

**Attachment B**  
**Touchstone Proposal**

**2006-051**

**ORIGINAL**

# North Lake Union Upper Parcel

Maintenance & Repair Facility

King County  
Department of Transportation

**Proposal Number: RFP 202-05RLD**

Submitted by



Touchstone Corporation



TOUCHSTONE CORPORATION

May 25, 2005

ORIGINAL

Bob Thompson  
King County - Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

RE: North Lake Union - RFP 202-05RLD

Dear Bob:

Please find enclosed our response to the RFP for the North Lake Union Upper Parcel.

Touchstone has selected Alternative A. We have offered a Replacement Site located in north Seattle which would include a new facility which Touchstone would build to King County Metro's specifications.

Both the proposed technology building at North Lake Union and the Replacement Facility are well within the development and financial capabilities of Touchstone. The building we plan to build on the North Lake Union site would be similar in scope, scale and complexity to our recently completed 5th & Bell Building and the 9th & Stewart Life Sciences Building.

We look forward to hearing from you on or about June 23. In the meantime, should you have any questions regarding our proposal, please contact us.

Sincerely,

Douglas Howe

# North Lake Union – Upper Parcel Request for Proposal

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**TOUCHSTONE CORPORATION**

May 25, 2005

Bob Thompson  
King County Facilities  
Management Division  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

RE: RFP 202-05RLD – Sale of North Lake Union Upper Parcel

Dear Mr. Thompson:

Please find below our Letter of Intent for the King County - North Lake Union Upper Parcel property.

**1. PARTIES:**

SELLER: King County

BUYER: Touchstone Corporation – Douglas O. Howe,  
James D. O'Hanlon, & Shawn R. Parry, Owners

**2. PROPERTY:**

Seattle property - North Lake Union Site. Lots 1-12 inclusive, Block 74, Lake Union Addition located at 1600 North 34<sup>th</sup> Street, known as Tax Parcel Number 408330 6985 02, Records of King County, Washington.

**3. PARCEL SIZE:** Approximately 72,893 square feet

**4. PURCHASE PRICE:**

The Purchase Price, in accordance with Alternative A of RFP No. 202-05RLD, shall be THREE MILLION FIFTY THOUSAND DOLLARS (\$ 3,050,000). The Purchase Price shall be payable in cash at closing. Buyer will provide a turn key Maintenance Facility to replace the current maintenance facility as part of the proposed development project, in addition to the \$3.05M Purchase Price, by the acquisition, design and construction of a permanent off-site facility at no cost to Seller as a fee simple interest. Buyer has selected the Vita Milk North Seattle

property as the permanent Replacement Site for the Maintenance Facility which will be constructed pursuant to 'The North Facilities Maintenance Relocation Performance Specifications – Contract No. E13045E'. The location, site and design of the maintenance facility shall be subject to Seller's approval. Buyer, at its cost, agrees to remove any contaminated soil necessary for the development of the North Lake Union Upper Parcel and agrees to dispose of the contaminated soil to the maximum extent possible, by an approved thermal desorption method. In addition to the cash sale price, Buyer agrees to pay the Seller an additional amount in cash of 50% of the difference between the actual Incremental Costs and TWO MILLION DOLLARS (\$2,000,000) associated with the contamination cleanup of the Property.

**5. EARNEST MONEY:**

Buyer shall deposit into an interest bearing account with First American Title Insurance Company One Hundred Thousand Dollars (\$100,000) cash as an Earnest Money Deposit upon execution of the Purchase and Sale Agreement. This Earnest Money Deposit will be non-refundable (except in the event of Seller's breach of the Purchase and Sale Agreement) upon the waiver or satisfaction of Contingencies a, b, and c below. All of the cash Earnest Money Deposit, plus accrued interest, shall be applied to the Purchase Price at closing.

**6. CONTINGENCIES:**

Buyer's obligation to purchase the Property will be subject to Buyer's waiving the following contingencies within one year of mutual acceptance of the Purchase and Sale Agreement:

- a) Due Diligence Inspection and Feasibility for the Property - During the Initial Contingency Period, Buyer, its designated representatives or agents shall have the right, at Buyer's expense, to (i) perform any and all tests, inspections, studies, surveys or appraisals of the Property deemed necessary, on any subject, by the Buyer (subject to the limitations set forth below and Paragraph 15, Access); (ii) obtain a Phase I or Phase II Environmental Assessment on the Property; (iii) examine due diligence materials that Buyer may reasonably request from Seller that are not subject to attorney-client privilege or that Seller is not otherwise prohibited from disclosing by law; (iv) determine to its satisfaction whether approvals, permits and variances can be obtained under applicable land use and zoning codes for Buyer's proposed development of the Property; and (v) determine whether Buyer's proposed development of the Property is economically feasible.
- b) Due Diligence Inspection and Feasibility for the Replacement Site- During the Initial Contingency Period, Buyer, its designated representatives or agents shall, at its own expense, perform any and all tests, inspections, studies, surveys or appraisals deemed necessary to determine the viability of the Replacement Site, per the stated requirements of this RFP, and Buyer and Seller shall come to agreement on the requirements applicable to completion of the Maintenance Facility.

- c) DOE, Chevron, and Seller approval of a new Cleanup Action Plan and entry of an amended Consent Decree, if required.
- d) Approvals and Permits for both Buyer's development on the Property and the Maintenance Facility- Issuance of all land use approvals/permits, building permits, site plan approvals, environmental approvals, and any other governmental approvals necessary for Buyer to develop and construct its proposed development on the Property and the Maintenance Facility project.

**7. CONTINGENCY PERIOD AND EXTENSIONS:**

The Contingency Period for Contingencies a), b) and c) shall be one hundred and twenty (120) days, the Initial Contingency Period. The Contingency Period for Contingency d) shall be three hundred and sixty-five (365) days, the Contingency Period. The Initial Contingency Period and the Contingency Period shall run concurrently.

Buyer shall have the right to extend the Contingency Period (for Contingency d) only) for three (3) consecutive one hundred eighty (180) day periods by each time giving Seller written notice of Buyer's intent to extend within the then current Contingency Period. At each extension period, the Buyer will deposit an additional Fifty Thousand Dollars (\$50,000) into the initial escrow account. These additional funds will be refundable only if Contingency d) is not waived or completed through no fault of Buyer.

**8. CLOSING:**

Closing shall occur at the office of First American Title Insurance Company as soon as possible, but in no event more than thirty (30) days, after both Buyer waives all contingencies and Seller accepts the completed Maintenance Facility.

**9. POSSESSION:** Buyer shall have possession upon closing.

**10. TITLE INSURANCE:**

Upon execution of a Purchase and Sale Agreement, Seller will order a preliminary Title Commitment from First American Title Insurance Company and provide it to Buyer within ten (10) business days of mutual execution of a Purchase and Sale Agreement. Seller will pay for the cost of ALTA extended coverage. Buyer will have thirty (30) business days to review title exceptions and request items of an objectionable nature to be removed. Seller will have ten (10) business days to remove those items.

**11. SURVEY:**

Buyer will procure, if necessary and at Buyer's expense, a survey sufficient to obtain the ALTA Extended Owners Title Policy.

**12. CONVEYANCE:** Statutory Warranty Deed.

**13. CLOSING COSTS AND PRORATIONS:**

Seller will pay all conveyance and transfer taxes. Buyer will pay the title insurance premiums and the Escrow Fee. Property taxes for the year of closing will be prorated as of the closing date.

**14. COMMISSION:** No real estate brokers are involved.

**15. ACCESS:**

Buyer shall obtain a Right of Entry Permit, in accordance with all King County requirements and rules, to begin due-diligence and any consulting work Buyer requires. Buyer will provide Seller with notice of all consultants that will enter and perform work upon the property.

**16. REPRESENTATION AND WARRANTIES:**

The Property will be conveyed on an AS IS, WHERE IS basis, without any warranties and representations by Seller.

Buyer agrees to incorporate into the Purchase and Sale Agreement terms regarding the environmental condition of the Property in substantially the form set forth in Section H on Page 12 of RFP No. 202-05RLD, as well as terms to satisfy the requirements of Sections J, L, and M on page 13 of the RFP.

This letter is not to be deemed an offer and is not binding upon Buyer or Seller. This letter is, however, a proposal that will remain valid for one hundred and eighty (180) days during which time the parties may conduct serious negotiations which could result in a binding Purchase and Sale Agreement. Neither party will be bound until a final Purchase and Sale Agreement is executed by both Buyer and Seller, but both parties agree to negotiate the Purchase and Sale Agreement exclusively with each other during the one hundred and eighty (180) day period.

We look forward to your response.

Very truly yours,

TOUCHSTONE CORPORATION



Douglas O. Howe, President



# **Team Roles & Team Resumes**

## Team Roles

Touchstone Corporation and our assembled development team – MBT Architecture, Lease Crutcher Lewis, and Magnusson Klemencic – have extensive resumes, both as a group and as individuals, in commercial and technology building expertise.

In the last five years this team has produced over \$200,000,000 of highly successful, award winning projects, including the 9<sup>th</sup> & Stewart Life Sciences Building, the 5<sup>th</sup> & Bell Building, and the Northgate North Retail Center. This “core” design-build development team has a demonstrated ability to value-engineer projects and meet project program requirements, budgets and schedules. Our project consultants and major subcontractors are all chosen based upon their experience, workload, and specialties allowing us to assemble the best possible group for a given project.

The planning effort we put into a project is second to none. We approach each project with a carefully selected team experienced in the various areas specific to that particular development. We choose individuals first and companies second. The recruitment of the best and most experienced people for specific projects sustains Touchstone’s success. We identify and maintain clear development goals for the entire team to achieve. We believe the key to cost control is to keep everyone’s focus on our end product – the successful development of a facility that the users are proud of and that is financially within the prescribed budget. Collaboration and accountability maintain both our successful projects and our successful relationships.

- **Project Management**

Touchstone Corporation

Overall project management will be provided by Touchstone Corporation. Douglas Howe, (President), will be the senior Principal-in-Charge, while Shawn Parry, (Vice-President), will provide day-to-day management over the development, the Design Team and the Construction Team. From time to time nearly all members of our group will provide project management depending on when their expertise is best suited for oversight on the project. Shawn’s primary role will be management of the development team and adherence to schedule. He will serve as coordinator/liason between King County and the design team and be responsible for financial oversight.

- **Construction Management**

Touchstone Corporation and Lease Crutcher Lewis (Lewis)

Lewis will provide the primary construction management for this project. Jeff Cleator will serve as Senior Project Manager. Touchstone Corporation will also assist in the construction management for financial oversight and maintaining design parameters to maintain the overall project budget. Jeff will work with us from day one, assisting in the pre-construction phase. Once construction begins, a project manager will be on-site to supervise all Lewis personnel, subcontractors, and project activity.

- **General Contracting**

Lease Crutcher Lewis

Lewis will serve as the General Contractor. They will employ several subcontractors, and also self-perform key work elements during the construction of the building.

- **Architectural Design and Efficiencies**

MBT Architecture will lead architectural design and efficiencies. Our MBT team consists of Ed Breen as Design Director and Kay Kornovich as Principal-in-Charge. Their inventive designs incorporate cost effective efficiency with sophisticated architecture. They bring over 35 years of experience in office and technology building design, with an unparalleled industry record for meeting budgets and schedules. Their ability to merge attractive, innovative and cost effective architecture allows them to create designs both responsive to the tenant's needs and economically viable. All of the team, including Touchstone, Magnusson Klemencic and Lease Crutcher Lewis, will bring their decades of experience to this side of the development.

- **Engineering (Geo-technical, Civil, Structural, Mechanical, Electrical)**

Associated Earth Sciences Inc. will provide geotechnical expertise for the project. Ron Parker will be the Principal-in-Charge with support from the Civil Engineers, Magnusson Klemencic. Magnusson Klemencic will also serve as our Structural Engineer, with Ron Klemencic, Principal-in-Charge, acting as our Senior Project Manager. Ron brings a wealth of construction experience and structural knowledge. Both the Mechanical and Electrical work will be Design-Build. This has always been the best way to deliver high quality, energy efficient designs at competitive budget costs.

- **Land Use/Environmental Attorney**

Foster Pepper & Shefelman will act as our land use attorney for this project. Foster Pepper has the largest Land Use, Real Estate, and Environmental Practice Group in the Northwest. With the added resources of their Municipal Practice Group, they have broad expertise in all aspects of Land Use and Environmental law. Their attorneys provide individuals, businesses, and federal, state, and local governments the legal roadmaps needed to navigate the maze of land use regulations, environmental laws, and historic preservation issues. Foster Pepper offers an unparalleled track record of success on complex and visible projects.

# TOUCHSTONE CORPORATION

## ***Douglas Howe, Owner, Development Manager***

**Background** Douglas Howe, with more than 25 years experience in real estate development, is President of Touchstone Corporation. He earned his BA in Political Science and Economics from the University of Washington and an MBA from the University of Puget Sound in Finance and Marketing. Douglas currently sits on the Board of the Washington State Chapter of the National Association of Industrial and Office Properties (NAIOP), and was the 2004 President. He also serves on the NAIOP National Board, Research Foundation and Office Development II Forum – a group of 20 top commercial office developers nationally. Following are examples of projects which Douglas has served as Principal-in-Charge or as Development Manager. Douglas is also active with the enterpriseSeattle including serving on the newly formed High Technology Recruitment Advisory Task Force.

### **Selected Project Experience**

#### **9<sup>th</sup> & Stewart Life Sciences Building, Seattle, WA**

11 story 215,000 square foot Class A biotechnology R&D building with a 200 space, above grade parking structure. This project was named *NAIOP's 2004 Technology Building of the Year, and SIOR's 2004 Office Development Deal of the Year.*

#### **5<sup>th</sup> & Bell Building, Seattle, WA**

\$50 million total project cost, 203,000 square foot Class A office building including below grade parking structure for 213 cars. This project was named *NAIOP's CBD-Office Development of the Year in 2002.*

#### **Computer Associates Building, Kirkland, WA**

\$15 million total project cost, new construction Class A office development. Structural steel building with a 280 car parking garage.

#### **Northgate North Retail Center, Seattle, WA**

\$80 million total project cost, 330,000 square feet of retail space and a 1,000 space parking structure on a difficult and constrained urban infill site.

#### **Maple Street Offices I & II, Issaquah, WA**

\$20 million total project cost, Building I, Class A office including 370 parking spaces of which 90 are in below grade structure.

\$20 million estimated project cost for Building II, is designed for Class A office and a 500 car on-site parking structure.

#### **Key Bank Plaza, Tacoma, WA**

145,000 square foot substantial renovation of a former department store to serve as the new headquarters building for Puget Sound National Bank offices.

#### **AT&T Building, Bellevue (Eastgate), WA**

70,000 square foot Class A office building including an 80 space parking structure below grade on a difficult infill site.

# TOUCHSTONE CORPORATION

## ***Shawn Parry, Owner, Construction Manager***

**Background** Shawn Parry, with more than 20 years experience in construction and development, is Vice President and a principal in Touchstone Corporation. His depth of experience and ability to work with diverse groups brings a superior level of management to his projects. He holds a BS in Construction Engineering & Management from Pennsylvania State University.

### **Selected Project Experience**

#### **9<sup>th</sup> & Stewart Life Sciences Building, Seattle, WA**

11 story 215,000 square foot Class A biotechnology R&D building with a 200 space, above grade parking structure. This project was named *NAIOP's 2004 Technology Building of the Year, and SIOR's 2004 Office Development Deal of the Year.*

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70,000 square foot Class A office building including an 80 space parking structure below grade on a difficult infill site.

#### **Seattle Art Museum, Seattle**

\$29 million, 156,000 sf structural steel and concrete composite structure including auditorium, restaurant, library and gallery facilities.

#### **Terminal 106 East, Seattle, WA**

\$9 million, 410,000 sf distribution center. Concrete tilt-up and wood frame roof structure. Design/build, turnkey project including extensive civil work.

#### **Columbia Seafirst Center (Bank of America Building), Seattle, WA**

\$117 million, 76-story structural steel, glass and granite office tower w/6 levels of parking.

#### **First Interstate Center, Seattle, WA**

\$70 million, 48-story structural steel, glass and granite clad office tower with 5 levels of parking.

# LEWIS

## *Jeff Cleator, Senior Project Manager*

### **Background**

Jeff Cleator has been with Lease Crutcher Lewis since 1988. He brings strong expertise in complex projects involving both shell and core and tenant improvement elements, and in leading large teams. Jeff earned his Bachelor's in Building Construction at the University of Washington.

### **Selected Project Experience**

#### **Touchstone, 9th & Stewart Life Sciences Building** Seattle, Washington

Built an 11-story biotech laboratory and office complex, as Division Manager. The project includes 207,000 square feet of laboratory space and secured parking for 165 cars.

#### **Touchstone, 5th & Bell Building** Seattle, Washington

As Senior Project Manager, recently completed a 199,000 square foot office building for Touchstone, and a 94,000 square foot tenant improvement for Philips Medical Systems.

#### **Touchstone, Northgate North** Seattle, Washington

Built a 375,000 square foot "vertical" big-box retail complex, with an adjoining 400,000 square foot parking garage. Jeff was Senior Project Manager.

#### **Harbor Properties, Vulcan, et al, 307 Westlake Building** Seattle, Washington

Built a five-story, 165,000 square foot laboratory with below-grade parking. Work included three floors of interiors for the Seattle Biomedical Research Institute, and two for Children's Hospital Research. Jeff was Senior Project Manager.

#### **Schnitzer Northwest, Interurban Exchange III** Seattle, Washington

Jeff was Senior Project Manager for this biotech research building, including 136,000 square feet of usable space and 113,000 square feet of parking.

#### **Pine Street Associates, Pacific Place** Seattle, Washington

As the Project Manager, built a 325,000 square foot retail, restaurant, and theater complex in Downtown Seattle, plus structured parking for 1,200 cars. The interior centers on a five-story atrium topped by an 11,000 square foot skylight.

#### **Unionbay / Seattle Pacific Industries, 1633 Westlake Building** Seattle, Washington

Was Senior Project Manager for an office building with four office levels totaling 100,000 square feet and four parking levels. The site was on a steep slope and subject to runoff and shoreline regulations.

#### **Pacific Northwest Research Institute** Seattle, Washington

Constructed a 45,000 square foot, seven-story cancer, prosthetics, and orthotics research center at a steep hillside site on First Hill.

# MBT ARCHITECTURE

## *Kay Kornovich, AIA, Project Principal*

**Background** Kay Kornovich, AIA, serves as MBT's Director of Science and Technology and Principal in the San Francisco office. As Director of Science & Technology, she not only performs design reviews and contributes her considerable expertise to all of MBT's research and laboratory commissions, but is actively involved in the planning and design of such notable projects as Merck/Rosetta Inpharmatics Facility, Allergan Corporation's R&D expansion and major projects for Applied Biosystems, Bayer and ZymoGenetics. Kay has been actively involved in the planning and design of research and laboratory facilities for over 15 years. Kay provides facilities planning and architectural design that is both innovative and highly responsive to the myriad of rapidly evolving trends in scientific research.

### **Related Experience with MBT**

- **Corixa Corporation, 9<sup>th</sup> & Stewart Life Sciences Building**, New R&D Headquarters Building, 137,000 gsf, Seattle, WA. Winner, *NAIOP's "Technology Building of the Year" 2004*, *SIOR's "Office Development of the Year"*
- **Zymogenetics Pilot Plant**, 67,000 gsf, Seattle, WA cGMP & Validation
- **Zymogenetics, Earl Davie Building Expansion**, 70,000 gsf, Seattle, WA
- **Merck/Rosetta Inpharmatics Facility**, 133,000 gsf, Seattle, WA
- **Dominican University, Science & Technology Building**, 40,000 gsf, San Rafael, CA
- **Westminster College Science Center**, 64,800 gsf, Salt Lake City, UT
- **Bio-Rad Laboratories**, 157,000 gsf, Hercules, CA
- **Allergan cGMP Manufacturing Facility**, 27,500 gsf, Irvine, CA
- **Allergan Pharmaceutical Campus, Buildings RDIII**, 174,000 gsf, Irvine, CA
- **Cellgate Lab & Office Fit-up**, 12,000 gsf, Sunnyvale, CA
- **Stanford University, James H. Clark Center**, 245,000 gsf, Stanford, CA
- **Radiology Department Renovation Programming and Feasibility Study**, Stanford University School of Medicine, 28,000 gsf
- **Applied Biosystems New R&D Campus**, 600,000 gsf, Pleasanton, CA
- **Alza Lab Renovations**, 40,000 gsf, Palo Alto, CA, includes 10K sf of cGMP pilot plant
- **Ivestigen New Research Facility**, 30,000 gsf, Hercules, CA
- **Zymogenetics Lab Fitup**, 13,000 gsf, Seattle, WA
- **Bayer Corporation Process Science Center**, 100,000 gsf, Berkeley, CA
- **Bayer Building 57 Manufacturing Suite**, Berkeley, CA
- **Bayer Corporation Lab & Vivarium Fit-up Study**, 100,000 gsf, Berkeley, CA

### **Related Experience with other firms**

- **Sequus Pharmaceuticals cGMP Piloting/Manufacturing Facility**, Menlo Park, CA
- **Monsanto World Genomics Center**, 110,000 gsf, Creve Coeur, MO
- **UCSF Mission Bay Research Facility**, 162,000 gsf, San Francisco, CA
- **Immunex Laboratory Fit-up**, 21,000 gsf, Seattle, WA
- **ZymoGenetics Laboratory Expansion Building**, 80,000 gsf, Seattle, WA
- **ZymoGenetics Fermentation Laboratory Fit-up**, 20,000 gsf, Seattle, WA, includes cGMP suite
- **Duarte Nursery Office and Laboratory Building**, 24,000 gsf, Hughson, CA
- **Bayer Corporation Vivarium Fit-up**, 45,000 gsf, Berkeley, CA
- **Bayer Corporation cGMP Purification Suite Upgrade**, Berkeley, CA
- **Aviron Live Virus cGMP Manufacturing Facility Fit-up**, 30,000 gsf, Mountain View, CA
- **Genentech Renovations & Laboratory Fit-ups**, South San Francisco, CA
- **Genentech Pharmaceutical Research Facility**, 150,000 gsf, South San Francisco, CA
- **Genentech Vivarium Fit-up & Master Plan**, 25,000 gsf, South San Francisco, CA
- **Genentech Process Science Center Addition**, 90,000 gsf, South San Francisco, CA

**Education** B. Architecture, University of Minnesota, 1989

# MBT ARCHITECTURE

## Edward Breen, Project Manager

**Background** In 1998, Ed joined the MBT team, bringing with him experience in architectural commissions for museums, corporations, institutions and municipalities. Ed was integral to capturing the attention of Touchstone Corporation, through his work on the Rosen Building for University of Washington. As Project Manager he took the 210,000 gsf laboratory building and 185 slot parking structure through Concept to Completion; helping to create the changing face of downtown Seattle. Ed has been elevated to the level of an Associate due to his leadership skills, clear communication and excellence in design.

### Related Experience with MBT

- Project Manager: Touchstone Corporation, **9<sup>th</sup> & Stewart Life Sciences Building** (Biotech & Office Facility), 11-story, 210,000 gsf, \$29.5 million, Seattle, WA. Winner, *NAIOP's "Technology Building of the Year" 2004*, *SIOR's "Office Development of the Year"*
- Project Manager: **The Rosen Building**, University of Washington Institute for Quantitative Systems Biology, Schnitzer NW, developer. 60,000 gsf, Seattle, WA. Winner, *R&D Magazine's "Laboratory Renovation of the Year" 2001*
- Project Manager: **Immunex 401 Queen Anne and 51 University Tenant Improvements**, Laboratory Spaces, Immunex Corporation. 17,000 gsf.
- Project Designer: **South Lake Union Tech II, III, and IV**, Tenant Improvements Analysis for Laboratory Use, Schnitzer Northwest. 400,000gsf.
- Project Manager: **South Lake Union Tech I Tissue Culture Additions and Remodeling**, University of Washington, 4,557sf.
- Project Architect: **Pharmacology Department Remodel**, University of Washington, 7,862sf.
- Project Designer: **Kane Hall Renovation**, University of Washington.

### Experience with Other Firms

- Project Manager for the **Art Institute of Chicago (AIC): Ryerson and Burnham Library Restoration and Expansion**, Chicago, IL. 24,000 gsf, \$3.3 million combined construction costs.
- Project Manager for AIC: **Buckingham Fountain Historic Restoration**, Chicago, IL. \$2.8 million in combined construction costs. Project won National AIA award.
- Project Manager for AIC: **Columbus Drive School Building** remodeling of classrooms, darkrooms, foundry, and graduate studios, Chicago, IL. \$2.3 million combined construction costs
- Project Manager for AIC: **847 W. Jackson Building**, Chicago IL. Reconfigured 4 floors of loft type building into off-campus temporary student exhibit space of 24,000 gsf with 2500 sf of art storage for the Dept. of 20<sup>th</sup> Century Painting and Sculpture and a permanent off-campus student gallery including a performance space.
- Project Manager for AIC: **Kraft Education Center**, Chicago, IL. \$2.46 million combined construction costs.
- Project Manager for AIC: **Twentieth Century Galleries**, Chicago, IL. \$1.6 million combined construction costs.
- Project Manager: **Martha and Mary Nursing Home**, Poulsbo, WA. \$10.4 Million combined construction cost.
- Project Manager: **Kwawachee Center**, Tacoma, WA. \$2.1 million combined construction cost.
- Project Manager for AIC: **Architectural Study Center**, Chicago, IL. \$.84 million combined construction costs.
- Design Principal: **Gustave Caillebot special exhibit**, Chicago, IL
- Project Architect: **Northshore Junior High School**, Bothell WA.

