, its successors and assigns to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Permittee's exercise of rights and privileges granted by this Permit. The Permittee's obligation under this section shall include: a) Indemnification for such claims whether or not they arise from the sole negligence of either the County or the Permittee, the concurrent negligence of both parties, or the negligence of one or more third parties. b) The duty to promptly accept tender of defense and provide defense to the County at the Permittee's own expense. c) Indemnification of claims made by the Permittee's own employees or agents. d) Waiver of the Permittee's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has been mutually negotiated by the parties.

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

In the event it is determined that RCW 4.24.115 applies to this agreement, the Permittee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County to the full extent of Permittee's negligence. Permittee agrees to defend, indemnify, and hold harmless the County for claims by Permittee's employees and agrees to waiver of its immunity under Title 51 RCW, which waiver has been mutually negotiated by the parties.

3. **ANTI-DISCRIMINATION:** In all hiring or employment made possible or resulting from this Permit, there shall be no discrimination against any employee or applicant for employment because of race, color, ancestry, religion, national origin, age, sex, sexual orientation, marital status, or the presence of any sensory, mental or physical handicap in an otherwise qualified handicapped person unless based upon a bona fide occupational qualification, and this requirement shall apply to but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. No person shall be denied, or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this Permit on the grounds of race, color, ancestry, religion, national origin, age (except minimum age and retirement provisions), sex, sexual orientation, marital status, parental status, the presence of any sensory, mental or physical handicap, or the use of a trained guide-dog by a blind or deaf person. Any violation of this provision shall be considered a violation of a material provision of this Permit and shall be grounds for cancellation, termination or suspension in whole or in part of the Permit by the County, and may result in ineligibility for further County permits.

4. **NON-EXCLUSIVE RIGHTS:** This Permit shall not be deemed or construed to be an exclusive right. It does not prohibit the County from granting any other permits to other public or private entities, nor shall it prevent the County from using any public place for any and all public use or affect its jurisdiction over any part of them.
5. **ASSESSMENTS:** Permittee shall be required to pay any general or special assessments incurred by King County which are directly attributable to or arising from any actions, occupancy, or usage authorized herein.
6. **TERMINATION:** The Permittee may terminate the Permit by written notice to the Manager of Property Services Division. Upon revocation, termination, or abandonment, the Permittee shall remove at his expense all facilities placed on said property by the Permittee, and restore the premises to a condition, which is equivalent in all respects to the condition existing prior to installation of the facilities, or to a condition, which is satisfactory to the County. If the Permittee has not accomplished removal and restoration at the end of a ninety-day period following the effective date of revocation, termination, expiration, or abandonment, the County may accomplish all of the necessary work and charge all of the costs to the Permittee.
7. **RESTORATION:** After completion of work authorized by this Permit, the Permittee shall restore the property to a condition which is equivalent in all respects to the condition of the property prior to starting work, or a condition satisfactory to King County. If the Permittee delays the restoration beyond expiration of the Permit, the County may accomplish all the necessary work and charge all the costs to the Permittee.
8. **REPAIRING DAMAGE BY PERMITTEE:** In the event that damage of any kind is caused by the Permittee in the course of performing work authorized by this Permit, Permittee will repair said damage at its sole cost and expense. Repair work shall begin without delay and continue without interruption until completed. If damage is extensive, the time allowed for repair will be prescribed by the County agent. If the County determines it is necessary, the County may accomplish the work and charge all the costs to the Permittee.
9. **ABATEMENT OF UNSAFE CONDITIONS:** The County representative may at any time, do, order, or have done all work considered necessary to restore to a safe condition any area described in Permit left by the Permittee in a condition dangerous to life or property. The Permittee shall pay, upon demand, to the County all costs of such work, materials, etc. Nothing in this section shall relieve the Permittee of duties under Terms and Conditions No. 2 above.
10. **RIGHTS RESERVED TO COUNTY - CONFORMANCE AND PAYMENT OF COST REQUIRED:** The County reserves the right to use, occupy, and enjoy its property for such purposes as it shall desire including, but not limited to, constructing or installing structures and facilities on the property, or developing, improving, repairing or altering the property. The Permittee, upon written notice, will at his own cost and expense remove, repair, relocate, change or reconstruct such installations to conform with the plans of work contemplated or ordered by the County according to a time schedule contained in the written notice.
11. **NOTICE:** Permittee agrees to obtain information from other utility operators regarding the location and current status of their installations before starting work. Property owners adjoining, or in proximity to, the project as described herein shall be notified by Permittee when such property is exposed to the possibility of injury or damage through performance of work on the project authorized by this Permit. Permittee shall make all advance arrangements necessary to protect such property or utility from injury or damage.

12. OTHER APPLICABLE LAWS: Issuance of this Permit does not in any way relieve the Permittee from complying with any other applicable laws in performing the work subject to this Permit.

13. RE-ENTRY: After completion of work authorized by this Permit, if the Permittee desires to re-enter upon the property described herein for any reconstruction, notice shall be provided in advance to King County together with the plans and specifications for the work proposed, and shall not be permitted without the County's consent.

14. TITLE: This Permit grants only the right to use King County's interest in the herein described property, and the granting of this Permit is not a warranty that good title to any specific property is vested in King County.

15. SPECIAL TERMS AND CONDITIONS: (To be determined by Seller upon review of Buyer's application for the right of entry permit.)