### Education

B. Architecture, University of Houston, 1982



# MAGNUSSON KLEMENCIC

## **Ron Klemencic, Structural, Civil Managing Principal**

**Background:** In his 19 years of design experience, Ron has gained a reputation locally and internationally for his creativity and “big picture” approach, which translates into a unique ability to consistently produce cost-effective, innovative designs. Whether it’s negotiating with local suppliers to economize designs, developing new multiple-use structural elements, or selling the City on the latest performance-based design approach, Ron does whatever it takes to make each project he is involved with a success.

### **Selected Project Experience** **9<sup>th</sup> & Stewart Life Sciences Building – Seattle, WA**

Principal-in-Charge. 11-story, 26,013-m<sup>2</sup> (280,000-ft<sup>2</sup>) laboratory and office building with 3 levels of above-grade parking totaling 6,689 m<sup>2</sup> (72,000 ft<sup>2</sup>). To maximize flexibility, the lab floors include 4.6-m (15-ft) story heights, steel framing, high floor load capacities, and columns spaced to suit optimal lab modules. Interior bays are designed to accommodate equipment exceptionally sensitive to vibration. MKA’s steel framing solution reduced overall project cost by 3 percent and shortened the construction schedule by 7 weeks. The building’s concrete shear walls reduce overall cost and enhance performance during major earthquakes. Targeting a Silver LEED rating, the building incorporates recycled Australian jarrah wood in its flooring and translucent panels to harness daylight.

### **Fifth and Bell – Seattle, WA**

Principal-in-Charge. 6-story, 18,859-m<sup>2</sup> (203,000-ft<sup>2</sup>) office building with 7,804-m<sup>2</sup> (84,000-ft<sup>2</sup>), 2 1/2-level, below-grade parking garage. The structure features a composite floor systems supported by steel columns and angle-braced frames. The bracing ends are at the ground floor to allow complete freedom for the parking garage.

### **Rosen Building Renovation (U.W. Institute for Quantitative Systems Biology) Seattle, Washington, U.S.**

Principal-in-Charge. Seismic renovation of an existing facility into a 5,574-m<sup>2</sup> (60,000-ft<sup>2</sup>) high-tech laboratory/research and office facility. Awarded through a design/build competition, the renovation improved the three-story concrete-framed building performance to an “Immediate Occupancy” standard. The structural design accommodates high-tech equipment and large air ducts for laboratory fresh air requirements. The project was designed and constructed in just 8 months.

### **King County Goat Hill Office Building – Seattle, Washington, U.S.**

Principal-in-Charge. 14-story, 280,000-ft<sup>2</sup> (26,013-m<sup>2</sup>) office building, with 2 levels of parking below grade, on a half-city block. A dual system was selected for the lateral system to reduce the demand on the core, address building torsion, and reduce core size. This resulted in more efficient floor space and more useable space per floor.

### **Interurban Exchange – Seattle, Washington, U.S.**

Principal-in-Charge. Office and biotech space totaling 47,452 m<sup>2</sup> (500,000 ft<sup>2</sup>), spanning four buildings on four individual half-city blocks.

**Education** Master of Science, Structural Engineering 1986  
Bachelor of Science, Civil Engineering 1985

**Professional Affiliations** Chairman, Council on Tall Buildings and Urban Habitat  
Fellow, American Concrete Institute  
Urban Land Institute  
Member, BOMA Board of Trustees  
Structural Engineers Association of Washington & Illinois

# Associated Earth Sciences, Inc.

**Ronald A. Parker, P.G., P.E.G., -- Chief Operating Officer, Geologist**

**Experience** Mr. Parker has more than 27 years experience in project management, geotechnical engineering, geologic, and construction inspection/monitoring services throughout the Pacific Northwest. His geologic expertise has been extremely beneficial in many areas especially in the analysis of geotechnical and slope stability issues, the safe construction of structures and utilities through all regions, particularly within geologically sensitive areas. His overall analytical expertise includes stereo pair air photo interpretation, geologic and geologic hazards mapping, and slope stability analysis.

**Selected Project Experience**  
5th & Bell Building, Touchstone Corporation  
Everett Clinic Parking Structure, Kirtley Cole  
9th & Stewart Life Sciences Building, Touchstone Corporation  
Proposed University Apartments, Sun Enterprises  
Touchstone Northgate Retail Development  
Service Linen Supply Building, Service Linen Supply – Seattle, WA  
O'Dell Road Water Tank, King County Water District #119 c/o Engineering Consultants NW  
Lewis & Clark Interpretive Center, WA State Parks & Recreation  
Bellevue Commercial Building, James Bryant & Associates

**Technical Expertise**

- ◆ Slope Stability
- ◆ Subsurface Exploration
- ◆ Landslide Mitigation
- ◆ Critical Areas Review
- ◆ Geotechnical Site Assessment
- ◆ Settlement/Subsidence
- ◆ Seepage Drainage Analyses
- ◆ Construction Monitoring
- ◆ Evaluation of Construction-Related Claims
- ◆ Pavement & Subgrade Design
- ◆ Ground/Soil Improvement
- ◆ Erosion Inspection
- ◆ Liquefaction

**Education**  
B.S., Geology, Western Michigan University  
Field Studies, Geology, West Texas University  
Post Graduate Studies Engineering, Seattle Community College  
Watershed Analysis Training, Washington State Department of Natural Resources

**Professional Registrations**  
Licensed Professional Geologist (P.G.), IN, WA  
Licensed Professional Engineering Geologist (P.E.G.) WA

**Professional Associations**  
Northwest Geology Society  
Washington Aggregates and Concrete Association  
Western Michigan University, Geosciences Advisory Council

# FOSTER PEPPER & SHEFELMAN

## Charles R. Wolfe – Chair, Environmental Practice Group

### Experience

Charles' practice is concentrated in environmental, land use and administrative law. Charles has extensive experience representing commercial, industrial, institutional, utility, governmental and developer clients on a broad range of federal, state and local environmental and land use issues. He has particular experience in client counseling regarding redevelopment of properties with contamination and natural resource constraints; site remediation, liability allocation and prospective purchase agreement negotiation under federal and state Superfund legislation; Clean Water Act, wetlands and sensitive areas issues; permitting, enforcement response and due diligence; historic and cultural resources issues.

Charles' extensive environmental experience in the Pacific Northwest includes representation of the Paul G. Allen companies in numerous environmental matters, such as the Port Quendall redevelopment and Seahawks Stadium Project, and the Puget Sound Regional Transit Authority on historic, cultural resources and archaeological issues. He has major responsibility in representing property developers, municipalities, a major oil company, a major microprocessor manufacturer, and a wood products manufacturer at multiple Model Toxics Control Act (MTCA) (state Superfund) sites, including the City of Bainbridge and in the pending purchase of the Wyckoff Superfund Site.

Charles' practice also includes administrative advocacy and appearances before regulatory agencies, including the U.S. Environmental Protection Agency, U.S. Army Corps of Engineers, Department of Ecology, Puget Sound Air Pollution Control Agency, Shorelines Hearing Board and Eastern Washington Growth Management Hearings Board.

### Education

University of Oregon, J.D.  
Cornell University, M.R.P.  
University of Washington, B.A., *cum laude*

### Professional Activities

American Bar Association  
Natural Resources, Energy and Environmental Law  
Section and State and Local Government Section

Washington State Bar Association  
Member, Executive Committee, 1999 –  
Chair, Environmental and Land Use Section, 2001 -2002  
Editor-in-Chief, Environmental Land Use Law Section Newsletter, 1993-1996

American Planning Association  
Reporter, Land Use Law & Zoning Digest, 1992-  
Chair, Planning & Law Division, 2000-2002

Washington Land Use Study Commission  
Member, Project Review and Environmental  
Advisory Committee, (PREAC), 1998

### Honors and Awards

“Super Lawyer”, *Washington Law & Politics*, 2002-2004  
ABA Land Use and Local Government Law Award, 1984  
Recipient, American Jurisprudence Award, 1983  
Topics Editor, *Oregon Law Review*, 1983-1984

# FOSTER PEPPER & SHEFELMAN

## **Joseph E Delaney – Member, Environmental Attorney**

- Experience** In practice for more than 17 years, Joseph Delaney focuses on real estate and environmental law, representing private and public clients in the sale, purchase, development and leasing of real property. Joseph also has particular experience in transactions involving contaminated properties.
- Education** Georgetown University Law Center, J.D., *magna cum laude*  
University of Vermont, B.A.  
University of Washington, Certificate in Commercial Real Estate
- Professional Activities** Greater Seattle Chamber of Commerce  
Member, Environmental Policy Committee
- Washington State Bar Association  
Member, Corporate Law Department  
Member, Environmental and Land Use Law Section
- American Bar Association
- King County Bar Association
- Honors and Awards** Order of the Coif  
Law and Policy in International Business, 1986-1987

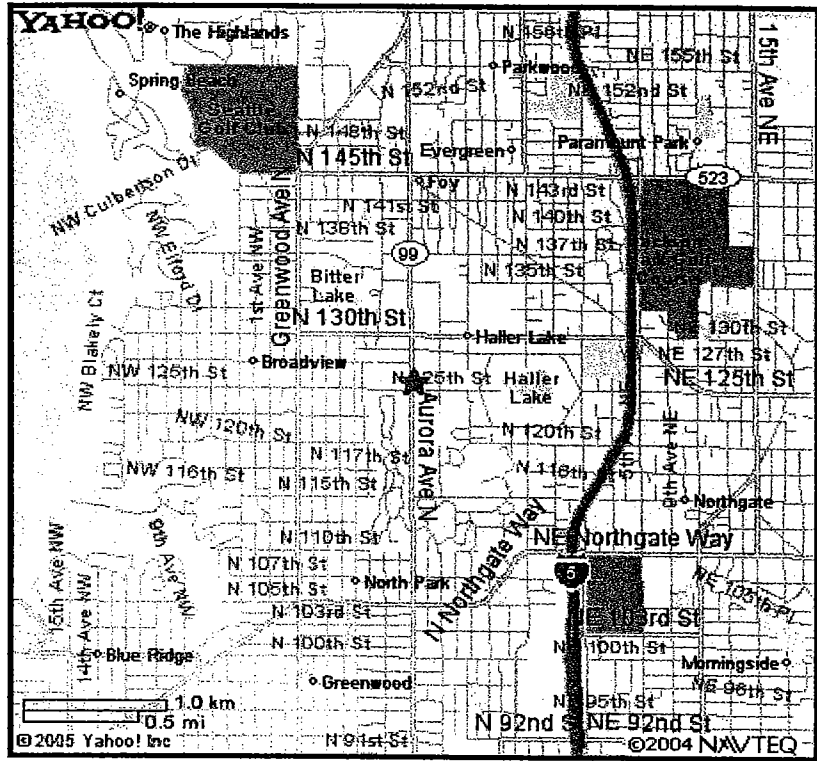
# **Replacement Site Information**

**Replacement Site**

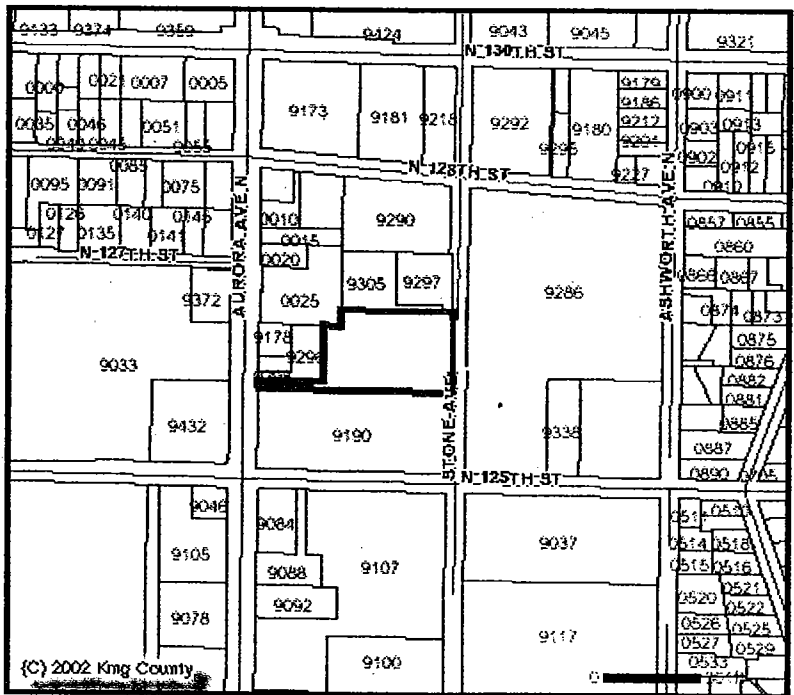
Touchstone Corporation will provide a replacement facility based on the program information supplied with this RFP.

The flag-shaped replacement site is approximately 90,000 square feet. Located at 12526 Aurora Avenue North in Seattle, it sits directly across from the City of Seattle's Fleets & Facilities' Maintenance Department.

Access is available from both Aurora Avenue and Stone Avenue. The attached sketch shows the proposed site layout for the facility.



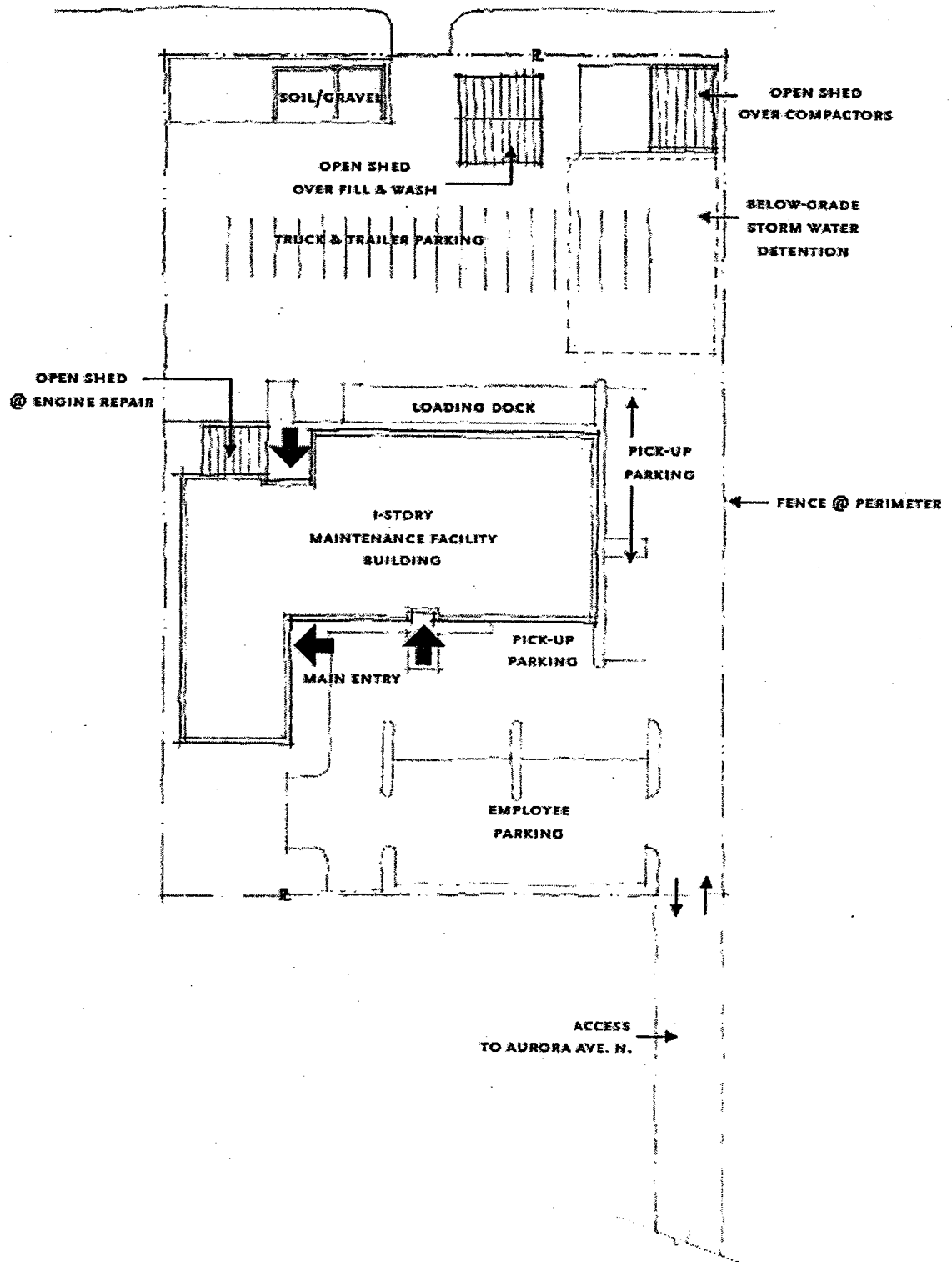
Touchstone Corporation has entered into a Purchase Agreement with the current owner of the site, and will close on the property should we be selected as the successful proposer.



A copy of the Purchase Agreement and the title report are included for your review.

Also included is a letter of No Further Action from the Department of Ecology.

Stone Ave N



Aurora Ave N



ORIGINAL

PROPERTY PURCHASE AGREEMENT

THIS PROPERTY PURCHASE AGREEMENT ("Agreement") is made and entered into this 22 day of June, 2004 (the "Effective Date"), by and between TEEL, MADDEN AND VANDER POL, a Washington general partnership, ("Seller") and TOUCHSTONE CORPORATION, a Washington corporation, and/or assigns, subject to the provisions of Section 17(c) ("Purchaser").

To provide for the purchase and sale of the property herein described, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller agree as follows:

1. PROPERTY TO BE CONVEYED.

a. Purchase and Sale. Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, upon the terms and conditions hereinafter set forth, that certain parcel of real property located at 12526 Aurora Avenue North, Seattle, Washington, legally described on Exhibit A attached hereto and as shown on the sketch attached hereto as Exhibit B ("Property").

b. Property Included. The Property shall include the land legally described on Exhibit A together with all improvements constructed on the land and all rights, privileges and easements appurtenant to the real property, including, without limitation, the following, if any: minerals, oil, gas and other hydrocarbon substances on and under the real property, development rights, air rights, water, water rights, riparian rights, and water stock relating to the real property, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the real property, and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the real property.

2. PURCHASE PRICE.

a. Purchase Price. The purchase price for the Property shall be Three Million and 00/100 Dollars (\$3,000,000.00) payable at Closing in cash or by wired funds, subject to the adjustments and prorations as provided for herein ("Purchase Price").

b. Escrow. Upon full execution of this Agreement by Purchaser and Seller, Seller shall open an escrow with the Seattle office of First American Title Insurance Company ("Title Company").



c. Earnest Money. Within three (3) business days after full execution of this Agreement by Purchaser and Seller, Purchaser shall deposit a promissory note, in the form attached as Exhibit C, in the amount of One Hundred Thousand and 00/100 Dollars (\$100,000.00) with Title Company. Such promissory note and its proceeds are herein called the "Earnest Money". If Purchaser terminates this Agreement prior to the satisfaction or waiver of the conditions set forth in Section 4 or Section 5 of this Agreement, then the Earnest Money shall promptly be returned to Purchaser. After Purchaser's satisfaction or waiver of the conditions set forth in Section 4 and Section 5 of this Agreement, the Earnest Money shall be non-refundable, except in the event of Seller's default under this Agreement. The Earnest Money promissory note shall be converted to cash on or before the expiration of the Feasibility Period. If this transaction closes as provided herein, the Earnest Money shall apply towards the Purchase Price at Closing.

### 3. TITLE TO PROPERTY.

a. Condition of Title. Seller represents that title to the Property or any portion thereof shall be free of monetary encumbrances or defects at Closing except for the lien for ad valorem real property taxes with respect to the fiscal year of Closing not yet due and payable and, if any, installments on assessments not yet due and payable, both of which shall be prorated as of the Closing Date as provided in Section 11(a). Seller shall satisfy or cause to be satisfied prior to Closing or at Closing from the Purchase Price all monetary encumbrances or defects except for prorated taxes and assessments as described in this Section 3.

b. Monetary Encumbrances. The phrase "monetary encumbrances or defects" as used herein means encumbrances or defects to title which by their terms require the payment of money, whether in installments or at a fixed time or otherwise, including, but not limited to, mortgages, deeds of trust, mechanic's or materialmen's liens, and any impact or development fees attributable to Seller's use and/or development of the Property.

c. Nonmonetary Encumbrances. Nonmonetary encumbrances or defects in title (i.e., easements or restrictive covenants) shall be subject to Purchaser's approval as provided in this Agreement.

d. Conveyance of Title. Title to the Property shall be conveyed as provided in Section 8.

**4. CONTINGENCIES AND FEASIBILITY PERIOD.** Purchaser's obligation to purchase the Property is contingent upon the conditions set forth in this Section 4 being waived or satisfied on or before the date that is the earlier of the following (the "Feasibility Period"): (1) the date that is four (4) months after the date that Seller delivers to Purchaser the items described in Section 5(a); or (2) the date that is five (5) days after the date that Purchaser enters into a mutually binding purchase and sale agreement with King County Metro for the purchase of the property located at 1602 N. Northlake Place, Seattle, Washington. Notwithstanding anything to the contrary contained herein, the Feasibility Period shall be subject to Purchaser's extension rights described in Section 4(e) of this Agreement. Purchaser may terminate this Agreement at any time by written notice to Seller if Purchaser determines, in Purchaser's sole and absolute discretion, that any of the conditions set forth in this Section 4 will not be satisfied by the date provided for herein for the satisfaction of such condition. In the event of such determination, the Earnest Money shall be promptly returned to Purchaser. The conditions provided for in this Section 4 shall be deemed not to be satisfied unless Purchaser, by the date by which the particular condition is required to be satisfied, notifies Seller in writing that such condition has been satisfied or waived. In the event any condition is deemed not satisfied or waived, this Agreement shall automatically terminate and the Earnest Money shall be promptly returned to Purchaser. Within five (5) days after request of either party, Seller and Purchaser shall mutually execute and deliver to each other a duplicate original of a writing confirming the date the Feasibility Period commenced and the date the Feasibility Period will end subject, however, to Purchaser's rights of extension under section 4(e).

a. **Studies.** By the expiration of the Feasibility Period, as extended (if applicable), Purchaser shall have approved, in Purchaser's sole and absolute discretion, all soils, engineering, hazardous waste, geotechnical, wetlands, feasibility and other studies and reports which Purchaser obtains in connection with the Property and Purchaser's intended project and such other information relating to the Property that is specifically requested by Purchaser of Seller in writing to the extent such information is in the possession or control of Seller or any affiliate of Seller. For purposes of this Agreement, if any such information is available from a third party agent of Seller, then it shall be deemed within the control of Seller, and Seller shall request that the third party agent deliver such information to Purchaser. Seller does not make any representations or warranties concerning the accuracy or the completeness of any study or other information made or produced by a third party even if Seller provides a copy to Purchaser as required by this Agreement or otherwise at Purchaser's request.

b. **Feasibility.** By the expiration of the Feasibility Period, as extended (if applicable), Purchaser shall have determined in Purchaser's sole and

absolute discretion, that utilities are of adequate capacity to serve Purchaser's intended development of the Property, that construction of the improvements contemplated by Purchaser will not require extraordinary, excessive or unusually costly design elements or construction techniques, that drainage of both surface and subsurface water can be accomplished by ordinary construction techniques not involving unusual or excessive costs, that the Property will satisfy Purchaser's financial and competitive objectives in the trade area, and that the Property is economically and otherwise feasible for Purchaser's intended use.

c. Project Approvals. By the expiration of the Feasibility Period, as extended (if applicable), Purchaser shall have obtained all governmental approvals and permits necessary or desirable to develop and construct Purchaser's intended project on the Property for Purchaser's intended use in accordance with Purchaser's requirements, including, but not limited to, building permits, conditional use permits, zoning approvals, site plan approvals, and environmental approvals, including any required pursuant to any federal, state or local environmental laws or regulations. The permits and approvals referred to in this Section 4(c) shall be referred to herein collectively as "Project Approvals." For the purposes of this Section, the Project Approvals shall not be deemed to have been "obtained" until each of the same has become final and non-appealable, and any periods for challenge to the same (or other conditions to final effectiveness except any conditions that are dependent upon future conduct of Purchaser or its contractors) shall have expired. Any conditions, requirements for on-site and off-site improvements or services, in-lieu fees or payments, dedication or reservation requirements, water rights acquisition costs, local improvement district costs, connection charges, assessments, mitigation fees, impact fees, permit fees and any other similar fees and charges imposed on Purchaser's intended project by any governmental entity or utility service provider shall be acceptable to Purchaser and shall be subject to Purchaser's approval in its sole and absolute discretion.

d. Lease Terminations and Other Termination Agreements. By the expiration of the Feasibility Period, as extended (if applicable), Seller, at Seller's sole cost and expense, shall provide evidence satisfactory to Purchaser that (i) any leases, subleases, or other agreements granting a third party the right to use or occupy the Property beyond the date that is sixteen (16) months after the Effective Date of this Agreement, are terminable with not more than either thirty (30) days prior notice; and (ii) any rights of first refusal and/or options to purchase affecting the Property have been terminated (collectively, the "Termination Agreement(s)"). Such Termination Agreement(s) shall be in form and substance satisfactory to Purchaser and may provide that any termination right is conditioned on acquisition by Purchaser of title to the Property. In the event Seller and Purchaser proceed to close under this Agreement, Seller shall exercise the Termination Agreement(s),

and, subject to the last sentence of Section 10(a), the terminations thereunder shall be effective not later than the Closing Date.

e. Feasibility Period Extension Rights. Purchaser shall have the right to extend the Feasibility Period for up to four (4) successive periods of six (6) months each (each an "Extension Period"). For each Extension Period that Purchaser elects to exercise, Purchaser shall (i) deliver to Seller written notice of Purchaser's intent to exercise the Extension Period; and (ii) concurrently deposit in escrow with the Title Company the amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00)(the "Extension Payments"). If applicable, the first and second Extension Payments shall be deemed to be a partial conversion of the Earnest Money promissory note, shall be treated as part of the Earnest Money for all purposes under this Agreement, and shall be applicable to the Purchase Price at Closing. If applicable, the third and fourth Extension Payments shall be solely in consideration of the third and fourth Extension Periods, shall not be part of the Earnest Money, shall not be refundable to Purchaser, except in the event of a failure to close under this Agreement as a result of a Seller default, shall not be applicable to the Purchase Price, and shall be immediately released by Title Company to Seller. For an election to extend the Feasibility Period to be effective, both the notice of extension and the payment must be received by the Title Company on or before the last day of the then-current Feasibility Period or Extension Period (as applicable).

5. DELIVERY AND REVIEW AND APPROVAL OF TITLE, SURVEY AND OTHER DOCUMENTS.

a. Seller's Obligations to Deliver Documents. Within fourteen (14) days after full execution and mutual delivery of this Agreement by Purchaser and Seller, Seller, at its sole cost and expense, shall deliver or cause to be delivered to Purchaser the following items:

(i) Title Commitment. A current title commitment (the "Title Commitment") for the owner's extended coverage title policy referred to in Section 8(b) ("Title Policy"), issued by the Title Company in the amount of the Purchase Price showing the status of the title of the Property and complete and legible copies of all instruments referred to in the Title Commitment as conditions or exceptions to the title of the Property;

(ii) Tax Bills. A copy of the most recent tax bills for the Property;

(iii) Survey. A copy of any survey of the Property which Seller or any affiliate of Seller has in its possession or under its control (the "Survey"). For purposes of this Agreement, if any such survey is available from a third party agent of Seller, then it shall be deemed within the control of Seller, and Seller shall request that the third party agent deliver such survey to Purchaser;

(iv) Reports and Studies. A copy of all topographical surveys, environmental reports, engineering studies, soil-bearing test data, and any similar reports and studies with respect to the Property which Seller or any affiliate of Seller has in its possession or under its control. For purposes of this Agreement, if any such reports or studies are available from a third party agent of Seller, then they shall be deemed within the control of Seller, and Seller shall request that the third party agent deliver such reports or studies to Purchaser. Upon Purchaser's receipt of such reports and studies, subject to the rights of the person or persons who produced such reports and studies and subject to the terms and conditions contained in such reports and studies, Purchaser shall have the right to use such reports and studies in connection with Purchaser's review of the Property;

(v) Existing Leases and Other Agreements. A copy of any existing leases or other agreement granting a third party the right to use or occupy the Property (the "Existing Leases") or granting a third party any rights of first refusal and/or options to purchase affecting all or any part of the Property, if any (including all amendments, commencement letters and option letters), and, to the extent Seller has any such documents, a copy of any assignments thereof or subleases thereunder. In addition to the foregoing, Seller shall provide Purchaser with a rent roll, including a schedule of security or other deposits held by Seller, detailing all third parties in possession of any portion of the Property and a copy of any management agreements, service contracts, or other agreements affecting the Property or the operation or maintenance thereof; and,

(vi) Environmental Cleanup Documentation. A copy of all documents, if any, Seller or any affiliate of Seller has in its possession or under its control evidencing that any oil, hazardous waste, toxic substances or other pollutants or materials that could be a detriment to the Property or in violation of any local, state or federal law or regulation have been lawfully remediated and/or removed from the Property, including, without limitation, no further action letters, consent decrees, or other similar documents related to the foregoing matters.

b. Survey. Purchaser may at its expense obtain an ALTA/ACSM as-built survey of the Property and footprint of the improvements thereon ("Purchaser's Survey") provided the same is completed not later than the end of the initial Feasibility Period. Any exceptions to title or other defects revealed by

such survey shall be subject to Purchaser's approval pursuant to Section 5(c). If Purchaser obtains such a survey then promptly after the survey drawing is completed, Purchaser shall deliver a full-size copy of the drawing to Seller.

c. Review of Title Commitment and Survey. Purchaser shall have fifteen (15) days following the receipt of the Title Commitment (including legible copies of the documents referred to therein as conditions, exceptions or reservations) and the Purchaser's Survey to review and, in its sole and absolute discretion, to notify Seller in writing of Purchaser's disapproval of any of the exceptions to title or other matters disclosed by the Title Commitment or Purchaser's Survey, other than monetary encumbrances which Seller is to cause to be released as provided in Section 3(a). If Purchaser notifies Seller within such period that Purchaser disapproves one or more exceptions to title, Seller shall notify Purchaser in writing within ten (10) days after receipt of Purchaser's notice as to whether Seller agrees to remove the exceptions so disapproved, and upon delivering such notice, Seller shall have until the Closing Date to cause such exceptions to be removed of record and from the Title Commitment at no cost to Purchaser. If additional exceptions to title are revealed by supplements or amendments to the Title Commitment after the initial review period provided in the first sentence of this Section ("Intervening Exception"), Purchaser shall have five (5) business days after receipt of such supplement or amendment to the Title Commitment and a copy of the document creating such Intervening Exception in which to notify Seller in writing of Purchaser's disapproval of such Intervening Exception, in which event Seller shall have five (5) business days after receipt of Purchaser's notice to notify Purchaser in writing as to whether Seller agrees to remove the Intervening Exception so disapproved, and upon delivering such notice, Seller shall have until the Closing Date to cause such Intervening Exception to be removed of record and from the Title Commitment at no cost to Purchaser. The Closing Date shall be extended to the extent necessary according to the preceding sentence.

d. Title Defects - Termination of Agreement or Waiver. If Purchaser raises any objections to the title of the Property in accordance with the procedures of and when required in Section 5(c) and if Seller, in accordance with and when required by Section 5(c) declines to cause objected to items to be removed from title at Closing, then Purchaser may either waive such objections, in which event this Agreement shall continue in full force and effect, or terminate this Agreement by notice delivered to Seller within ten (10) days after receiving Seller's notice. If Purchaser does not terminate this Agreement as provided in the preceding sentence, then at Closing Seller shall convey title to the Property free of monetary encumbrances, free of other defects to which Purchaser has objected and Seller has agreed to remove (as provided in Section 5(c)), but subject to those

defects shown in the Title Commitment to which Purchaser did not object and those defects to which Purchaser did object but which Seller did not agree to remove (as provided in Section 5(c)). In the event Purchaser terminates this Agreement pursuant to this Section 5(d) or any other provision of this Agreement, any cancellation fee or other costs of the Title Company shall be borne by Purchaser.

## 6. SELLER'S REPRESENTATIONS AND WARRANTIES.

a. Seller represents and warrants to Purchaser that as of the date of this Agreement:

(i) Power and Authority. Seller has the authority and power to enter into this Agreement and to consummate the transaction provided for herein. This Agreement and all other documents executed and delivered by Seller constitute legal, valid and binding obligations of Seller.

(ii) No Violations and Actions. The execution, delivery and performance by Seller of its obligations under this Agreement will not conflict with or result in a breach of any law, governmental rule, regulations, judgment, decree or order by which the Seller or the Property is bound, or by any of the provisions of any contract to which Seller is a party or by which Seller or the Property is bound or Seller's partnership agreement. To the best of Seller's knowledge there is no action, suit, proceeding or investigation pending or threatened, before any agency, court or other governmental authority which relates to the Property or the use thereof.

(iii) Condemnation. To the best of Seller's knowledge there is no condemnation proceeding affecting the Property or any portion thereof currently pending nor is any such proceeding threatened.

(iv) Compliance. Seller has received no notice of and, except as described in this subsection, Seller does not have any knowledge of any violations of any applicable governmental requirement in respect of the use, occupation and construction of the Property or the improvements thereon (including but not limited to environmental, zoning, platting and other land use requirements) or of any investigations relating thereto. Seller is aware that a metal clad high-bay storage building on the Property may have been constructed without required governmental permits.

(v) Default, Breach, Access and Utilities. To the best of Seller's knowledge, (i) Seller is not in default or breach under any covenants,

conditions, restrictions, rights-of-way, or easements that affect the Property or any portion thereof and (ii) no condition exists that would result in the termination or impairment of access to the Property or permanent discontinuation of any sewer, water, electric, gas, telephone, or other utility service to the Property.

(vi) Work. Seller has had no work performed and no work is in progress at, and no materials have been furnished to, the Property at Seller's request which will not be paid for in full by Seller prior to or on the Closing Date.

(vii) Assessments. No special or general assessments have been levied, other than as shown in the Title Commitment or the latest tax bill for the Property, and to the best of Seller's knowledge no special or general assessments are threatened against all or any part of the Property.

(viii) Leases. There are no leases or other rights of possession affecting all or any part of the Property, except as otherwise disclosed to Purchaser in accordance with the provisions of Section 5(a).

(ix) Hazardous Substances. Except as otherwise disclosed to Purchaser in writing as provided in this Agreement, to the best of Seller's knowledge the Property has not been affected by the presence of, and there is not present on the Property, oil, hazardous waste, toxic substances or other pollutants or materials in violation of any local, state or federal law or regulation. Neither Seller nor, to the best of Seller's knowledge, any of Seller's tenants of the Property has been cited for violating any federal, state or local environmental law or regulation with respect to operations or activities on or about the Property. Notwithstanding the preceding, Seller is aware that before Seller's acquisition of the Property it was used as a motor vehicle wrecking yard and to that extent the Property was at that time affected by the presence of such materials.

(x) Foreign Person or Entity. At Closing, Seller shall deliver to Purchaser a certificate of nonforeign status in form required by the Income Tax Regulations and in substance reasonably acceptable to Purchaser. In the event Seller shall not deliver such certificate to Purchaser at Closing, Purchaser may withhold and pay over to the Internal Revenue Service such amounts as may be required under applicable law in order for Purchaser to avoid any liability for Seller's tax obligations.

(xi) Buried Tanks. To the best of Seller's knowledge, there are no underground storage tanks on the Property.



(xii) Bankruptcy Matters. Seller has not admitted its inability to pay its debts as they come due, made an offer of settlement, extension or composition to its creditors generally or made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy or, to the best of Seller's knowledge, suffered the filing of an involuntary petition by its creditors, suffered the appointment of a receiver to take possession of substantially all of its assets, or suffered the attachment or other judicial seizure of substantially all of its assets.

(xiii) Misrepresentation and Adverse Facts. Seller has made no untrue statements or representations in connection with this Agreement, and all documents Seller gives to Purchaser under this Agreement will be true, correct, and complete copies of what they purport to be, including any amendments or modifications thereof.

(xiv) Marketable Title. To the best of Seller's knowledge, Seller has, as of the date of this Agreement, and will have as of the date of Closing, good, marketable and indefeasible title to the Property subject only to the matters set forth in this Agreement and the Title Commitment. Without in any way limiting the generality of the foregoing representation, Seller has made no understanding, agreement (either express or implied), and has no reasonable expectancy of an agreement, between Seller and any third party with respect to sale or other transfer of the Property.

(xv) Obligations. To the best of Seller's knowledge, there are no obligations in connection with the Property which will be binding upon Purchaser after Closing, except for those matters set forth in the Title Commitment which have been approved or waived by Purchaser.

(xvi) Absence of Moratorium. To the best of Seller's knowledge, no moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree of any court or governmental agency has been enacted, adopted, issued, entered, or is pending or in effect, that could materially and adversely affect the Property.

(xvii) Agreements and Contracts. Except as otherwise disclosed to Purchaser in writing, there are no management agreements, service contracts, or other agreements affecting the Property or the operation or maintenance thereof.

(xviii) Soils Conditions. To the best of Seller's knowledge, there are no soils conditions adversely affecting the Property.

In Section 6(a), "Seller's knowledge" means the actual knowledge of one or more of Seller's partners.

(b) Condition To Purchaser's Obligations. It is a condition to Purchaser's obligations under this Agreement that all of Seller's representations and warranties made in Section 6(a) are true and correct as of the date of this Agreement and are true as of the Closing Date. To the extent that before the Closing Date Purchaser discovers that any of such representations and warranties are not true, Purchaser shall promptly give written notice to Seller and Seller shall have fifteen (15) days to cure the discrepancy and, on Seller's failure to do so, Purchaser may terminate this Agreement by notice to Seller given within ten (10) days after the end of Seller's cure period or, upon Purchaser's failure to do so or upon Purchaser's failure to notify Seller of the discrepancy, Purchaser shall be deemed to have waived the discrepancy. In the event that Purchaser elects to terminate this Agreement according to the preceding sentence, and the cause for the failure of Seller's representation or warranty was caused by or in the control of Seller, Purchaser shall be entitled to a refund of all Earnest Money. To the extent Seller's representations and warranties are not or will not be true as of the Closing Date, then not later than one (1) day before the Closing Date Seller shall give Purchaser written notice of the extent to which they will not be true. In such event, Purchaser may terminate this Agreement by written notice given to Seller on or before ten (10) days after receipt of Seller's notice or, upon Purchaser's failure to do so, Purchaser shall be deemed to have waived the discrepancy. The Closing Date shall be extended to the extent necessary according to the time periods provided in this Section 6(b).

(c) Survival; Indemnity. Seller's representations and warranties made in Section 6(a) shall not be merged into any documents delivered by Seller at Closing and shall survive the Closing for a period of one (1) year after the Closing Date. Seller shall indemnify, defend and hold Purchaser harmless from and against any cause, claim, loss, damage or expense, including attorneys fees, which Purchaser suffers as a result of a breach of the representations, warranties and covenants contained in this Agreement.

7. SELLER'S OBLIGATIONS PENDING CLOSING. During the continuance of this Agreement, until Closing or termination of this Agreement as herein provided, Seller covenants to perform in accordance with the following obligations:

a. Sell or Encumber Property. Seller shall not sell, assign, or convey any right, title, or interest whatever in or to the Property to any third party except subject to Purchaser's rights under this Agreement and Seller shall not create any monetary encumbrance which will not be paid in full at Closing. Notwithstanding the foregoing, Seller may enter into new leases, recognition

agreements, extension agreements, or other agreements granting a tenant or subtenant the right to occupy or use the Property, provided, however, any such new lease or agreement shall provide that it is terminable upon thirty (30) days prior notice.

b. Representations and Warranties. Seller shall not take any action, or omit to take any action, which action or omission would have the effect of violating or rendering untrue any of its representations, warranties, covenants, and agreements contained herein.

c. Existing Financing. Seller shall continue to make all payments required under the terms of any existing financing on the Property and shall not suffer or permit a default to arise thereunder.

d. Governmental Orders. Seller shall not violate any lawful order or directive of a governmental agency with respect to the Property.

e. Legally Subdivided Lot. Prior to Closing, Seller at Seller's sole cost and expense shall take any action required to confirm that the Property is, or to cause the Property to be, established as one or more full legally subdivided lots.

f. Cooperation with Purchaser. Seller shall reasonably confer, coordinate and cooperate with Purchaser in connection with Purchaser's efforts to satisfy the contingencies and to obtain the approvals specified in Section 4 and Section 5, including, without limitation, Purchaser's efforts to obtain the Project Approvals, and Seller shall promptly execute all necessary documents in connection therewith upon request by Purchaser. However, nothing in this Section obligates Seller to incur any expense, liability or other obligation or to subject the Property to any encumbrance, easement, agreement, covenant, condition or restrictions or to incur any liability or other obligation.

g. Sign. Upon request by Purchaser, Seller shall permit Purchaser, at Purchaser's sole cost and expense, to erect a sign on the Property advertising the proposed development of Purchaser's intended project; provided, however, Purchaser shall not post any signs on the Property during the Feasibility Period (as extended, if applicable) except as may be required by any local, state, or federal laws or regulations.

h. Payments. Seller shall make any and all payments due and owing with respect to the Property, including without limitation, real estate taxes, assessments, and payments for materials and materialmen, by the due date for

such payment and will, upon Purchaser's request, deliver to Purchaser evidence reasonably satisfactory to Purchaser of payment thereof.

8. ITEMS TO BE DELIVERED AT CLOSING. At Closing Seller shall deliver the following items to Purchaser or to the Title Company. Drafts of all documents to be executed and delivered at Closing shall be prepared by Purchaser's counsel and submitted to Seller's counsel for review prior to the date of Closing.

a. Statutory Warranty Deed. A duly executed and acknowledged statutory warranty deed, conveying to Purchaser fee title to the Property subject to no encumbrances or defects except for the lien of real property taxes for the current year prorated to the Closing Date and such encumbrances or defects approved or waived by Purchaser as set forth in Sections 5(c) and 5(d).

b. Title Policy. The Title Company shall provide an ALTA owner's extended coverage policy of title insurance, Form B 1970 (revised 10/17/70), with survey and legal lot endorsements, insuring that fee title to the Property (together with any access easements) is vested in Purchaser, subject to no defects or encumbrances except for the lien of real property taxes for the current year and such matters as approved or waived by Purchaser as set forth in Sections 5(c) and 5(d). The policy of title insurance shall be written in the amount of the Purchase Price. Purchaser will procure at its expense, if the Title Company requires, a survey sufficient to obtain the ALTA owner's extended coverage policy of title insurance.

c. Other Documents. All other documents or instruments that may be necessary or desirable to render this Agreement and the transaction contemplated herein legally and practically effective.

9. CONDITIONS TO CLOSING. The obligation of Purchaser hereunder shall be subject to the fulfillment of the following conditions on or prior to the Closing Date, each of which shall continue as conditions until Closing unless waived by Purchaser. Purchaser may, in Purchaser's sole and absolute discretion, terminate this Agreement at any time by written notice to Seller if any of the conditions set forth in this Section 9 will not be satisfied by the Closing Date. In the event of such termination, the Earnest Money shall be promptly returned to Purchaser.

a. Approval by Purchaser. Receipt and approval by Purchaser of all items and documentation provided herein to be delivered to Purchaser by Seller at Closing.

b. Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct as of the Closing.

c. Performance by Seller. Seller shall have performed all agreements, undertakings and obligations and complied with all conditions required by this Agreement to be performed and/or complied with by Seller.

d. No Change to Property. As of the date of Closing there shall have been no material adverse change in the condition of the Property.

e. Contingencies Satisfied. The contingencies set forth in Section 4 shall have been fulfilled or waived on or before the dates provided for in Section 4.

f. Absence of Moratorium. That no litigation, referendum, moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree has been enacted, adopted, issued or entered or shall be pending or in effect, that could adversely affect the Property, the Project Approvals or Purchaser's ability to develop and operate its intended project.

#### 10. TIME AND PLACE OF CLOSING.

a. Closing Date. Subject to Section 9, Section 10(c), and Section 16(b) of this Agreement, the Closing shall take place on or before the date which is thirty (30) days after all the conditions set forth in Section 4 have been satisfied or waived in writing by Purchaser, on a date selected by Purchaser by not less than ten (10) business days prior notice to Seller (the "Closing Date" or "Closing"). Except as otherwise provided in this Agreement, if Closing does not occur by the Closing Date for any reason other than default by Purchaser, the Earnest Money shall be returned to Purchaser. For purposes of assisting Seller in its timely performance of its obligations under this Agreement and making timely arrangements for an Exchange (as defined in Section 17(o)), Purchaser shall keep Seller apprised of the status of Purchaser's feasibility review (including but not limited to Project Approvals), the anticipated date of Purchaser's satisfaction or waiver of the conditions set forth in Section 4, and the anticipated Closing Date. Without limiting the generality of the preceding sentence, Seller has no obligation to exercise the Termination Agreements according to the last sentence of Section 4(d) until Seller receives Purchaser's written notice of satisfaction or waiver of the conditions set forth in Section 4.

b. Closing Procedure. Closing shall occur at the Seattle office of the Title Company. All documents and instruments required for Closing shall be

delivered to the Title Company at least one day prior to the Closing Date. Funds required for Closing shall be delivered to the Title Company in sufficient time to enable the Title Company to disburse the funds to the persons entitled on the Closing Date. Each party agrees to execute and deliver to the Title Company closing escrow instructions to implement and coordinate the Closing as set forth in this Agreement.

c. Closing Date Extension. Notwithstanding any provision of this Agreement to the contrary:

(i) In the event that Purchaser is prepared to close this transaction pursuant to the terms of this Agreement and has fully performed all of its obligations (including but not limited to the deposit of all documents with Title Company necessary for Purchaser to deposit incident to Closing), and if Seller has not fully performed its obligations hereunder and deposited all documents with Title Company necessary for Closing to timely occur, then Purchaser, in its sole and absolute discretion, and to the exclusion of any other rights and remedies it might otherwise have, may, from time to time, notify Seller that Purchaser extends the Closing Date to such date or dates as Purchaser may elect to provide Seller with the additional time necessary for Seller to fully perform its obligations hereunder, and Purchaser may defer deposit of the balance of the Purchase Price pending Seller's performance. Seller's failure without legal excuse to fully perform by such extended Closing Date(s) shall constitute a default by Seller under this Agreement. However, without Seller's written agreement, Purchaser may not extend the Closing Date under this subsection (i) for more than thirty (30) days after the date for Closing initially established pursuant to Section 10(a).

(ii) In the event that Seller is prepared to close this transaction pursuant to the terms of this Agreement and has fully performed all of its obligations (including but not limited to the deposit of all documents with Title Company necessary for Seller to deposit incident to Closing), and if Purchaser has not fully performed its obligations hereunder and deposited all documents and funds with Title Company necessary for Closing to timely occur, then Seller, in its sole and absolute discretion, and to the exclusion of any other rights and remedies it might otherwise have, may, from time to time, notify Purchaser that Seller extends the Closing Date to such date or dates as Seller may elect to provide Purchaser with the additional time necessary for Purchaser to fully perform its obligations hereunder. Purchaser's failure without legal excuse to fully perform by such extended Closing Date(s) shall constitute a default by Purchaser under this Agreement. However, without Purchaser's written agreement, Seller may not extend the Closing Date under this subsection (ii) for more than thirty (30) days after the date for Closing initially established pursuant to Section 10(a).

(iii) In the event that Seller is prepared to close this transaction pursuant to the terms of this Agreement and has fully performed all of its obligations (including but not limited to the deposit of all documents with Title Company necessary for Seller to deposit incident to Closing), Seller may extend the Closing Date to such date as Seller may elect in order to accomplish a simultaneous Exchange or in order to make arrangements to consummate this sale through a facilitator in order to accommodate a deferred Exchange (as "Exchange" is defined in Section 17(o)), in which case Purchaser may defer deposit of the balance of the Purchase Price until the extended Closing Date but shall perform all other obligations (including but not limited to the deposit of all documents with Title Company necessary for Purchaser to deposit incident to Closing); provided, however, Seller shall notify Purchaser in writing of such election to extend the Closing Date at least five (5) business days prior to the later of the date for Closing initially established pursuant to Section 10(a) or as extended under any other provision or provisions of this Agreement; provided, further, Seller may not extend the Closing Date under this subsection (iii) for more than two (2) weeks after the later of such dates without Purchaser's written agreement.

#### 11. APPORTIONMENTS AND CLOSING COSTS.

a. Proration of Income and Expenses. The following items shall be adjusted or prorated between Seller and Purchaser at the Closing, as of the Closing Date:

(i) Real property taxes and installments on assessments, if any, for the then current tax year relating to the Property shall be prorated. If the Property has received a special use classification for property tax purposes, then Seller shall be responsible for all recapture taxes, if any, and expenses associated with removing the Property from such special use classification. If the Closing occurs before the tax rate is fixed for the then current tax year, the apportionment of taxes shall be made on the basis of the tax rate for the preceding tax year applied to the latest assessed valuation of the Property, and when the tax rate is fixed for the tax year in which the Closing occurs, Seller and Purchaser shall adjust the proration of taxes and, if necessary, refund or pay such sums to the other party as shall be necessary to affect such adjustment; and

(ii) All other income and operating expenses for or pertaining to the Property, including, but not limited to, public utility charges, shall be prorated between Purchaser and Seller as of the Closing Date; provided, however, that Seller and Purchaser hereby waive the services of Title Company in administering the disbursement of closing funds necessary to satisfy unpaid "charges" as such term is defined in RCW 60.80.005.

b. Post-Closing Adjustments. To the extent items are prorated or adjusted at the Closing on the basis of estimates, or are not prorated or adjusted at the Closing pending actual receipt of information upon which such prorations or adjustments are to be based, Purchaser and Seller will, upon a proper accounting, pay to the other such amounts as may be necessary such that Seller will pay all expenses of the Property prior to the Closing Date and Purchaser will pay all expenses of the Property after the Closing Date. If Purchaser receives any bill or invoice which relates to periods prior to the Closing, Purchaser will refer such bill to Seller and Seller agrees to pay, promptly upon receipt, such portion of the bill or invoice as relates to the period prior to the Closing Date for which it is responsible. If Seller does not pay such portion of the bill or invoice in a timely manner, Purchaser may, at its option, pay such portion and Seller shall become liable to Purchaser for Seller's portion of such payment, together with interest at the lesser of: (i) five percent (5%) per annum in excess of the "Prime Rate," and (ii) twelve percent (12%) per annum. If Seller receives any bill or invoice which relates to periods after the Closing, Seller will refer such bill to Purchaser and Purchaser agrees to pay, promptly upon receipt, such portion of the bill or invoice as relates to the period after the Closing Date for which it is responsible. If Purchaser does not pay such portion of the bill or invoice in a timely manner, Seller may, at its option, pay such portion and Purchaser shall become liable to Seller for Purchaser's portion of such payment, together with interest at the lesser of: (i) five percent (5%) per annum in excess of the "Prime Rate," and (ii) twelve percent (12%) per annum. The "Prime Rate" shall be the rate announced as such from time to time by Bank of America or its successor. If there shall be no such announced rate of such bank or its successor, then the "Prime Rate" shall be such equivalent rate as is charged from time to time by major money-center banks. The provisions of this Section survive Closing.

c. Closing Costs. Seller shall pay all closing costs customarily paid by sellers of real property in King County, Washington in connection with Closing, including any real estate excise or transfer tax upon conveyance of the Property, and Seller shall pay the premium for an owner's standard ALTA title policy without the endorsements described in Section 8(b) or any other endorsements, recording fees for the deed from Seller to Purchaser, and one-half of Title Company's closing escrow fee. Purchaser shall pay all closing costs customarily paid by purchasers of real property in King County, Washington in connection with Closing, including one-half of the Title Company's closing escrow fee and title insurance premiums in excess of the amount Seller is to pay as provided in this Section. Notwithstanding the foregoing, Purchaser and Seller shall each pay their own attorneys', accountants' and other professional fees.



d. Lost Rental Income Guaranty. For the period of time commencing on the date that the term of the first of the Existing Leases expires or is earlier terminated in accordance with the terms of the respective Existing Lease and ending on the date of Purchaser's satisfaction or waiver of the contingencies under Section 4 (the "Rental Income Guaranty Period"), Purchaser hereby agrees to partially guaranty Seller's rental income from the Property, subject to the terms and conditions set forth in this Section 11(d). Purchaser shall make monthly payments to Seller in an amount equal to Seven Thousand and 00/100 Dollars (\$7,000.00), plus the monthly prorated amount of Seller's actual annual real property taxes and insurance costs associated with the Property, less the amount the remaining Existing Tenants, if any, are obligated to pay for rent and, if applicable, upon Seller's actual annual real property taxes and insurance costs (regardless of whether such sums are actually paid), and less the amounts actually collected from new tenants for rent and, if applicable, upon Seller's actual annual real property taxes and insurance costs, less Seller's costs and fees, if any, of collection (the "Rental Income Guaranty Payment(s)"). Each such Rental Income Guaranty Payment shall be payable within fifteen (15) days of written notice from Seller to Purchaser of the amount of the respective monthly Rental Income Guaranty Payment, which notice shall include such reasonable documentation as is necessary to establish such amount. For purposes of this Section, if the current sublease between Graham Group (US), Inc., as subtenant, and Wilcox Dairy Farms, L.L.C., as sublandlord, is converted to a direct lease from Seller after expiration of Wilcox lease of part of the Property, then "Existing Tenants" include Graham Group (US), Inc., to the extent of that converted sublease.

## 12. CASUALTY LOSS AND CONDEMNATION.

a. Casualty or Condemnation. If prior to the Closing the Property is damaged as the result of fire or other casualty or there is a loss of the Property by condemnation, Purchaser shall have the option to (i) accept title to the Property without any abatement of the Purchase Price, in which event at the Closing all of the insurance proceeds or condemnation awards shall be assigned by Seller to Purchaser and any moneys theretofore received by Seller in connection with such loss, fire or other casualty shall be paid over to Purchaser after first deducting any expenses of recovering the proceeds (including but not limited to attorneys' fees and costs) and any costs incurred by Seller for repair, replacement, restoration or preservation of the Property and improvements thereon; or (ii) terminate this Agreement, in which event the Earnest Money shall be returned to Purchaser, and thereupon neither party shall have any further liability to the other except to the extent of obligations under this Agreement that survive termination.

b. Settlement. During the existence of this Agreement, Seller shall not settle any fire or casualty loss claims or agree to any award or payment in condemnation or eminent domain or any award or payment in connection with the change in grade of any street, road, highway or avenue in respect of or in connection with the Property without obtaining Purchaser's prior consent in each case which Purchaser shall not unreasonably refuse, delay or condition.

13. SELLER'S REMEDIES

(a) Purchaser's Failure to Close. **SELLER AND PURCHASER HEREBY AGREE THAT THE DAMAGES THAT WOULD BE SUFFERED BY SELLER IN THE EVENT OF A FAILURE BY PURCHASER WITHOUT LEGAL EXCUSE TO CLOSE THE PURCHASE OF THE PROPERTY WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THE EARNEST MONEY REPRESENTS THE REASONABLE ESTIMATE BY THE PARTIES OF THE AMOUNT OF THE DAMAGES THAT SELLER WOULD SUFFER BY REASON OF PURCHASER'S DEFAULT. PURCHASER AND SELLER UNDERSTAND AND AGREE THAT THE VALUE OF PROPERTY IS SUBJECT TO CHANGE BY REASON OF GENERAL ECONOMIC CONDITIONS, THE LOCAL REAL ESTATE MARKET, THE AVAILABILITY OF MORTGAGE FINANCING, AND OTHER FACTORS BEYOND THE CONTROL OF PURCHASER AND SELLER, AND THAT THE EARNEST MONEY IS A REASONABLE LIQUIDATED DAMAGE AMOUNT UNDER THE EXISTING CIRCUMSTANCES. ACCORDINGLY, IN THE EVENT ESCROW DOES NOT CLOSE BECAUSE OF A FAILURE BY PURCHASER WITHOUT LEGAL EXCUSE TO CLOSE THE PURCHASE OF THE PROPERTY, SELLER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT BY NOTICE TO PURCHASER AND RECEIVE AND RETAIN THE EARNEST MONEY AS LIQUIDATED DAMAGES, AND NOT AS A PENALTY OR FORFEITURE, AS SELLER'S SOLE AND EXCLUSIVE REMEDY FOR SUCH FAILURE. PURCHASER AND SELLER SHALL SIGN BELOW THIS PARAGRAPH INDICATING THEIR AGREEMENT TO THE LIQUIDATED DAMAGE CLAUSE HEREIN CONTAINED.**

SELLER

PURCHASER

E.P.J. [Signature]

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(b) Seller's Remedies for Surviving Matters. In the event of Purchaser's breach of its obligations under Sections 11(d), 16(a), 17(d), or any Section that expressly survives Closing or earlier termination of this Agreement, Seller shall have the right to pursue all rights and remedies now or hereafter available at law or in equity or by statute, including but not limited to enforcing specific performance of this Agreement and bringing suit for monetary damages. Each remedy available to

Seller shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The provisions of this Section survive Closing and also survive any earlier termination of this Agreement.

14. PURCHASER'S REMEDIES. In the event of Seller's breach of this Agreement, Purchaser shall have the right to pursue all rights and remedies now or hereafter available at law or in equity or by statute, including, but not limited to, enforcing specific performance of this Agreement and bringing suit for monetary damages. Additionally, in the event of such breach by Seller before or at Closing and without waiving any other rights or remedies, Purchaser shall have the right to terminate this Agreement by notice to Seller (subject, however, to any applicable cure period provided in this Agreement), and upon such notice of termination the Earnest Money shall be returned to Purchaser. Each remedy available to Purchaser shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Purchaser, at its option, may elect to waive the performance of any condition, contingency or provision in Purchaser's favor or set forth in this Agreement. If any condition to Closing shall not be satisfied, Purchaser, at its option, may terminate this Agreement. In the event of such termination, the Earnest Money shall be returned to Purchaser. The provisions of this Section survive Closing and also survive any earlier termination of this Agreement.

15. NOTICES. All notices, demands, consents, approvals and other communications which are required or desired to be given by either party to the other hereunder shall be in writing and shall be hand delivered or sent by a nationally recognized overnight delivery service with delivery charges prepaid or United States registered or certified mail, postage prepaid, return receipt requested, addressed to the appropriate party at its address set forth below, or at such other address as such party shall have last designated by notice to the other. Notices, demands, consents, approvals, and other communications shall be deemed given when delivered personally, the first business day after being sent by a nationally recognized overnight delivery service or three (3) business days after mailing.

To Seller:                    Teel, Madden and Vander Pol  
   c/o Daryl Vander Pol  
   420 N.E. 72nd St.  
   Seattle, Washington 98115

With a copy to: Mr. James E. Hadley  
Ryan, Swanson & Cleveland PLLC  
1201 Third Avenue, Suite 3400  
Seattle, Washington 98101

To Purchaser: Touchstone Corporation  
2025 First Avenue, Suite 790  
Seattle, WA 98121  
Attention: James D. O'Hanlon

With a copy to: Foster Pepper & Shefelman  
1111 Third Avenue, Suite 3400  
Seattle, Washington 98101  
Attention: Thomas J. Parkes

The provisions of this Section survive Closing and also survive any earlier termination of this Agreement.

16. ACCESS AND POSSESSION.

(a) Prior to Closing. Subject to the conditions specified in this Section 16(a), Purchaser and its agents or representatives shall have the right to enter upon the Property at any reasonable time during the Feasibility Period and, provided Purchaser satisfies or waives the conditions specified in Sections 4 and 5, prior to the Closing Date for the purpose of verifications of information and conducting investigations, tests and studies, including without limitation, soils tests, borings and hazardous waste studies, and seeking Project Approvals. During such period Seller shall furnish to Purchaser all information concerning the Property that Purchaser may reasonably request that Seller has in its possession or under its control. The conditions to Purchaser's access to the Property are:

(i) Purchaser shall obtain and maintain in full force and effect Commercial General Liability Insurance (including contractual liability coverage) written on an occurrence form with a minimum limits of \$2,000,000 General Aggregate and \$1,000,000 each occurrence and Automobile Liability Insurance, including owned, non-owned and hired vehicles, with a minimum of \$1,000,000 combined single limit. Each of the policies described in this Section shall: (1) provide that the policy limits may not be reduced, the terms of the policy otherwise changed, and the policy cannot be canceled without at least thirty (30) days' prior written notice to Seller; (2) be written by an insurance company that is reasonably acceptable to Seller; and (3) contain a waiver of the insurer's rights to subrogate against Seller. Within ten (10) business days after the Effective Date and not less than thirty (30) days before expiration or earlier cancellation of each policy of insurance described in this Section, Purchaser shall furnish Seller a

Certificate of Insurance for each of the policies described in this Section, including any replacements or renewals thereof, which certificates shall be executed by the insurer and evidence the required coverage. The coverage and limits required in this Section do not in any way limit Purchaser's liability under this Agreement.

(ii) Purchaser shall give Seller reasonable prior notice of (1) the name, address, and telephone number of any architects, engineers, surveyors, contractors, subcontractors, consultants, analysts and other third party agents engaged by Purchaser to assist Purchaser in its feasibility review of the Property that require access to the Property for the purposes described in Section 16(a) or any other purpose for which Purchaser is permitted access to any part of the Property and (2) the time and date such access is requested and, to the extent access is requested to portions of the Property leased to tenants, Purchaser shall in addition comply with the provisions of Section 16(a)(iii).

(iii) For any space which is occupied by a tenant, Purchaser shall make appropriate arrangements with Seller for Purchaser's access thereto and Purchaser shall take all reasonable steps needed to protect the tenants' property and to avoid unnecessarily or unreasonably disturbing the tenants or their respective businesses during Purchaser's access. Purchaser shall give Seller not less than three (3) business days prior notice of Purchaser's desired access to any portion of the Property occupied by a tenant.

(iv) Purchaser shall pay when due all costs and expenses incurred by or on behalf of Purchaser in connection with Purchaser's feasibility review and/or access to the Property or any part thereof. To the extent any part of the Property or improvements thereon is damaged or destroyed in the course of, incident to or as the result of any act or omission of Purchaser (or any of its directors, officers, managers, employees, other agents, architects, engineers, surveyors, contractors, subcontractors, consultants, analysts or other third party agents), then on Seller's demand Purchaser shall at its expense and as promptly as possible restore the Property and improvements thereon to at least the same condition as immediately before such damage or destruction. Purchaser shall hold Seller and the Property harmless from, and indemnify and defend Seller and the Property against, all cost, damages, expense, liability, lien, and claims incurred by or asserted against Seller or the Property in any way arising from or related to any act or omission of Purchaser (or any of its directors, officers, managers, employees, other agents, architects, engineers, surveyors, contractors, subcontractors, consultants, analysts and third party agents). In the preceding sentence, "expense" includes but is not limited to attorneys fees and costs. The scope of Purchaser's obligation under the preceding sentence includes but is not limited to any claims asserted by Purchaser's employees and, to that extent but solely for the benefit of Seller, Purchaser hereby waives any and all immunity to

which Purchaser might otherwise be entitled under the provisions of Title 51, Revised Code of Washington. The provisions of this Section survive Closing and also survive any earlier termination of this Agreement.

(b) At Closing. Full possession of the Property shall be delivered to Purchaser by Seller at Closing. In the event a tenant or any other third party retains possession of all or any portion of the Property, the Closing Date shall be extended for such period as is reasonably necessary for the thirty (30) day period of the applicable termination agreement to expire and, if required, for such additional period as is reasonably necessary for Seller to obtain and enforce an unlawful detainer order against such party. The costs and expenses of any such unlawful detainer action, including the enforcement thereof, shall be paid by Seller. Seller shall take immediate and continuous action and shall exercise all reasonable due diligence to commence, prosecute, and enforce any such unlawful detainer action.

#### 17. MISCELLANEOUS.

a. Entire Agreement - No Oral Modifications. This Agreement and the exhibits hereto constitute the final and complete agreement, and supersede all prior correspondence, memoranda or agreements between the parties relating to the subject matter hereof. This Agreement cannot be changed or modified other than by a written agreement executed by both parties.

b. Successors Bound. Subject to the restrictions on assignment contained in Section 17(c), the provisions of this Agreement shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors, and assigns.

c. Assignment. Purchaser shall be entitled to assign Purchaser's interest under this Agreement without Seller's consent to an affiliate of Purchaser provided that notwithstanding such assignment Purchaser shall remain jointly and severally liable with the assignee on all of Purchaser's obligations under this Agreement and provided that not later than five (5) business days after such assignment Purchaser shall deliver to Seller true, complete and legible copies of all documents evidencing such assignment and such documents as may be reasonably required to evidence that the assignee is an affiliate of Purchaser. An "affiliate of Purchaser" is an entity controlled by Purchaser or its shareholders and in which Purchaser or its shareholders have a substantial ownership interest. None of Purchaser's rights or obligations under this Agreement are otherwise assignable without Seller's prior written consent and any such attempted other assignment without such consent shall be null and void except that Seller may at its election

treat such attempted assignment as a material breach of Purchaser's obligations under this Agreement which cannot be cured.

d. Brokers. Seller and Purchaser each represent and warrant to the other that no real estate agent or broker was involved in negotiating the transaction contemplated herein except for James Klinger of GVA Kidder Mathews ("Purchaser's Broker"), whose commissions of One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) shall be paid at Closing one-half (1/2) by Seller and one-half (1/2) by Purchaser. In the event any other claims for real estate commissions, fees or compensation (collectively "Compensation") arise in connection with this transaction, the party whose acts allegedly gave rise to such claims shall indemnify, defend and hold harmless the other party from any claims, losses, damages and expenses, including attorneys' fees, asserted against or incurred by said other party because of said claims. Neither Purchaser nor Seller shall have any liability to Seller's Broker or Purchaser's Broker if this transaction should fail to close for any reason whatsoever.

e. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Washington.

f. Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

g. Attorneys' Fees. In the event that either party hereto brings an action or a proceeding for a declaration of the rights of the parties under this Agreement, for injunctive relief, or for an alleged breach or default of this Agreement, or any other action arising out of this Agreement or the transactions contemplated hereby, the prevailing party in any such action shall be entitled to an award of reasonable attorneys' fees and costs incurred in such action or proceeding, in addition to any other damages or relief awarded, regardless of whether such action proceeds to final judgment. "Action" includes appeals and also includes arbitration agreed to by the parties or required by law or court rule.

h. Severability. If any term or provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each remaining term and provision shall be valid and enforced to the fullest extent permitted by law.

i. Captions. The captions of this Agreement are inserted solely for convenience of reference only and do not define, describe or limit the scope or intent of this Agreement or any term hereof.

j. Exhibits. All exhibits attached hereto are hereby incorporated herein by reference and made a part hereof.

k. Construction. Seller and Purchaser acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement (including the exhibits) or any amendments thereto, and the same shall be construed neither for nor against Seller or Purchaser, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.

l. Purchaser's Approval Rights. Whenever in this Agreement Purchaser is deemed to disapprove of a particular matter or a condition is deemed not to be satisfied by reason of Purchaser's failure to approve of the same or to acknowledge that the same is satisfied, Seller shall have no right to conclusively deem Purchaser to have disapproved of such matter or to deem such condition not to be satisfied or waived, unless and until Seller gives notice to Purchaser that Seller intends to deem such matter disapproved, or to deem such condition not to be satisfied or waived, as of the date which is five (5) days after such notice is given. If Purchaser fails to approve of, satisfy or waive the matter in question or fails to acknowledge that the condition in question is approved, satisfied or waived by Purchaser, as the case may be, within such five (5) day period, the matter or condition in question shall thereafter be conclusively deemed to be disapproved or not satisfied and not waived.

m. Computation of Time. If the time for performance of any provision of this Agreement ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended until 5:00 p.m. Pacific Time (daylight or standard, as applicable) on the next day which is not a Saturday, Sunday or federal, state or legal holiday.

n. Exclusive Agreement. From and after the date of this Agreement, and for the duration of this Agreement, Seller shall not negotiate with third parties for transfer of any interest in the Property, whether as a back-up offer or otherwise.

o. Like-Kind Exchange. Seller may consummate the sale of the Property as part of a so-called like kind exchange either concurrently with the Closing under this Agreement or on a deferred basis (the "Exchange") pursuant to §1031 of the Internal Revenue Code (the "Code"), provided that: (a) except as



provided in Section 10(c)(iii), the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to Seller's obligations under this Agreement; and (b) Seller shall pay any additional costs or expenses that would not otherwise have been incurred by Seller or Purchaser had Seller not consummated its sale through the Exchange. Seller shall indemnify and defend Purchaser and hold Purchaser harmless from and against any and all claims, damages, liabilities, losses, costs and expenses, including, without limitation, attorneys' fees and costs, arising out of or in any way connected with the Exchange that Purchaser would not have incurred but for the Exchange.

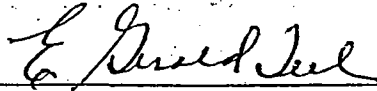
p. Survival. The provisions of Sections 17(a) through 17(m) shall survive Closing and shall also survive any earlier termination of this Agreement. The provisions of Section 17(o) shall survive Closing.

[Signatures on the following page.]

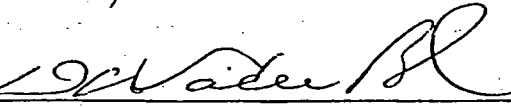
DATED as of the day and year first set forth above.

SELLER:

TEEL, MADDEN AND VANDER POL,  
a Washington general partnership

By:   
E. Gerald Teel, a general partner


By:   
Rodney S. Madden, a general partner

By:   
Daryl Vander Pol, a general partner

[SELLER TO INITIAL SECTION 13]

PURCHASER:

TOUCHSTONE CORPORATION,  
a Washington corporation

By:   
Print Name: James D. O'Hanlon  
Its: VP

[PURCHASER TO INITIAL SECTION 13]

**EXHIBIT A**

**Legal Description of Property**

The North 350 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of Section 19, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington; EXCEPT the West 45 feet thereof, conveyed to King County for Aurora Avenue North by deed recorded under King County Recording Number 571790; AND EXCEPT THE North 50 feet of the West 255 feet thereof; AND EXCEPT the South 175 feet of the North 225 feet of the West 200 feet of that portion of the North 250 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of said Section 19, lying East of the Easterly margin of Aurora Avenue North, as established by deed recorded under King County Recording Number 571790.

**EXHIBIT B**

**Sketch of Property**

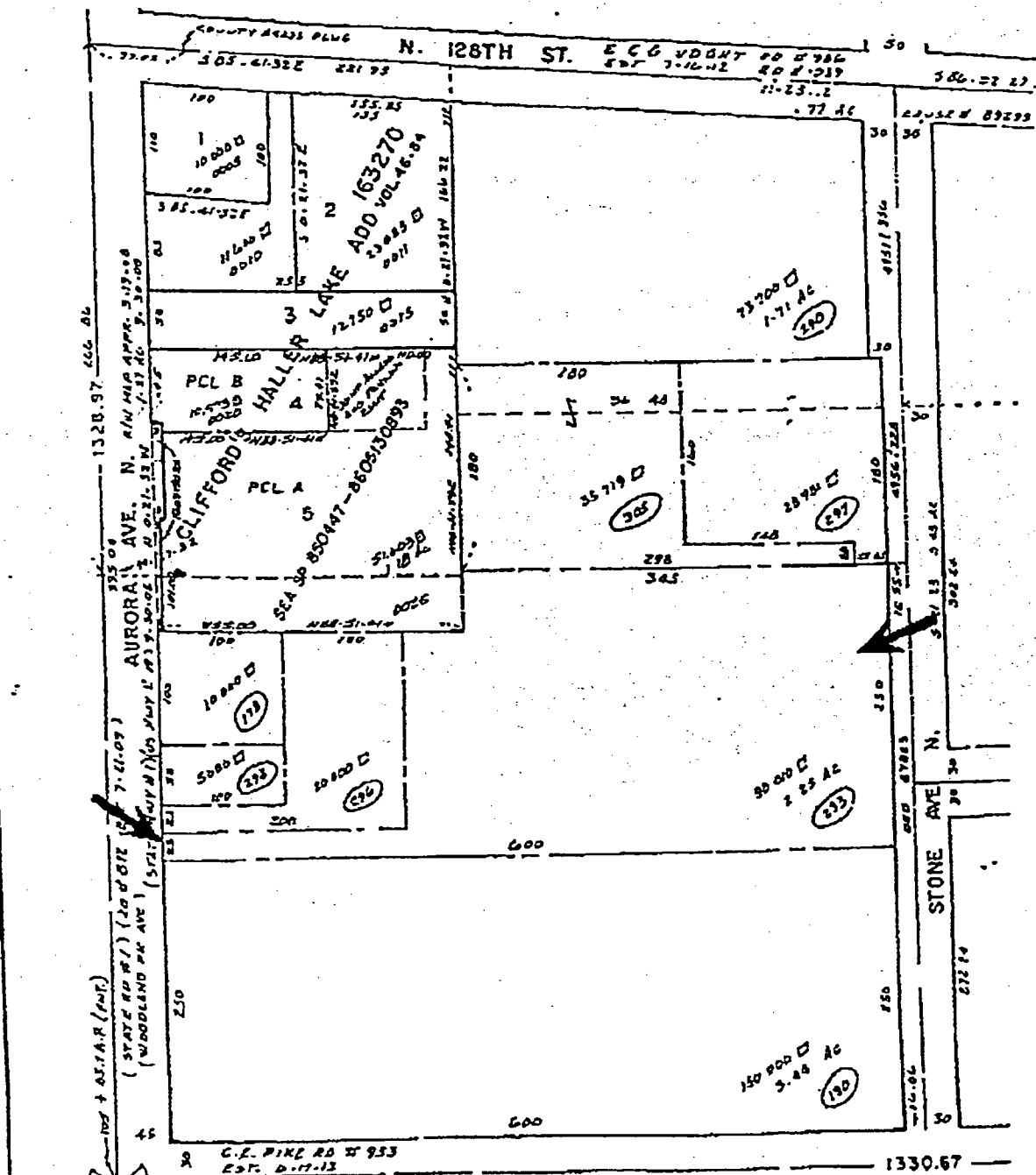
**[See Attached 1 Page.]**

06-17-2004 10:30 From-VITAMILK DAIRY INC  
1800 COLUMBIA CENTER, 704 P. 2310 AVENUE, ...

2065220844

T-798 P 802/002 F-917

IMPORTANT: This is not a Survey. It is furnished as a convenience to locate the land indicated hereon with reference to streets and other land. No liability is assumed by reason of reliance hereon.



**EXHIBIT C**

**Earnest Money Promissory Note**

\$100,000.00

\_\_\_\_\_, 2004

FOR VALUE RECEIVED, the undersigned (who is also referred to herein as "Purchaser") promises to pay in lawful money of the United States of America to the order of First American Title Insurance Company, as escrow ("Esc row"), the principal sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) as earnest money in connection with a Purchase and Sale Agreement ("Agreement") of even date between the maker of this note as Purchaser and Teel, Madden and Vander Pol, a general partnership, as Seller, without interest thereon, payable in accordance with the terms and conditions of Section 2(c) and 2(e) of the Agreement.

In the event the Agreement is properly terminated in accordance with its terms, this promissory note shall be void and of no further force or effect.

This Note shall bear interest at the rate of twelve percent (12%) per annum if not paid when due. If this Note shall be placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, the undersigned promises to pay the holder's reasonable attorneys' fees and costs.

Upon payment of this Note, the amounts so paid shall be deposited with First American Title Insurance Company at its Seattle, Washington office ("Esc row Holder") to be held as the Earnest Money in accordance with the terms of the Agreement.

**PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

**MAKER:**

TOUCHSTONE CORPORATION, a  
Washington corporation

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

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

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

### FIRST AMENDMENT TO PROPERTY PURCHASE AGREEMENT

This First Amendment To Property Purchase Agreement ("First Amendment") is made and entered into this 30 day of July, 2004 by and between **TEEL MADDEN AND VANDER POL**, a Washington general partnership ("Seller") and **TOUCHSTONE CORPORATION**, a Washington corporation ("Purchaser").

Seller and Purchaser are the parties to that Property Purchase Agreement dated June 22, 2004 ("Agreement") that, subject to conditions therein specified, provides for the purchase and sale of real property located at 12526 Aurora Avenue North, Seattle, Washington. The parties make this First Amendment in order to correct the legal description of the property subject of the Agreement.

Therefore, the parties agree as follows:

1. Legal Description Corrected. Exhibit A of the Agreement is hereby deleted and replaced in its entirety by Exhibit A (Revised) attached to this First Amendment.

2. Ratification. The parties ratify and confirm that the Agreement as amended hereby remains in full force and effect.

Wherefore the parties have executed this First Amendment as of the day and date first above written.

Teel Madden & Vander Pol

Touchstone Corporation

By E. Gerald Teel  
E. Gerald Teel, a general partner

By Douglas Howe  
Name DOUGLAS HOWE  
Its PRESIDENT

By Rodney S. Madden  
Rodney S. Madden, a general partner

By Daryl Vander Pol  
Daryl Vander Pol, a general partner

**EXHIBIT A (REVISED)**Legal Description of Property

The North 250 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of Section 19, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington; EXCEPT the West 45 feet thereof, conveyed to King County for Aurora Avenue North by deed recorded under King County Recording Number 571790; AND EXCEPT THE North 50 feet of the West 255 feet thereof; AND EXCEPT the South 175 feet of the North 225 feet of the West 200 feet of that portion of the North 250 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of said Section 19, lying East of the Easterly margin of Aurora Avenue North, as established by deed recorded under King County Recording Number 571790.



## SECOND AMENDMENT TO PROPERTY PURCHASE AGREEMENT

This Second Amendment To Property Purchase Agreement ("Second Amendment") is made and entered into this 20 day of October, 2004, by and between **TEEL MADDEN AND VANDER POL**, a Washington general partnership ("Seller"), and **TOUCHSTONE CORPORATION**, a Washington corporation ("Purchaser").

Seller and Purchaser are the parties to that Property Purchase Agreement dated June 22, 2004, as amended by that certain First Amendment to Property Purchase Agreement dated July 30, 2004 ("Agreement") that, subject to conditions therein specified, provides for the purchase and sale of real property located at 12526 Aurora Avenue North, Seattle, Washington.

The parties make this Second Amendment in order to extend the initial Feasibility Period under Section 4 of the Agreement, subject to the terms and conditions of this Second Amendment.

Therefore, the parties agree as follows:


1. Extension of Feasibility Period. Section 4 of the Agreement is hereby amended to provide that the initial Feasibility Period shall expire on March 12, 2005.
2. Extension Payments. Section 4(e) of the Agreement is hereby amended to provide that the first Extension Payment shall be deemed to be a partial conversion of the Earnest Money promissory note, shall be treated as part of the Earnest Money for all purposes under this Agreement, and shall be applicable to the Purchase Price at Closing, and that the second, third, and fourth Extension Payments shall be solely in consideration of the second, third, and fourth Extension Periods, shall not be part of the Earnest Money, shall not be refundable to Purchaser, except in the event of a failure to close under this Agreement as a result of a Seller default, shall not be applicable to the Purchase Price, and shall be immediately released by Title Company to Seller.
3. Termination Payment. In the event Purchaser (a) elects to exercise its right to extend the Feasibility Period pursuant to Section 4(e) of the Agreement and (b) at any time subsequent to the commencement of the first Extension Period terminates the Agreement, then Purchaser shall be obligated to pay to Seller a termination fee in the amount of Twenty-Five Thousand and 00/100 U.S. Dollars (\$25,000.00) (the "Termination Fee"). The Termination Fee shall be due and payable upon Purchaser's termination of the Agreement; provided, however, Purchaser shall have no obligation to pay the Termination Fee to Seller in the event of a failure to close under this Agreement as a result of a Seller default.
4. Ratification. The parties ratify and confirm that the Agreement as amended hereby remains in full force and effect.

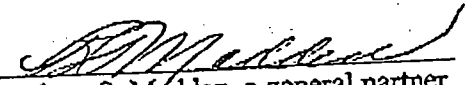
Wherefore the parties have executed this Second Amendment as of the day and date first above written,

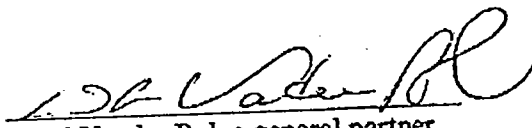
Teel Madden & Vander Pol

Touchstone Corporation

By \_\_\_\_\_  
E. Gerald Teel, a general partner

By   
Name James D. O'Hanlon  
Its VP

By   
Rodney S. Madden, a general partner

By   
Daryl Vander Pol, a general partner

**THIRD AMENDMENT TO  
PROPERTY PURCHASE AGREEMENT**

This Third Amendment To Property Purchase Agreement ("Third Amendment") is made and entered into effective as of the 12<sup>th</sup> day of March, 2005, by and between **TEEL MADDEN AND VANDER POL**, a Washington general partnership ("Seller"), and **TOUCHSTONE CORPORATION**, a Washington corporation ("Purchaser").

Seller and Purchaser are the parties to that Property Purchase Agreement dated June 22, 2004, as amended by that certain First Amendment to Property Purchase Agreement dated July 30, 2004, as further amended by that certain Second Amendment to Property Purchase Agreement dated October 20, 2004 ("Agreement") that, subject to conditions therein specified, provides for the purchase and sale of real property located at 12526 Aurora Avenue North, Seattle, Washington.

The parties make this Third Amendment in order to amend the provisions related to the Termination Fee as were previously set forth in paragraph 3 of the Second Amendment.

Therefore, the parties agree as follows:

1. Extension of Feasibility Period. Seller and Purchaser hereby acknowledge and agree that Buyer has timely exercised the first Extension Period and made the first Extension Payment as provided in paragraph 4(e) of the Agreement.

2. Termination Fee. Seller and Purchaser hereby agree that paragraph 3 of the Second Amendment is deleted in its entirety and that the following provision will govern the payment of a Termination Fee in connection with Buyer's termination of the Agreement, if applicable:

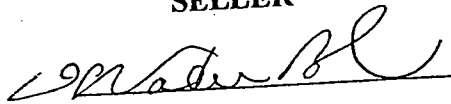
Upon the earlier to occur of (a) the date that Purchaser and King County Metro mutually execute a contract for Purchaser's purchase of the King County Metro property located at 3301 Densmore Avenue North in Seattle, Washington (also known as 1602 N. Northlake Place, Seattle, Washington) (the "King County Metro Property Contract"), or (b) August 12, 2005, (such earlier date being referred to herein as the "Termination Fee Commencement Date"), and if Purchaser terminates the Agreement on or after such Termination Fee Commencement Date, then Purchaser shall be obligated to pay to Seller a termination fee in the amount of Fifty Thousand and 00/100 U.S. Dollars (\$50,000.00) (the "Termination Fee"); provided, however, in no event shall such Termination Fee be payable if Purchaser terminates the Agreement prior to the Termination Fee Commencement Date. Notwithstanding anything to the contrary contained herein, Purchaser shall have no obligation to pay the Termination Fee to Seller in the event of a failure to close under the Agreement as a result of a Seller default.

3. Liquidated Damages. In the event that Purchaser terminates the Agreement at any time before Purchaser enters into the King County Metro Property Contract, and if Purchaser or an affiliate of Purchaser subsequently enters into the King County Metro Property Contract during the two (2) year period after such date of termination, then Purchaser shall be obligated to

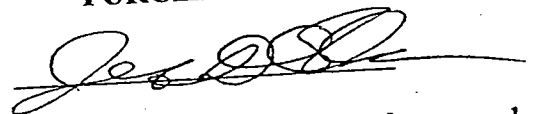
pay to Seller liquidated damages in the amount of One Hundred Fifty Thousand and 00/100 U.S. Dollars (\$150,000.00) (the "Liquidated Damages"). The provisions in this paragraph 3 shall survive the termination of the Agreement. Notwithstanding anything to the contrary contained herein, Purchaser shall have no obligation to pay the Liquidated Damages to Seller in the event of a failure to close under the Agreement as a result of a Seller default.

4. Agreement Regarding Liquidated Damages. SELLER AND PURCHASER HEREBY AGREE THAT THE DAMAGES THAT WOULD BE SUFFERED BY SELLER UNDER THE CIRCUMSTANCES DESCRIBED IN PARAGRAPH 3 ABOVE WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THE "LIQUIDATED DAMAGES" DEFINED IN SUCH PARAGRAPH 3 REPRESENT THE REASONABLE ESTIMATE BY THE PARTIES OF THE AMOUNT OF THE DAMAGES THAT SELLER WOULD SUFFER UNDER SUCH CIRCUMSTANCES. ACCORDINGLY, IN THE EVENT SUCH "LIQUIDATED DAMAGES" ARE PAYABLE AS PROVIDED IN PARAGRAPH 3, SELLER SHALL BE ENTITLED TO RECEIVE AND RETAIN THE "LIQUIDATED DAMAGES" AS LIQUIDATED DAMAGES, AND NOT AS A PENALTY, AS SELLER'S SOLE AND EXCLUSIVE REMEDY. PURCHASER AND SELLER SHALL SIGN BELOW THIS PARAGRAPH INDICATING THEIR AGREEMENT TO THE LIQUIDATED DAMAGE CLAUSE HEREIN CONTAINED.

SELLER



PURCHASER



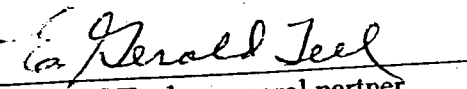
5. Lease Terminations and Other Termination Agreements. Subpart (i) of paragraph 4(d) of the Agreement is hereby amended to substitute "June 30, 2006" for "the date that is sixteen (16) months after the Effective Date of this Agreement".


6. Ratification. The parties ratify and confirm that the Agreement as amended hereby remains in full force and effect.


Wherefore the parties have executed this Third Amendment as of the day and date first above written.

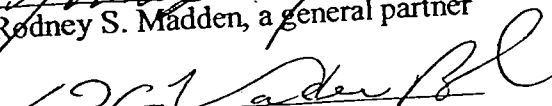
Teel Madden & Vander Pol

Touchstone Corporation

By   
E. Gerald Teel, a general partner

By   
Name James D. O'Hanlon  
Its VP

By   
Rodney S. Madden, a general partner

By   
Daryl Vander Pol, a general partner



**First American Title Insurance Company**  
National Commercial Services  
2101 Fourth Ave., Suite 800, Seattle, WA 98121  
(206) 728-0400 fax: (206) 448-6348

**FAX COVER SHEET**

**DATE:** June 28, 2004

**TO:** Jim Klinger  
GVA Kidder Mathews  
425-451-3058

**TO:** Jim O'Hanlon  
Touchstone Corporation  
206-727-2399

**FROM:** Mary E. Herring  
Escrow Assistant to Jean Couch  
Phn: (206) 615-3019/Fax: (206) 448-6348

THIS FAX CONTAINS 9 PAGES INCLUDING THIS COVER SHEET.

**RE:** Escrow no. 96368JMC  
Teel Madden & Vander Pol / Touchstone Corporation

Please see attached the amended Commitment for Title Insurance (reflecting a change in the legal description) in connection with the above transaction.

If you have any questions, please feel free to contact the undersigned. Thank you very much.

Sincerely,

Mary E. Herring, Escrow Assistant to Jean Couch  
(206) 615-3019 / maherring@firstam.com



### COMMITMENT FOR TITLE INSURANCE

Issued by

### **FIRST AMERICAN TITLE INSURANCE COMPANY**

First American Title Insurance Company, herein called the Company, for valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagor of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of the Commitment or by subsequent endorsement.

This Commitment if preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company. This Commitment shall not be valid or binding until countersigned by an authorized officer or agent.

IN WITNESS WHEREOF, the Company has caused this commitment to be signed and sealed, to become valid when countersigned by an authorized officer or agent of the Company, all in accordance with its By-Laws. This Commitment is effective as of the date shown in Schedule A as "Effective Date."



**First American Title Insurance Company**

By: *Gary L. Kerwell* President

Attest: *Mark R. Arsen* Secretary

By: *Joseph T. Rea* Countersigned



**First American Title Insurance Company  
National Commercial Services**

2101 Fourth Avenue, Suite 800, Seattle, WA 98121  
(206) 728-0400 - FAX (206) 448-6348

Jean Couch  
(206) 615-3118  
jcouch@firstam.com

Mary Herring  
(206) 615-3019  
maherring@firstam.com

Jean Couch  
(206) 615-3118  
jcouch@firstam.com

Mary Herring  
(206) 615-3019  
mherring@firstam.com

To: **GVA Kidder Mathews  
500 108th Avenue NE, Suite 2400  
Bellevue, WA 98004**

File No.: **NCS-96368-WA1**  
Your Ref No.: **Aurora Land**

Attn: **Jim Klinger**

**SCHEDULE A**

1. Commitment Date: June 10, 2004 at 7:30 A.M.

2. Policy or Policies to be issued:

	AMOUNT		PREMIUM		TAX
Standard Owner's Coverage	\$ 3,000,000.00	\$	5,000.00	\$	440.00

Proposed Insured:  
Touchstone Corporation, a Washington Corporation

3. The estate or interest in the land described on Page 2 herein is **Fee Simple**, and title thereto is at the effective date hereof vested in:

Teel, Madden and Vander Pol, a Washington General Partnership

4. The land referred to in this Commitment is described as follows:

The land referred to in this report is described in Exhibit A attached hereto.

Form WA-5 (6/76)  
Commitment

File No.: NCS-96368-WA1  
Page No. 2

## EXHIBIT 'A'

### LEGAL DESCRIPTION:

The land referred to in this policy is situated in the State of Washington, County of King and is described as follows:

The North 250 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of Section 19, Township 26 North, Range 4 East, W.M., in King County, Washington;

Except the West 45 feet thereof, conveyed to King County for Aurora Avenue North by deed recorded under Recording No. 571790;

And Except the North 50 feet of the West 255 feet thereof; and

Except the South 175 feet of the North 225 feet of the West 200 feet of that portion of the North 250 feet of the South 530 feet of the West 645 feet of the Southwest Quarter of the Southeast Quarter of said Section 19, lying East of the Easterly margin of Aurora Avenue North, as established by deed recorded under Recording No. 571790.

Situate in the County of King, State of Washington.



**SCHEDULE B - SECTION 1**  
**REQUIREMENTS**

The following are the Requirements to be complied with:

- Item (A) Payment to or for the account of the Grantors or Mortgagors of the full consideration for the estate or interest to be Insured.
- Item (B) Proper Instrument(s) creating the estate or interest to be insured must be executed and duly filed for record.

**SCHEDULE B - SECTION 2**  
**GENERAL EXCEPTIONS**

The Policy or Policies to be issued will contain Exceptions to the following unless the same are disposed of to the satisfaction of the Company.

- A. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- B. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of person in possession thereof.
- C. Easements, claims of easement or encumbrances which are not shown by the public records.
- D. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
- E. (1) Unpatented mining claims; (2) reservations or exceptions in patents or in acts authorizing the issuance thereof; (3) Water rights, claims or title to water; whether or not the matters excepted under (1), (2) or (3) are shown by the public records; (4) Indian Tribal Codes or Regulations, Indian Treaty or Aboriginal Rights, including easements or equitable servitudes.
- F. Any lien, or right to a lien, for services, labor, materials or medical assistance theretofore or hereafter furnished, imposed by law and not shown by the public records.
- G. Any service, installation, connection, maintenance, construction, tap or reimbursement charges/costs for sewer, water, garbage or electricity.
- H. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires of record for value the estate or interest or mortgages thereon covered by this Commitment.

**SCHEDULE B - SECTION 2**  
**(continued)**  
**SPECIAL EXCEPTIONS**

1. Lien of the Real Estate Excise Sales Tax and Surcharge upon any sale of said premises, if unpaid. As of the date herein, the excise tax rate for the **City of Seattle** is at **1.78%**.  
Levy/Area Code: 0010
  
2. General Taxes for the year 2004.  
Tax Account No.: 192604-9293-02  
Amount Billed: \$ 27,622.45  
Amount Paid: \$ 13,811.23  
Amount Due: \$ 13,811.22  
Assessed Land Value: \$ 2,450,200.00  
Assessed Improvement Value: \$ 1,000.00
  
3. Deed of Trust and the terms and conditions thereof.  
Grantor/Trustor: Teel, Madden and Vander Pol, a Washington General Partnership  
Grantee/Beneficiary: Key Bank of Washington  
Trustee: First American Title Insurance Company  
Amount: \$506,091.78  
Recorded: February 16, 1995  
Recording Information: 9502160817
  
4. Unrecorded leaseholds, if any, rights of vendors and security agreement on personal property and rights of tenants, and secured parties to remove trade fixtures at the expiration of the term.
  
5. Terms, conditions, provisions and stipulations of the Partnership Agreement of **Teel, Madden and Vander Pol, a Washington General Partnership**. A copy of the current agreement and any amendments must be submitted prior to closing. Any conveyance or encumbrance of the Partnership property must be executed by all of the General Partners.
  
6. Title to vest in an incoming owner whose name is not disclosed. Such name must be furnished to us so that a name search may be made.
  
7. Right to make necessary slopes for cuts or fills upon said premises for as granted by deed recorded under recording no. 2561007.
  
8. A document entitled "Releases City of Seattle from all Future Claims for Damages Resulting from Connection to an Existing Side Sewer", executed by and between William S. Bass and Thomesina S. Bass, his wife and City of Seattle recorded June 27, 1961, as Instrument No. 5299940 of Official Records.

**INFORMATIONAL NOTES**

- A. Effective January 1, 1997, and pursuant to amendment of Washington State Statutes relating to standardization of recorded documents, the following format and content requirements must be met. Failure to comply may result in rejection of the document by the recorder.
- B. Any sketch attached hereto is done so as a courtesy only and is not part of any title commitment or policy. It is furnished solely for the purpose of assisting in locating the premises and First American expressly disclaims any liability which may result from reliance made upon it.
- C. The description can be abbreviated as suggested below if necessary to meet standardization requirements. The full text of the description must appear in the document(s) to be insured.

Section 19, Township 26 N. Range 4 E., SW Quarter, SE Quarter.

APN: 192604-9293-02

- D. A fee will be charged upon the cancellation of this Commitment pursuant to the Washington State Insurance Code and the filed Rate Schedule of the Company.

**END OF SCHEDULE B**

Form WA-5 (6/76)  
Commitment

File No.: NCS-96368-WA1  
Page No. 6



***First American Title Insurance Company***  
***National Commercial Services***

**COMMITMENT**  
**Conditions and Stipulations**

1. The term "mortgage" when used herein shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of a defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment, other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act or reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option, may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of Policy or Policies committed for, and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the Policy or Policies committed for and such liability is subject to the Insuring provisions, exclusion from coverage, and the Conditions and Stipulations of the form of Policy or Policies committed for in favor of the proposed Insured which are hereby incorporated by references, and are made a part of this Commitment except as expressly modified herein.
4. Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest or the lien of the Insured mortgage covered hereby or any action asserting such claim, shall be restricted to the provisions and Conditions and Stipulations of this Commitment.

The First American Corporation  
**First American Title Insurance Company**  
**National Commercial Services**  
**PRIVACY POLICY**

**We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

**Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our website at [www.firstam.com](http://www.firstam.com).

**Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

**Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

**Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

**Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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COPY RECEIVED

MAY 01 1995

RODIHAN KEANE

STATE OF WASHINGTON

## DEPARTMENT OF ECOLOGY

Northwest Regional Office, 3190 - 160th Ave S.E. • Bellevue, Washington 98008-3452 • (206) 649-7000

April 26, 1995

Mr Ian A. Rodihan  
Estate of Williams and Thomasena Bass  
c/o Rodihan and Keane  
2410 Columbia Center  
701 Fifth Avenue  
Seattle, Washington 98104

RE: Rick's Auto Wrecking Site - Independent Remedial Action Report.

Dear Mr. Rodihan

Thank you for submitting the results of your independent remedial actions for the Department of Ecology's (Ecology's) review. Ecology appreciates your initiative in pursuing this administrative option under the Model Toxics Control Act (MTCA).

Ecology's Toxics Cleanup Program has reviewed the following information regarding the Estate of Williams and Thomasena Bass known as the "Rick's Auto Wrecking Site" located at 12526 Aurora Avenue North, also addressed as, 12625 Stone Avenue North, Seattle, WA.

1. Independent Remedial Action Report, Vols. I, II, & III, Rick's Auto Wrecking, Seattle, Washington, dated December 9, 1994, by SECOR, Job No. 00240-001-03.

Based upon the above listed information, Ecology has determined at this time, that the site does not pose a threat to human health or the environment as a result of the releases addressed in the above independent remedial action report.

Therefore, Ecology has determined that no further action is necessary at this site under the MTCA, Chapter 70.105D Revised Code of Washington (RCW). This determination is made only with respect to the releases identified in the above remedial action report. Please note that because your remedial actions were not conducted under a consent decree or agreed order with Ecology, this letter is not a settlement by the state under Ch. 70.105D.040(4) RCW.

This no further action determination applies only to the areas of the property at 12526 Aurora Avenue North, also addressed as 12625 Stone Avenue North, Seattle, Washington, affected by the

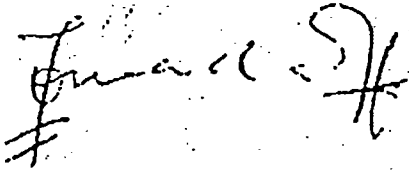
Mr. Ian A. Rodihan  
IRAP: Rick's Auto Wrecking  
April 26, 1995

releases identified in the above report. This no further action does not apply to any other release or potential release at the property, including those releases that may be discovered during any demolition or excavation activities at the property, any other areas on the property, or any other properties owned by the Estate of William and Thomasena Bass.

Ecology does not assume any liability for any release, threatened release or other conditions at the site, or for any actions taken or omitted by any person or his/her agents or employees with regard to the release, threatened release, or other conditions at the site. The property owner and/or operator is responsible for reporting any future release(s) to Ecology in accordance with applicable law. Ecology reserves the right to require further action at the site if new or different information other than that presented in the report becomes known or available.

Please contact me at (206) 649-7112 if you have any questions relating to this letter.

Sincerely,



Nnamdi Madakor  
Hydrogeologist III  
Toxics Cleanup Program  
Northwest Regional Office

NM:nm

cc: Elaine Atkinson, Ecology  
Peter Jewett, SECOR

# **Financial Resources Forms**



## **Financial Resources:**

Touchstone Corporation and its owners, Douglas Howe, Jim O'Hanlon and Shawn Parry (collectively, Touchstone), have a combined net worth sufficient to undertake a project of this magnitude. Touchstone has a strong base of real estate venture partners. These partners include Washington Capital Management (construction trades pension funds - \$20 Million to \$40 Million projects), ORIX Real Estate Equities (\$40 Million to \$100 Million projects), and Prudential Real Estate Investors (\$50 Million to \$200 Million projects). Touchstone is an experienced and successful developer with the proven capability to secure financing and complete projects on schedule and on budget.

The Touchstone owners recently secured a construction loan of \$56 million from Pacific Life Insurance Company for the 9<sup>th</sup> & Stewart Life Sciences Building. Touchstone and Lease Crutcher Lewis, as the general contractor, teamed together to demonstrate to the lender and to Touchstone's equity partner, Prudential, that the construction lender's stringent requirements regarding contingencies, reserves, financial capacity, bonding capacity, and insurance were all satisfied. The contractor can provide any required Performance Bond and both the contractor and Touchstone will provide more than adequate commercial general liability insurance.

The attached letters from our banker and Prudential Real Estate Investors demonstrate our ability to develop the replacement site and the NLUUP site.

Any further documentation or confidential financial statements can be provided if required.

Damian P. Manolis  
Principal  
Prudential Real Estate Investors

Prudential Investments  
4 Embarcadero Center, 27<sup>th</sup> Floor  
San Francisco, CA 94111  
Tel: 415 291-5012 Fax: 415 398-1025  
damian.manolis@prudential.com

May 4, 2005

Mr. Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

Re: North Lake Union Upper Parcel – RFP 202-05 RLD

Dear Mr. Thompson,

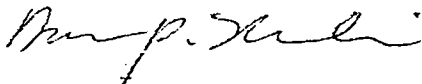
On behalf of Prudential Real Estate Investors (“PREI”), I am pleased to confirm our interest in working with Touchstone Corporation on the County’s RFP for the North Lake Union Upper Parcel.

Prudential is an active participant in real estate developments throughout the West and would be thrilled to participate in another successful project with Touchstone Corporation, with whom we already have a very strong relationship. We recognize that the potential opportunity includes the acquisition of a former maintenance facility and the construction of a replacement facility for the County.

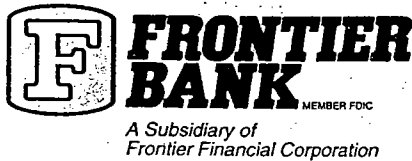
We are available to answer any questions or concerns regarding our interest or our relationship with Touchstone.

Please be advised that a commitment to any real estate investment must be fully approved by PREI’s Investment Management Committee. This letter is not intended to create, nor shall it create, any obligation on the part of Prudential, PREI or its affiliated entities with respect to the proposed opportunity.

Very truly yours,



Damian P. Manolis



May 12, 2005

Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

Subject: North Lake Union Upper Parcel- RFP 202-05RLD

Dear Mr. Thompson,

This is to confirm that Douglas Howe has had a banking relationship with me since 1994. Touchstone Corporation transferred its relationship to Frontier Bank in February 2003. We have a line a credit available to the company in the low seven figure range with zero outstanding at this time. The line has been handled as agreed. If the company needed financing for this project over that amount, we would be very interested in working with the principals to provide it.

We have deposit accounts maintaining recent average balances in the high seven figure range for Touchstone and its related entities. Between the line availability and the balances in the various accounts, the company meets the minimum cash requirements under both Alternative A & B. All accounts have been handled as agreed.

If you have any questions, please feel free to contact me.

Sincerely,

Michael D. Nelson  
Vice President & Manager

# **Performance Specifications Statement**

REQUEST FOR PROPOSALS  
KING COUNTY TRANSIT DIVISION  
NORTH LAKE UNION UPPER PARCEL

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STATEMENT OF COMMITMENT TO PERFORM

The undersigned hereby agrees to adhere and to comply with the requirements stated in the Request For Proposals issued on March 24, 2005 under alternative A:

Under Alternative A, in addition to purchasing the North Lake Union Upper Parcel for a sales price in cash, the successful Proposer must provide as an additional inducement for the sale and **at the Proposer's sole cost**, a turn key Replacement Site and Replacement Facility for King County Metro Transit's existing Maintenance and Repair Facility, which is currently located on the North Lake Union Upper Parcel.

The Facility may be constructed by the Proposer following entry into a Purchase and Sale Agreement, or may be an existing structure that either meets the requirements of this RFP or will be retrofitted by the Proposer to meet the requirements of this RFP.

Following the County's acceptance of the Replacement Site and Facility, ownership of the Replacement Site and Facility will be conveyed to the County by Statutory Warranty Deed and the County will then convey the North Lake Union upper Parcel to the Proposer.

Respondent TOUCHSTONE CORPORATION

Signed: 

DOUGLAS O. HOWE

It's: PRESIDENT

# **NLUUP Project Overview**

## **North Lake Union Upper Parcel Site**

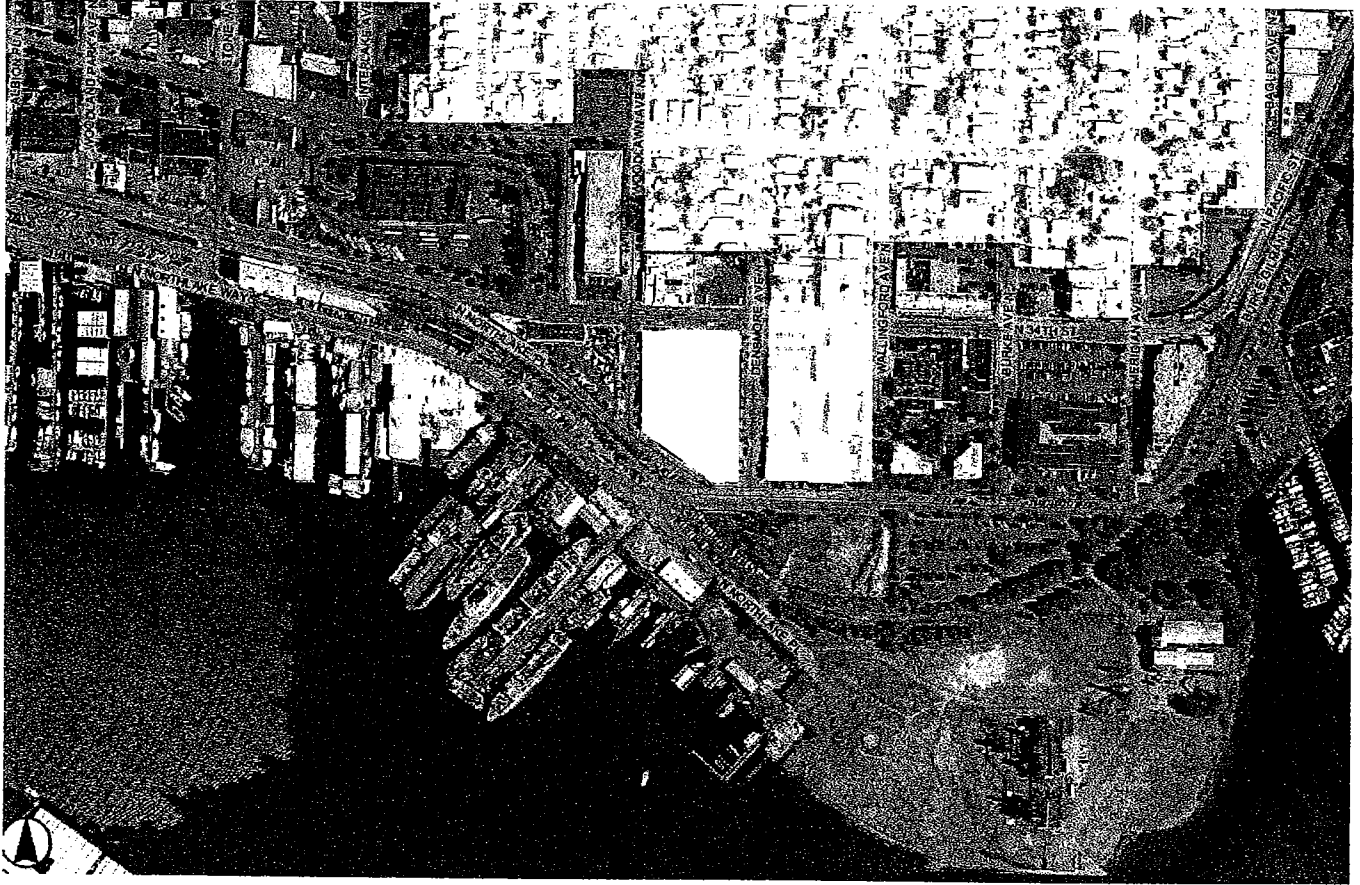
The Touchstone Technology Center is a wonderful opportunity to enhance the South Wallingford Neighborhood and improve this site with the construction of a quality building that positively relates to the existing area and amenities. Our team is committed to designing a contextual building, with community input, that enhances the neighborhood and meets the goals of all stakeholders. We understand the critical issues illustrated in the North Lake Union Master Plan and the South Wallingford Neighborhood Plan.

Our goal will be to strengthen the urban fabric, improve the views, create open space and foster pedestrian interaction. We will study the traffic patterns and pedestrian and bicycle movements to ensure safety and good circulation to and from Gasworks Park and the Burke Gilman Trail.

Each of our projects responds to the specific context with a thorough understanding of the history, existing scale, open space requirements, circulation patterns, zoning, and environmental issues of the neighborhood. We will work with the community groups to understand their goals and make this project a success.

This new technology center will be a great asset to the city and the neighborhood. The potential is great, and we look forward to leading the effort.

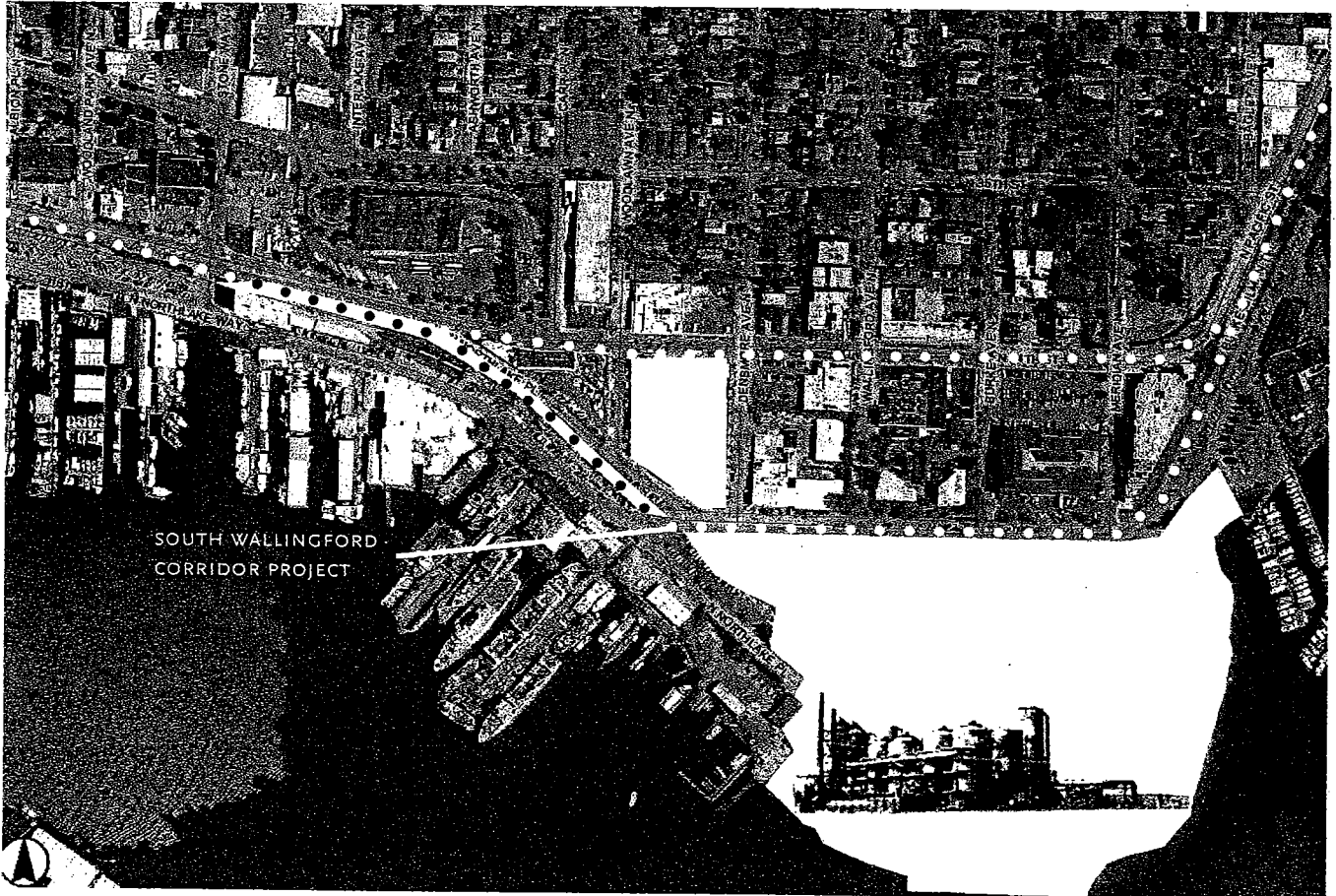
Please reference the attached sketches as a representation of a future development.



## RESIDENTIAL AND COMMERCIAL DEVELOPMENT

HOUSING AND COMMERCIAL DEVELOPMENTS CO-EXIST WITHIN THE SOUTH WALLINGFORD NEIGHBORHOOD. THIS IS A POSITIVE UNION THAT BRINGS A 24 HOUR PRESENCE AND AMENITIES TO THE COMMUNITY.

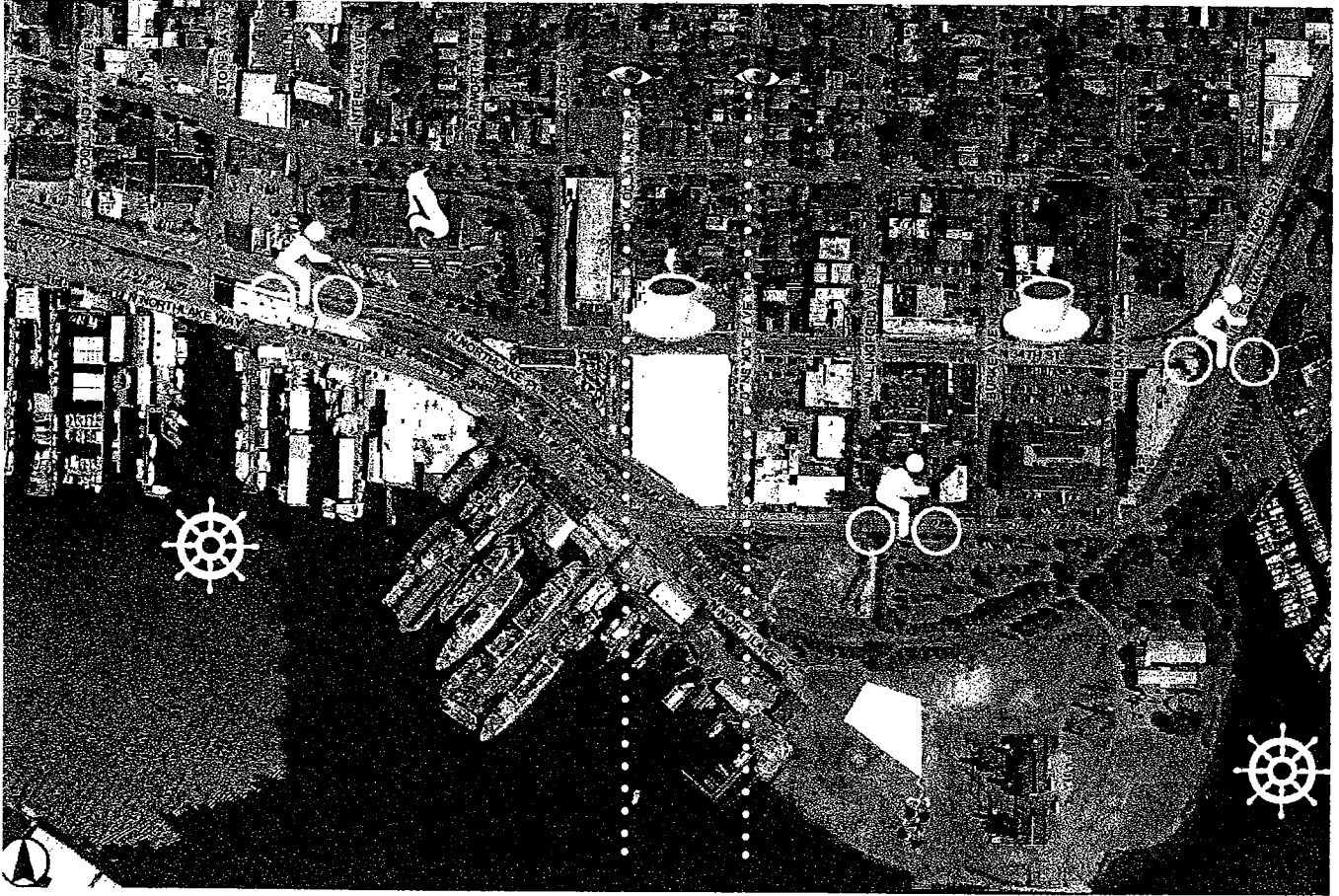




## COMMUNITY SPACE

IN ADDITION TO THE UNION BETWEEN HOUSING AND COMMERCIAL IS ONE OF THE GREATEST PUBLIC GREEN SPACES IN SEATTLE...GASWORKS PARK.

THIS NLUUP SITE IS BORDERED BY THE SOUTH WALLINGFORD CORRIDOR PROJECT WHICH WILL STRIVE TO ACHIEVE THE GOALS OF THE COMMUNITY AND THE USER.



## NEIGHBORHOOD INTEREST

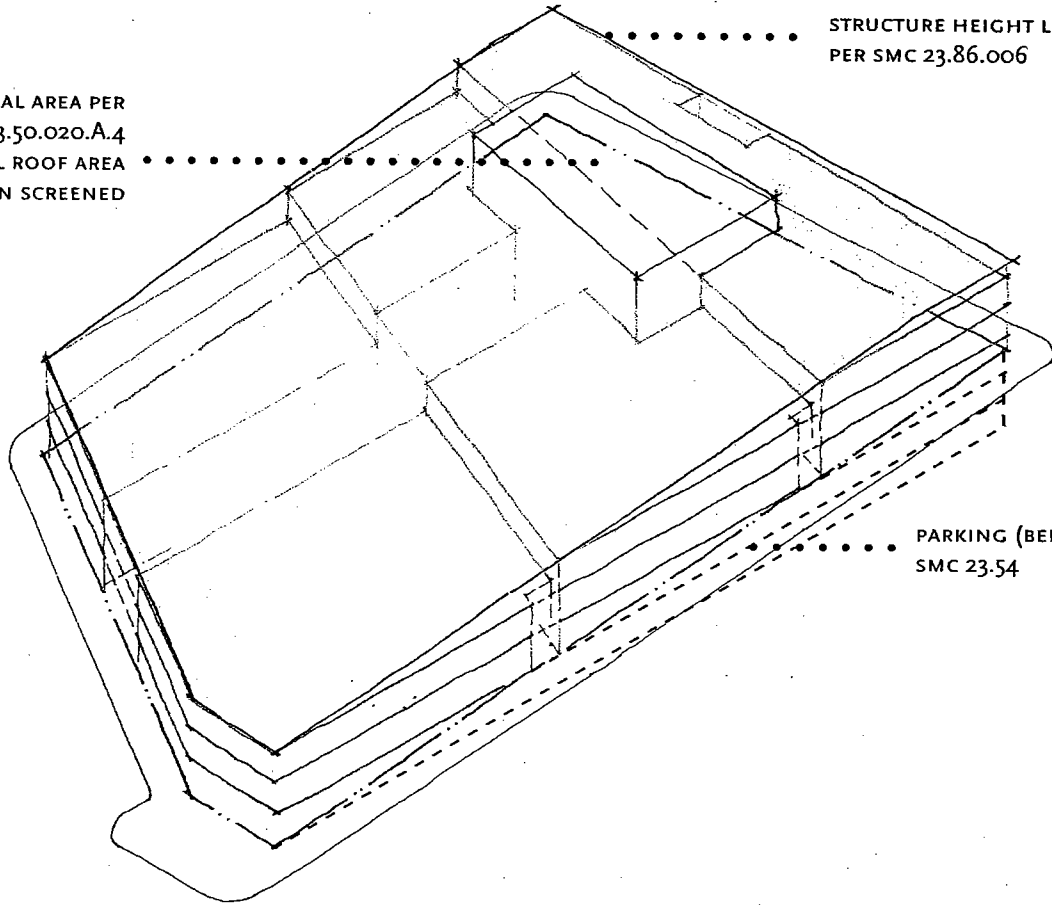
MANY WORLDS CO-EXIST SIMULTANEOUSLY WHICH MAKES SOUTH WALLINGFORD IT'S OWN DISTINCT PLACE.



TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
SITE PARAMETERS

ROOFTOP MECHANICAL AREA PER  
SMC 23.50.020.A.4  
MAX. 25% OF TOTAL ROOF AREA  
WHEN SCREENED

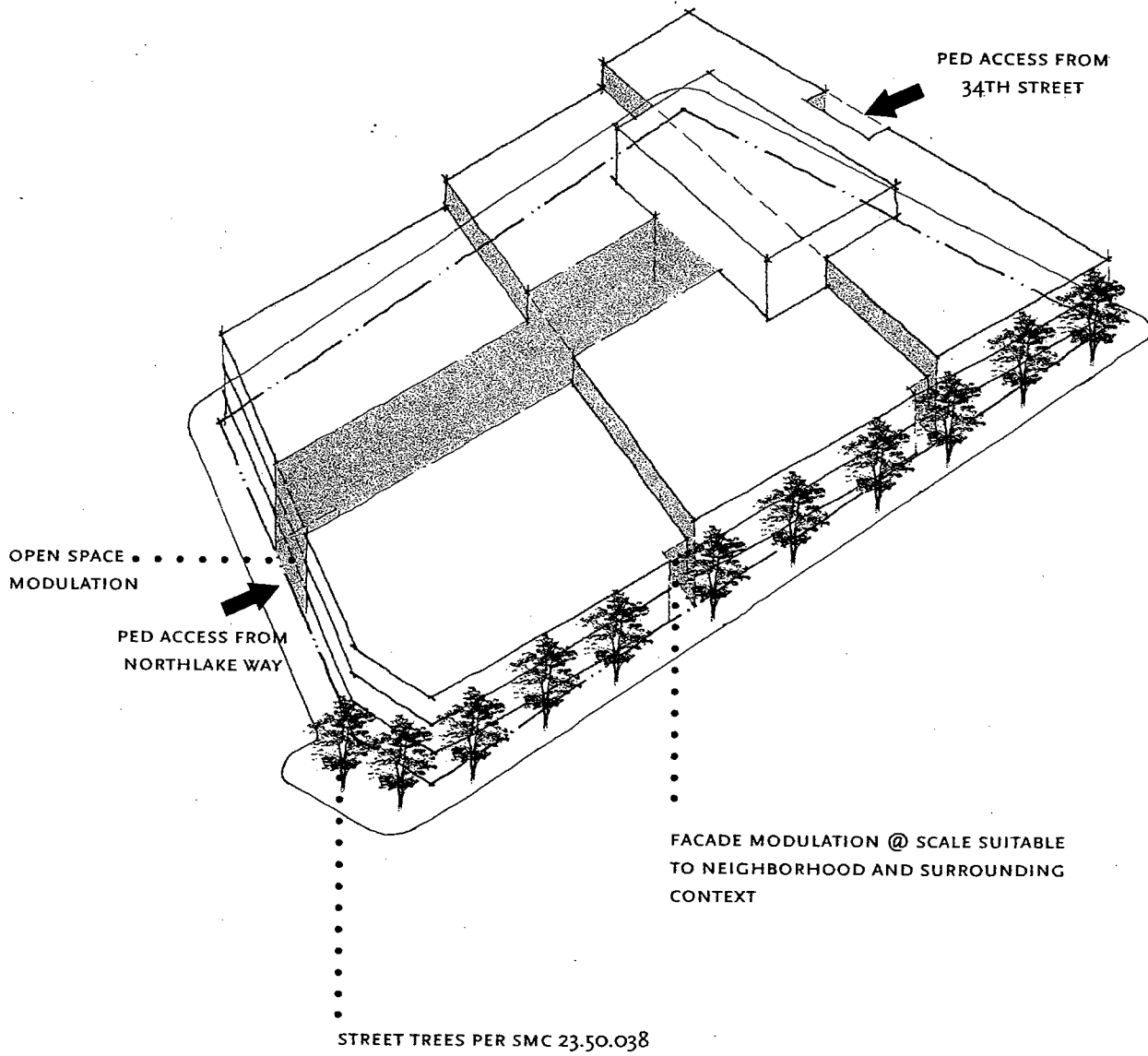
STRUCTURE HEIGHT LIMIT  
PER SMC 23.86.006



PARKING (BELOW GRADE)  
SMC 23.54

ZONING: IC-45  
SITE AREA: 72,893 SF  
FAR: 2.5 (PER SMC 23.50.828)  
MAX. ALLOWABLE ABOVE GRADE FLOOR AREA:  $72,983 \times 2.5 = 182,457\text{SF}$

TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
SITE PARAMETERS

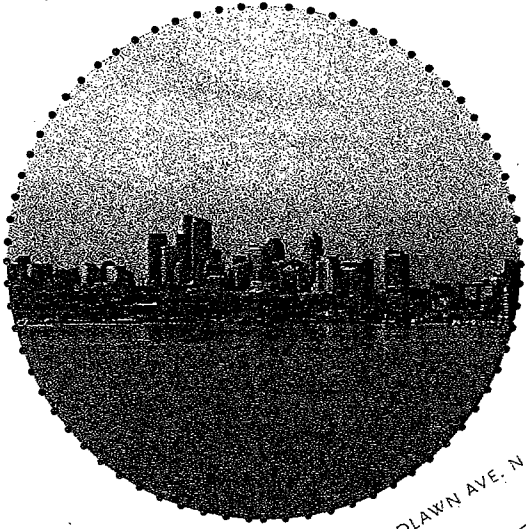


**TOUCHSTONE TECHNOLOGY CENTER**  
**CONCEPT DESIGN**  
**COMMUNITY AMENITIES**

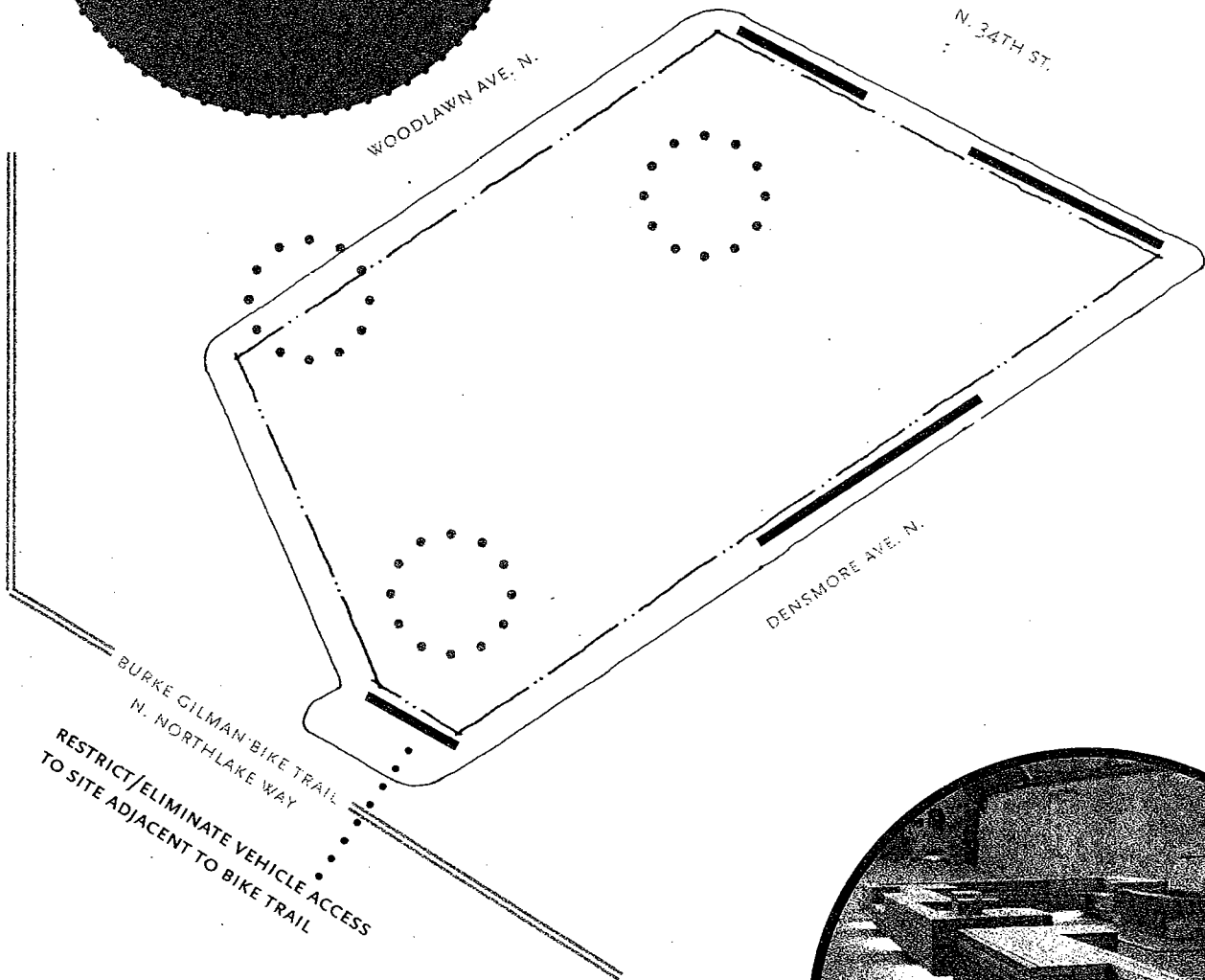
THE INTENTION IS TO BE RESPONSIVE IN REGARDS TO TRAFFIC, FREIGHT, PARKING, UTILITIES, DRAINAGE, OPEN SPACE, AND BICYCLE AND PEDESTRIAN MOBILITY AND SAFETY



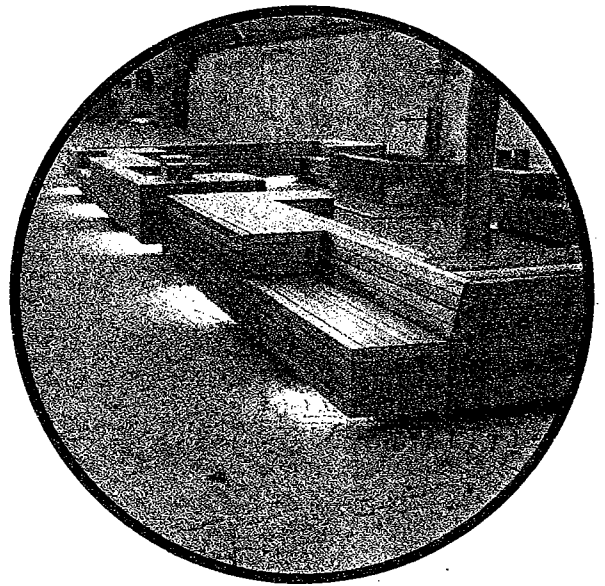
TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
COMMUNITY AMENITIES



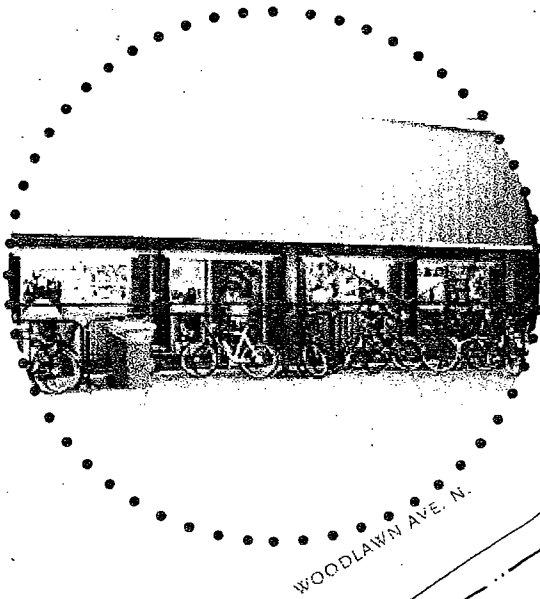
POTENTIAL VIEWING PLATFORM AREA  
PER KING COUNTY METRO SPECIFICATIONS



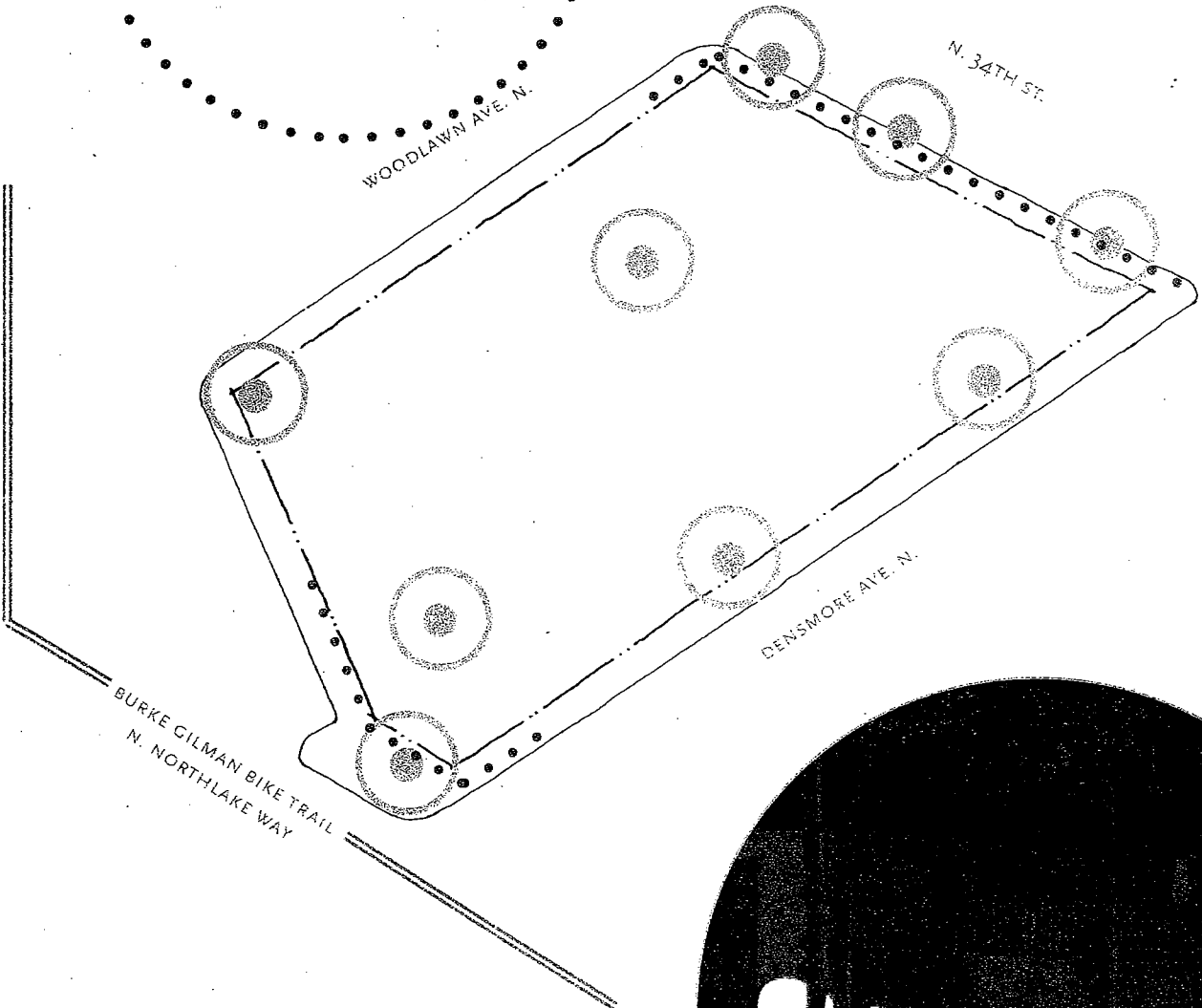
PUBLIC BENCHES



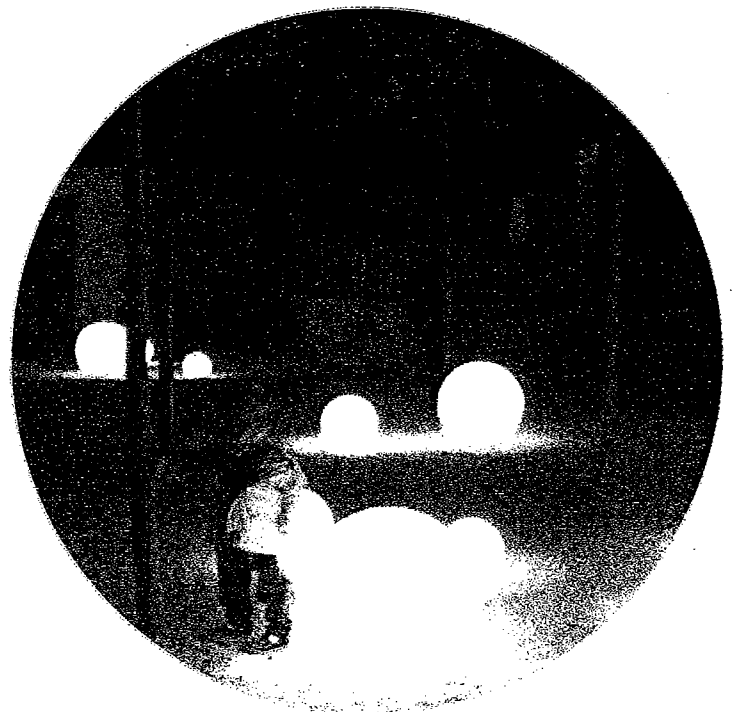
TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
COMMUNITY AMENITIES



BIKE RACKS



LIGHTING

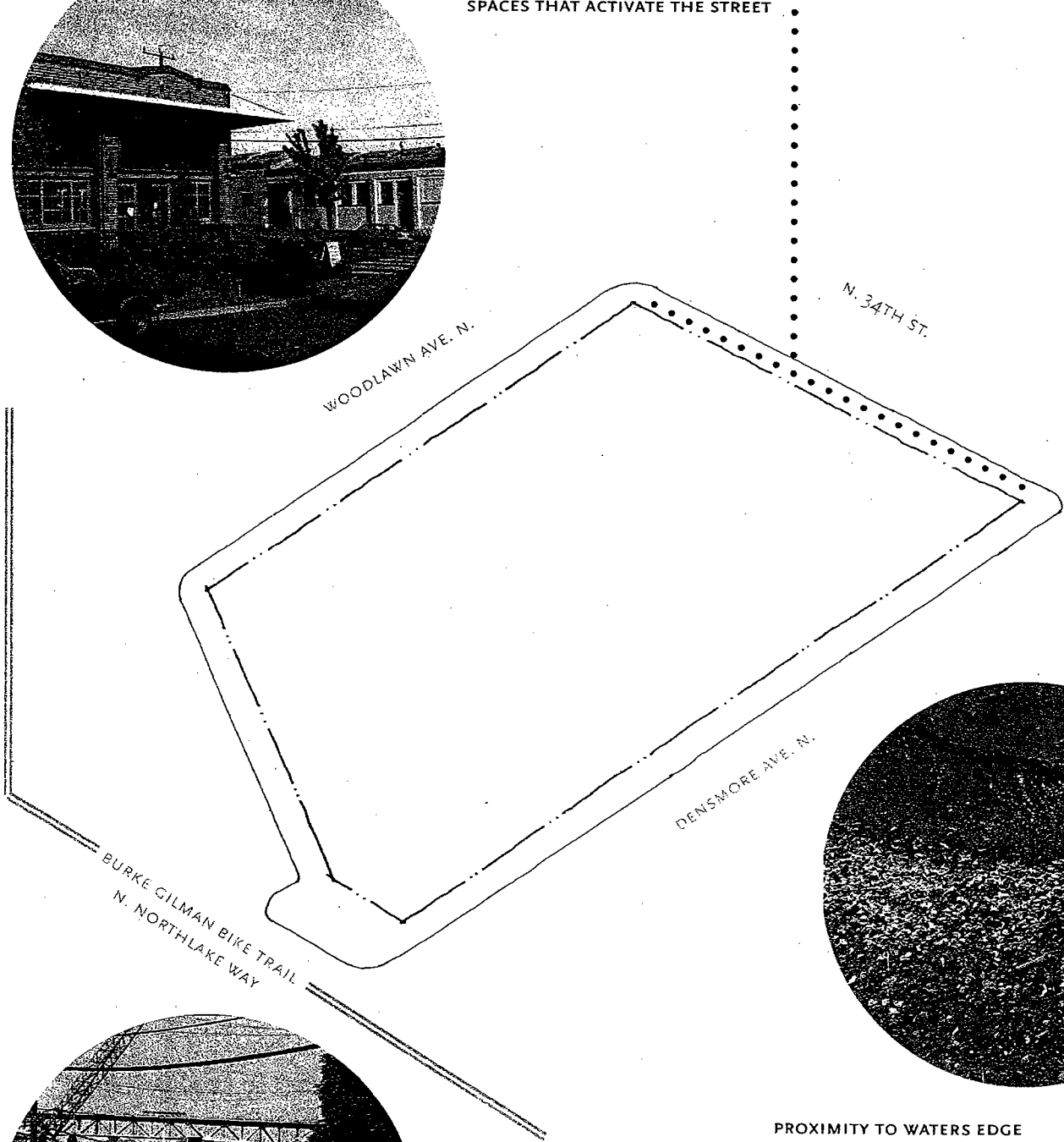




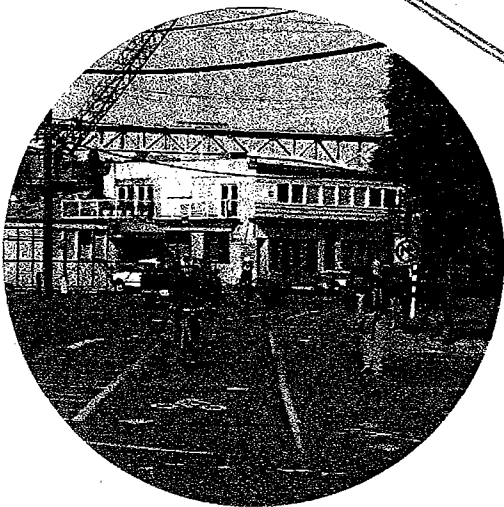
TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
COMMUNITY AMENITIES



SPACES THAT ACTIVATE THE STREET

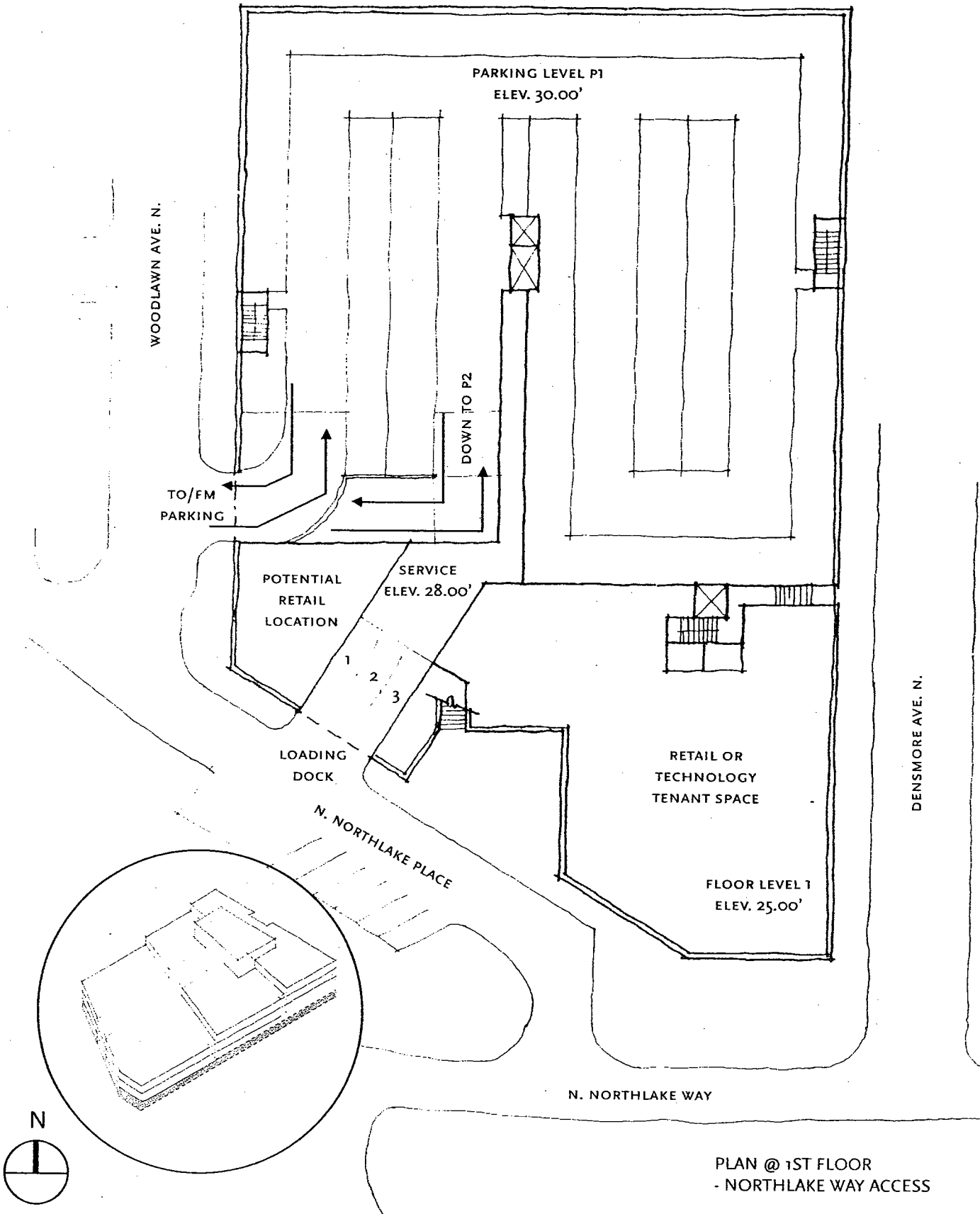


PROXIMITY TO WATERS EDGE



ADJACENCY TO BIKE TRAIL

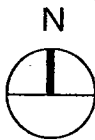
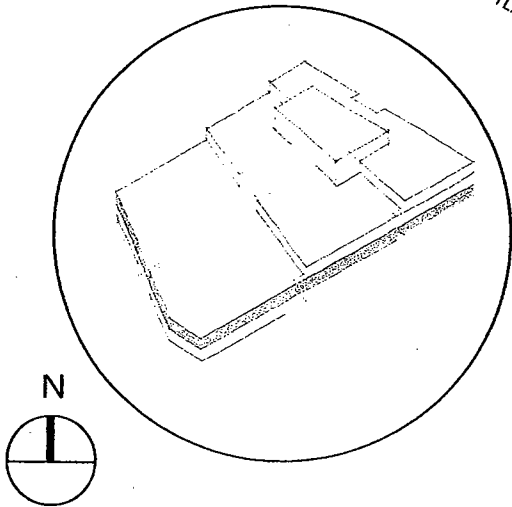
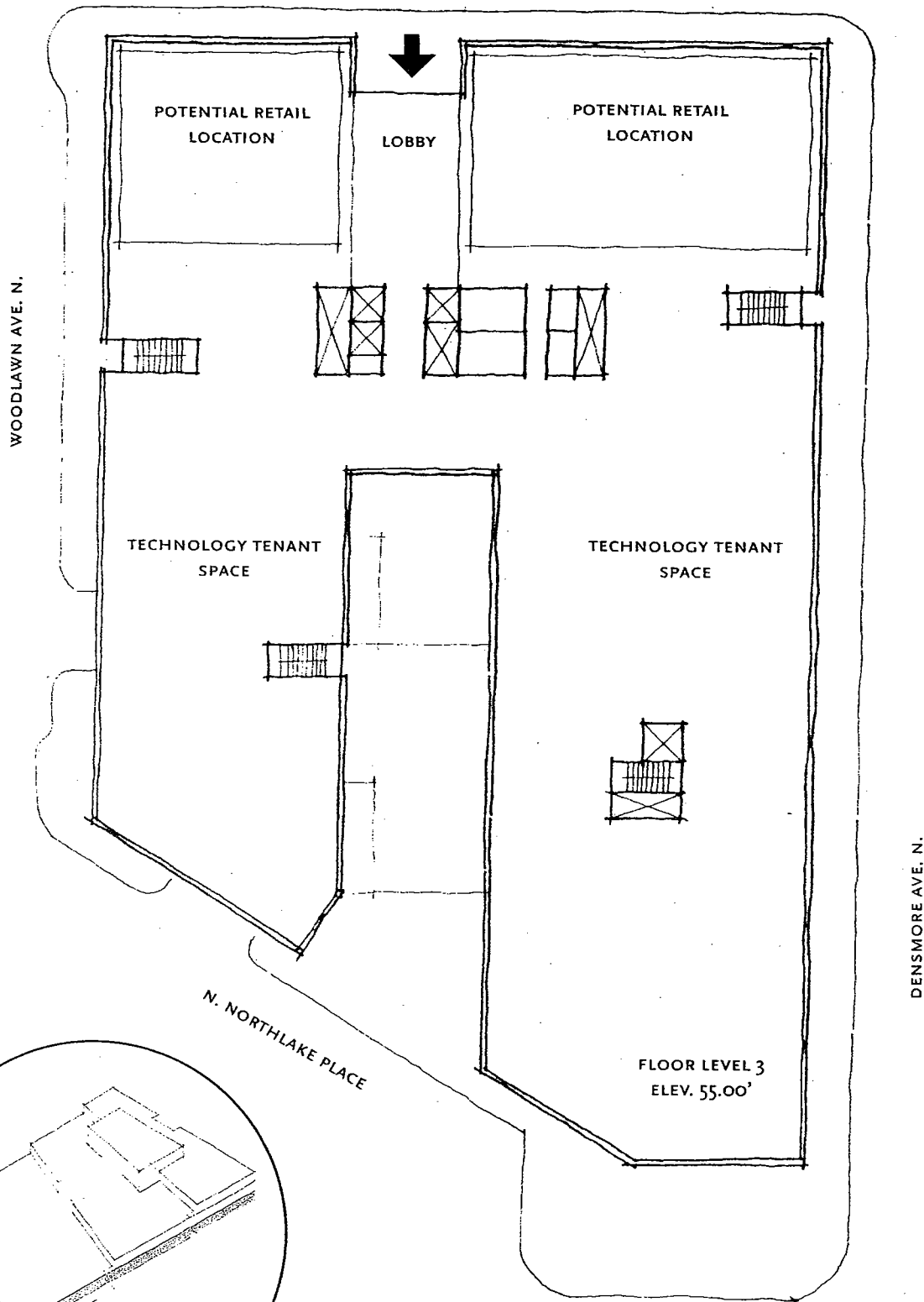
TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
CONCEPT PLANS



PLAN @ 1ST FLOOR  
- NORTHLAKE WAY ACCESS

TOUCHSTONE TECHNOLOGY CENTER  
CONCEPT DESIGN  
CONCEPT PLANS

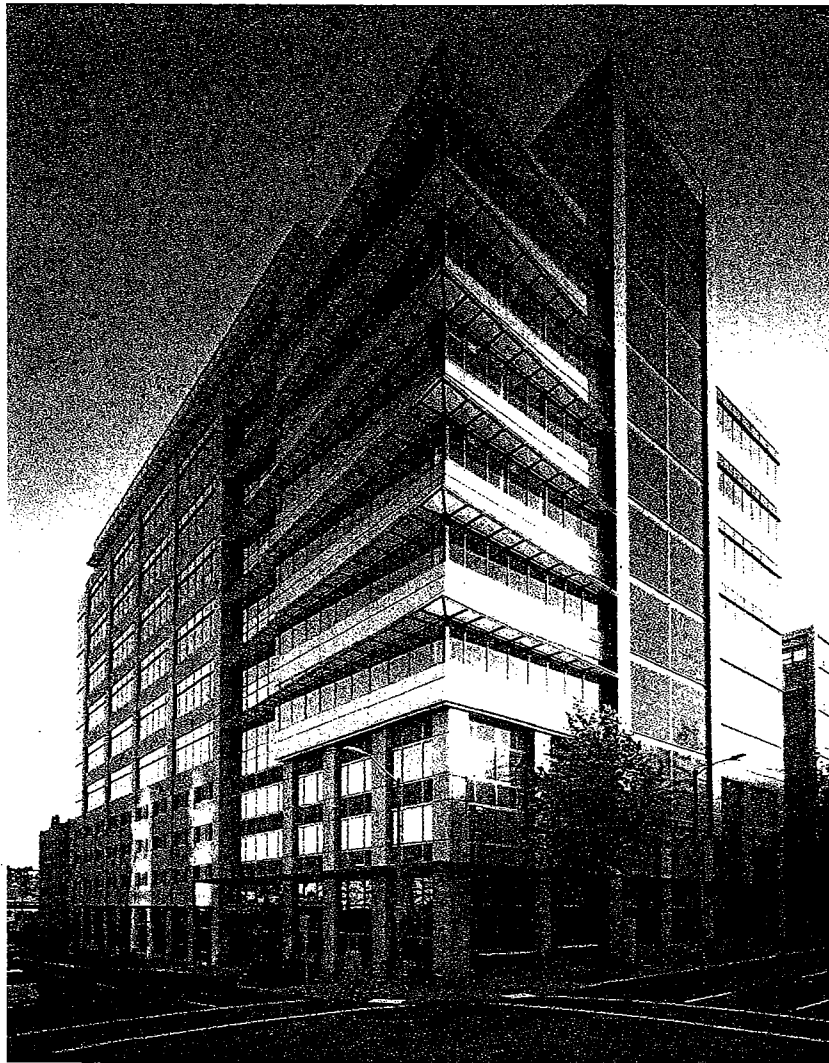
NORTH 34TH ST.



PLAN @ 3RD FLOOR  
- NORTH 34TH ST. ACCESS

# **Sample Projects - NLUUP Project**

# 9<sup>th</sup> & Stewart Life Sciences Building



The 9<sup>th</sup> & Stewart Life Sciences Building is a 215,000 square foot biotechnology R&D office building. Office and laboratory space occupy the top levels, with 200 parking spaces provided on levels two, three and four. The ground floor incorporates 5,000 square feet of retail space.

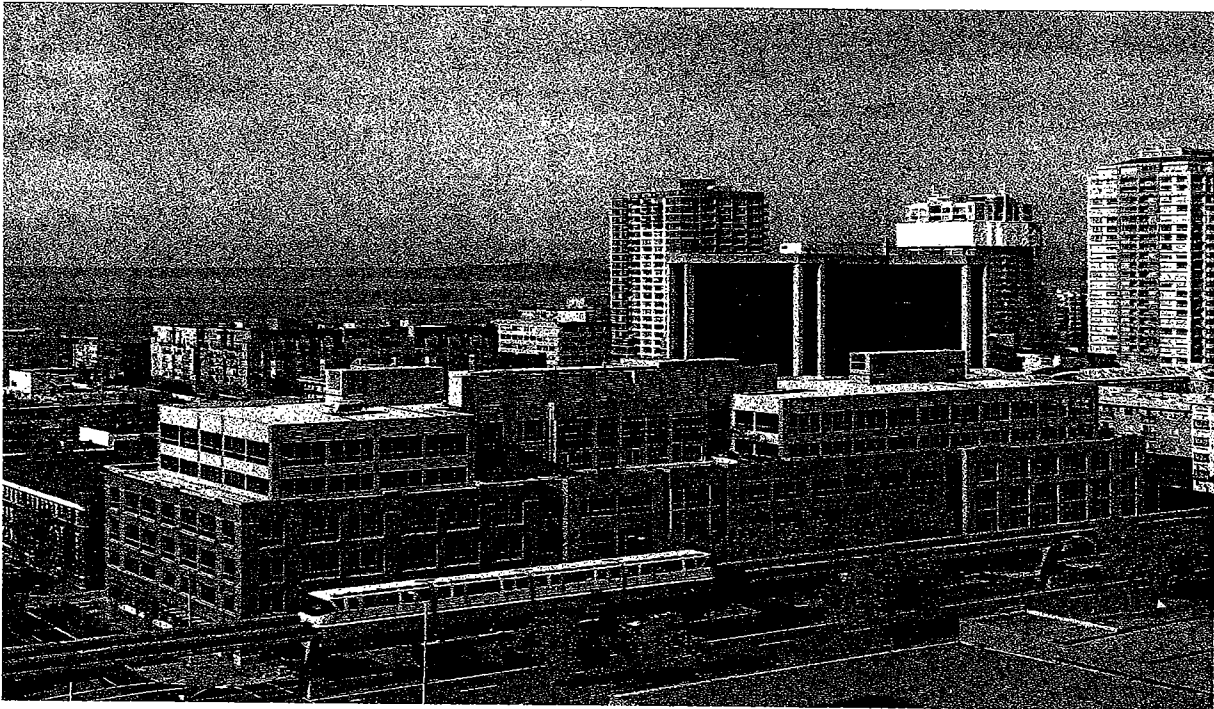
This building was designed as a 'ground-up' biotechnology facility for Seattle based Corixa Corporation. This innovative Design-Build project has created a new standard for a high quality institutional grade R&D facility at a competitive market rate. Building construction began, March 2003 and was completed in August 2004, coming in over \$1 Million under budget.

Specific building design features include: a rigid concrete and steel frame with 15' floor to floor ceiling heights, floor by floor air handling capacity of up to 20 air changes

per hour, 40 watts power/PSF, 28,000 Square foot floor-plates with column spacing for lab module use and shower and locker facilities.

The project participated in the pilot program for LEED Shell & Core and is currently awaiting its Silver level confirmation.

*9<sup>th</sup> & Stewart was recently named NAIOP's 2004 Biotechnology Space of the Year and SIOR's Real Estate Deal of the Year.*



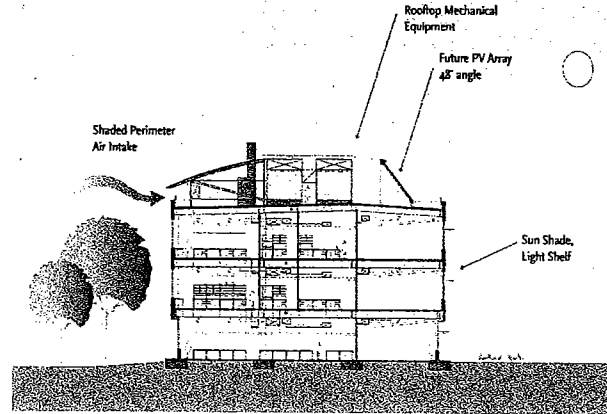
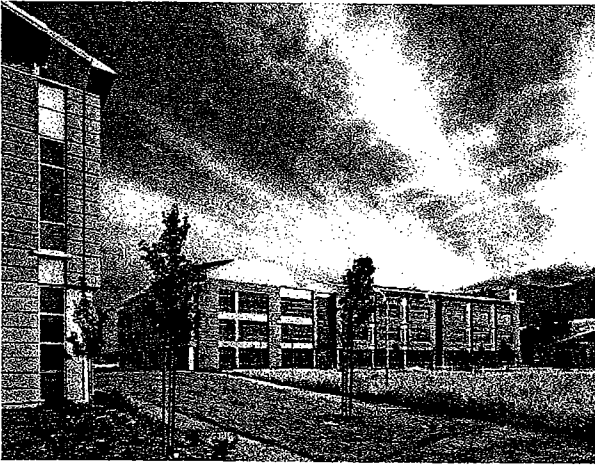
## 5<sup>th</sup> & Bell Building

The 5th & Bell Building is a six-story, 203,000 square feet, large floor-plate office/high-tech building in Seattle's Belltown neighborhood. This project combined speculative development and build-to-suit for Philips Medical Systems, who occupies 30,000 square feet of R&D labs and prototype manufacturing on the first floor, and three 38,000 square feet office floors.

5<sup>th</sup> & Bell is an attractive, high-quality building inside and out. In order to break-up the massing on the full ½ block site, three distinct facades were created along 5<sup>th</sup> Avenue. Building elevators run from three below-grade parking levels through all six building levels, eliminating the need for lobby transfers. The building amenities include shower/locker rooms, secured bike racks, an outside deck on Level five and 5,000 square feet of street level restaurant/retail space.

This well-executed, fast-track project is a fine addition to Belltown and an excellent fit for a tenant with specialized needs. Strong teaming delivered the building 30 days ahead of schedule and more than \$1 Million under budget.

*The building was awarded the 2002 Office Development of the year-CBD by the Washington State Chapter of NAIOP.*



# Applied Biosystems

## (LEED Silver Certification)

The Applied Biosystems Pleasanton Campus was developed around an ambitious environmental approach to site and building design as well as construction. Guided by the LEED Rating System developed by the USGBC, "green" and sustainable design goals were achieved within the parameters of a strict budget. Beginning with the dedication of almost half the 80-acre site to open space, the development of the Applied Biosystems site is abundant with "green" approaches, a partial list follows.

- Site soil was rehabilitated from contaminants to a level well beyond the commercial level required.
- Parking areas shaded by trees to reduce heat.
- Implemented storm water management system
- Reduced light pollution
- High-efficiency irrigation system
- Buildings were sited for solar orientation and maximizing daylight and views
- Optimized energy
- Sunshade installation
- Roof forms shaped to maximize the effectiveness of photovoltaic
- Carefully selected building materials

## **Westminster College Science Center**

(MBT Lead)

Salt Lake City, Utah

(Seeking Gold LEED Certification)

This 64,800 gsf Science Center will provide space for instructional and research laboratories, classrooms, study and informal discussion areas, faculty offices, and display areas. The Center will emphasize teaching and research training as a core part of the curriculum, providing a natural conduit for interdisciplinary collaboration and interaction. These activities will be facilitated and enhanced with technologically advanced classrooms and laboratories.

MBT Architecture is performing architectural services for this project and includes design for LEED Gold certification, with an additional focus on crafting the building as a teaching tool for sustainability.

## **Ohlone Newark Center for Technology and Health Sciences**

(MBT Lead)

Newark, California

(Seeking Gold LEED Certification)

MBT is providing full architectural services for a permanent new 189,000 gsf college satellite center on approximately 81 acres in the city of Newark, CA. By creating a new, permanent Newark site, the community college will be able to better serve its existing student body while providing the necessary facilities and physical infrastructure to accommodate future growth and enhanced academic programs.

Main program elements include classrooms, teaching laboratories, student services, administration and registration, information services, bookstore, cafe, cafeteria, health sciences, environmental sciences, exercise science and wellness, learning resource center, and corporation yard shop.

## **ZymoGenetics**

(Lewis Lead)

Seattle, Washington

- *Headquarters at Steam Plant.* We remodeled the historic Lake Union Steam Plant into a 117,000 square foot headquarters and laboratory. The project is a renowned example of adaptive re-use.
- *Davie Research Building.* Built a 48,000 square foot office and laboratory adjacent to this client's main building.
- *Many Tenant Improvements.* A recent cell-processing TI is an example of our work. Lewis built an 11,000 square foot space including a 6,300 square foot cell processing lab with a 200 square foot 4c cold room, autoclave and glasswash, overhead utility distribution, and Trespa and custom stainless steel casework.

## **Schnitzer Northwest / Vulcan, Interurban Exchange**

(Lewis Lead)

Seattle, Washington

Lewis is the general contractor for the shell and core of Interurban Exchange III (with 136,000 square feet of laboratory and support space and 113,000 square feet of parking, now under construction), as well as three additional future buildings at this multi-block complex. *Rosetta Inpharmatics* is the tenant.

## **Benaroya Research Institute at Virginia Mason**

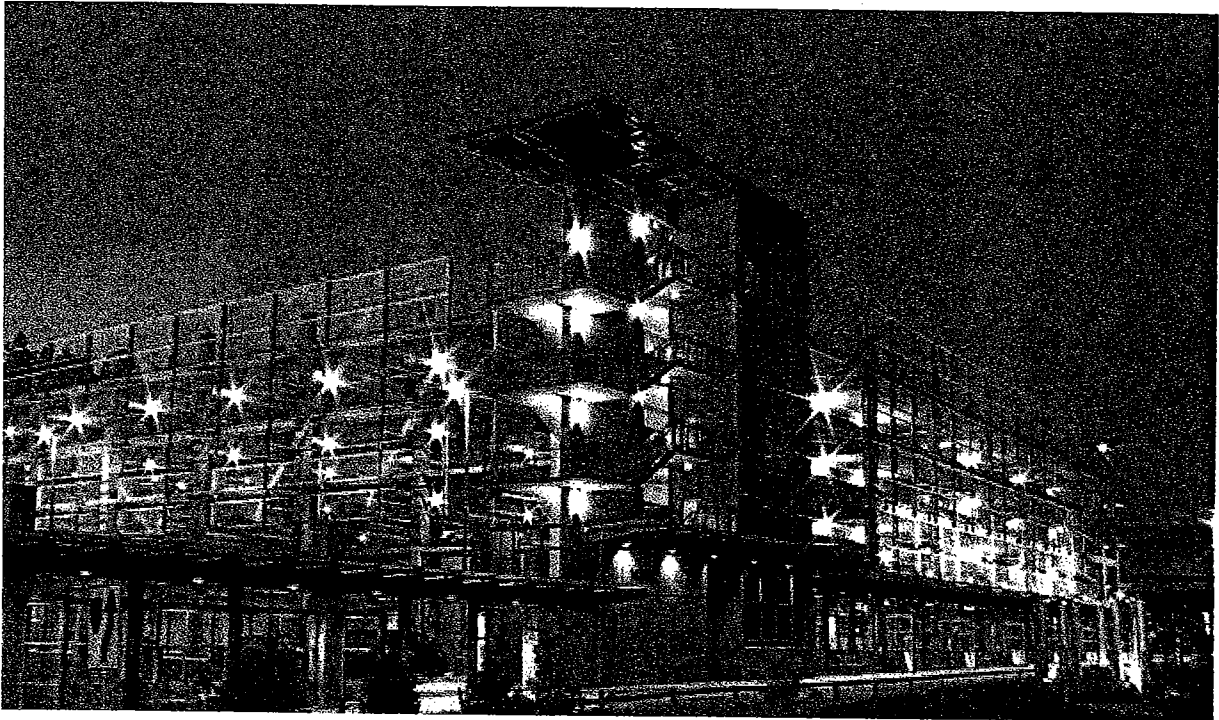
(Lewis Lead)

Seattle, Washington

Lewis provided construction management services for a 220,000 square foot facility with three floors of diabetes research and treatment facilities for Virginia Mason, two floors of speculative laboratory space, and four floors of underground parking.



# **Sample Projects - Replacement Facility**



# Eastgate Park and Ride Facility

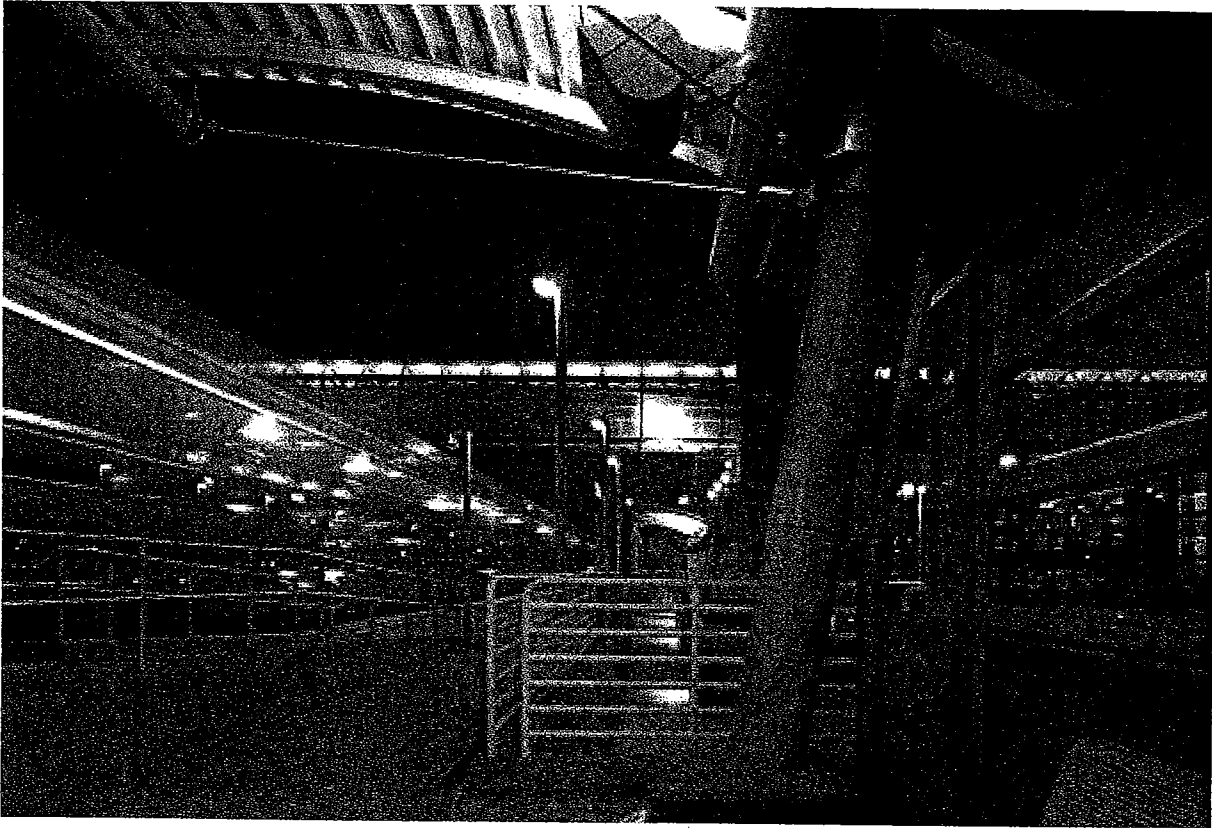
Designed to increase the capacity of an existing surface Park and Ride facility, this new five-story structure provides space for 1,300 cars with 400 surface stalls. Significant street improvements and a new transit passenger loading area protected by steel and glass canopies greatly enhance the location.

The design is driven by a desire to maximize the sense of openness, safety and security for garage users. When viewed from the adjacent I-90 freeway the stainless steel-screened evokes a billboard effect, signaling the Park and Ride location.



# King County Metro Central Base Parking Garage

This project is the design of new parking garage providing 900 employee parking spaces and approximately 100 spaces for non-revenue transit vehicles. Structure design responded to industrial character of neighborhood with linear and modern design aspects.



# Kent Commuter Rail Station

The Kent Station is part of the first major leg of the \$3.9 Billion 'Sound Transit' system that will connect Seattle and Tacoma, Washington. The station has become a central component to the expansion and redevelopment of the historic downtown core, with a new mixed-use development including office space, retail, and residential units planned around the station. Designed and built in two phases, the station includes 600 foot platforms, passenger shelters, surface parking for 120 cars, a King County Metro Transit Center, a landscaped park, park and ride areas, and a pedestrian bridge linking the station platforms to a 680-stall parking garage.

### **PACCAR, Kenworth Truck Plant**

(Lewis Lead)

Renton, Washington

- *R&D Facility.* Built a 25,000 square foot tilt-up research and product-development facility that serves as Kenworth's design center, and also a destination for customers to see mock-ups of new designs. Elements include manufacturing and testing equipment, five overhead bridge cranes, and extensive M/E/P infrastructure. The facility is on a 6.5-acre site with surface parking. A 4,000 square foot detention vault is included.
- *New Plant.* Constructed a 250,000 square foot tilt-up truck manufacturing facility and a 50,000 square foot waste-treatment plant on a fast-track schedule. Featured are "superflat" concrete slabs, an automated conveyor system, administrative offices, classroom/training facilities, and a commercial kitchen and cafeteria.

### **Stevedoring Services of America, Crane Maintenance Facility**

(Lewis Lead)

Seattle, Washington

Built a maintenance shop at a container shipping terminal on Seattle's Harbor Island. The 10,500 square foot structural steel building services the maintenance of the large container cranes as well as other terminal equipment.

### **Genie Industries**

(Lewis Lead)

Moses Lake, Woodinville, and Redmond, Washington

For a maker of hoisting equipment such as man lifts:

- *Moses Lake.* Converted a 375,000 square foot aircraft hangar into a manufacturing plant, including extensive interior steel framework to support manufacturing equipment. The complex includes four high bays (formerly housed B-52 bombers) and five low bays.
- *Woodinville.* Modified an existing warehouse into a manufacturing facility. The project included replacing 40,000 square feet of slab with thicker 8" slab, and new mechanical and electrical systems.
- *Redmond.* Performed tenant improvements and alterations to an existing plant, including a new cargo ramp and offices.

### **Blue, Inc.**

(Lewis Lead)

Seattle, Washington

As the Design-Build Lead (responsible for design as well as construction), we remodeled an existing building into a 25,000 square foot private think tank researching advanced propulsion systems. Our scope included a machine shop, a new roof, and seismic upgrades.

### **The Robbins Company**

(Lewis Lead)

Kent, Washington

Provided preconstruction and construction services for a pre-engineered steel building. The 250,000 square foot warehouse and manufacturing facility houses fabrication and warehousing of tunnel boring equipment.

### **Boeing**

(Lewis Lead)

Everett, Washington

- *40-04:* Constructed a 195,000 square foot wing assembly plant for the 777 program. This high bay facility contains a mezzanine with office space, two elevators, and a large bridge crane.
- *40-33:* Constructed a clean, seal, and paint area, with a curing oven, for production of wing stubs.

# **References**

Damian P. Manolis  
Principal  
Prudential Real Estate Investors

Prudential Investments  
4 Embarcadero Center, 27<sup>th</sup> Floor  
San Francisco, CA 94111  
Tel: 415 291-5012 Fax: 415 398-1025  
damian.manolis@prudential.com

May 4, 2005

Mr. Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

Re: North Lake Union Upper Parcel – RFP 202-05 RLD

Dear Mr. Thompson,

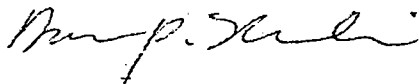
On behalf of Prudential Real Estate Investors (“PREI”), I am pleased to confirm our interest in working with Touchstone Corporation on the County’s RFP for the North Lake Union Upper Parcel.

Prudential is an active participant in real estate developments throughout the West and would be thrilled to participate in another successful project with Touchstone Corporation, with whom we already have a very strong relationship. We recognize that the potential opportunity includes the acquisition of a former maintenance facility and the construction of a replacement facility for the County.

We are available to answer any questions or concerns regarding our interest or our relationship with Touchstone.

Please be advised that a commitment to any real estate investment must be fully approved by PREI’s Investment Management Committee. This letter is not intended to create, nor shall it create, any obligation on the part of Prudential, PREI or its affiliated entities with respect to the proposed opportunity.

Very truly yours,



Damian P. Manolis



May 12, 2005

Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

Subject: North Lake Union Upper Parcel- RFP 202-05RLD

Dear Mr. Thompson,

This is to confirm that Douglas Howe has had a banking relationship with me since 1994. Touchstone Corporation transferred its relationship to Frontier Bank in February 2003. We have a line a credit available to the company in the low seven figure range with zero outstanding at this time. The line has been handled as agreed. If the company needed financing for this project over that amount, we would be very interested in working with the principals to provide it.

We have deposit accounts maintaining recent average balances in the high seven figure range for Touchstone and its related entities. Between the line availability and the balances in the various accounts, the company meets the minimum cash requirements under both Alternative A & B. All accounts have been handled as agreed.

If you have any questions, please feel free to contact me.

Sincerely,

Michael D. Nelson  
Vice President & Manager



FOSTER PEPPER & SHEFELMAN PLLC

ATTORNEYS AT LAW



*Direct Phone*  
(206) 447-8896

*Direct Facsimile*  
(206) 749-1942

*E-Mail*  
FluhG@foster.com

May 12, 2005

Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Avenue, Room 500  
Seattle, WA 98104

Re: North Lake Union Upper Parcel - RFP 202-05RLD

Dear Mr. Thompson:

I am writing this letter as a reference for and to express support on behalf of Touchstone Corporation in the proposed acquisition and development of the North Lake Union Upper Parcel.

I have had an opportunity to read the RFP and have discussed with Touchstone the potential opportunity to acquire the property and build a technology building for a Seattle company. We understand that a replacement facility requirement is part of this proposal.

We have represented Touchstone Corporation and its affiliates in numerous real estate acquisition, development and financing transactions for approximately fifteen years. Touchstone has developed a solid reputation in the community and has a strong development team capable of performing the transaction described in the RFP. We regard them as one of the most capable real estate companies in the Seattle area. Should they be successful in this RFP, we look forward to working with them on this complex and interesting real estate development opportunity.

Should you have any questions or desire additional information, please call.

Very truly yours,

A handwritten signature in black ink, appearing to read 'G. Fluhrer'.  
Gary E. Fluhrer

GEF:st

1111 THIRD  
AVENUE  
Suite 3400  
SEATTLE  
Washington  
98101-3299

*Telephone*  
(206) 447-4400  
*Facsimile*  
(206) 447-9700  
*Website*  
WWW.FOSTER.COM

ANCHORAGE  
Alaska

PORTLAND  
Oregon

SEATTLE  
Washington

SPOKANE  
Washington

May 17, 2005

Bob Thompson  
King County  
Real Estate Services Section  
500 Fourth Ave, Room 500  
Seattle, WA 98104

RE: North Lake Union Upper Parcel – RFP 202-05RLD  
Lease Crutcher Lewis as Touchstone's General Contractor

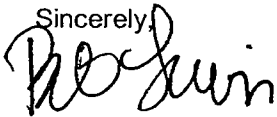
Dear Mr. Thompson:

We are excited about the prospect of serving as general contractor for Touchstone Corporation's development of the North Lake Union Upper Parcel.

I have read the RFP and discussed with Touchstone the potential opportunity to acquire the property and build a technology building for a Seattle company. We have built similar complex projects with Touchstone in the recent past, with great success. Lewis is equally interested in the replacement facility component, and brings a strong resume in this area as well.

Touchstone has an enviable record of successfully permitting, financing, and executing difficult urban infill projects. They have earned a good reputation as a strong development team. Should Touchstone win this RFP, we stand ready and willing to work with them on this strategic development opportunity.

Sincerely,



Bill Lewis  
President and CEO



Corporate Headquarters	
1900 9th Avenue	Suite 1100
Seattle, WA 98101	USA
Telephone: 206.366.3700	
Facsimile: 206.366.4700	
Website: <a href="http://www.corixa.com">www.corixa.com</a>	
E-mail: <a href="mailto:info@corixa.com">info@corixa.com</a>	

April 25, 2005

Douglas Howe  
Touchstone Corporation  
2025 First Avenue, Suite 790  
Seattle, WA 98121

Re: 9<sup>th</sup> & Stewart Life Science Building

Dear Douglas:

Thank you and the entire Touchstone Corporation Build-To-Suit development team on the successful completion of the 9<sup>th</sup> & Stewart Life Sciences Building.

At the early design/program development stage of this project, your team listened carefully, did the research and clearly grasped and understood Corixa's requirement for a 140,000 square foot biotechnology R&D space need and relocation in Seattle. This building met all of our requirements in a 'Class A' urban facility of 215,000 square feet allowing for long term occupancy with expansion opportunities. The end result was a cost effective solution for Corixa in a new state-of-the-art building while meeting our institutional grade R&D facility requirements. Your shell & core design & construction team delivered a complete building and coordinated the schedule with our tenant improvement contractor to insure our occupancy date, which you delivered ahead of schedule.

Your innovative thinking and solutions-oriented approach created lasting value for Corixa Corporation's Seattle headquarters in this high quality building. We appreciate your commitment to innovation, integrity, professionalism, attention to detail and diligence throughout the entire project. I would highly recommend your Build-To-Suit development team to any prospective user or tenant.

Sincerely,

Michelle Burris  
Sr. Vice President and Chief Financial Officer



# PHILIPS

## Philips Medical Systems

---

April 21, 2005

Heartstream

Douglas Howe  
Touchstone Corporation  
2025 First Avenue, Suite 790  
Seattle, WA 98121

Re: 5<sup>TH</sup> & Bell Building

Dear Douglas:

On behalf of Philips Medical Systems, I'm writing this letter to express our appreciation to you and the entire Touchstone Corporation Build-To-Suit development team for the recent completion of the 5<sup>th</sup> & Bell Building for the Heartstream Division.

From the outset of the project your team clearly understood the program requirements for our 120,000 square foot Seattle office plus expansion space, which resulted in a new 200,000 square foot building project. With less than 28 months to deliver a complete building, including tenant improvements ready for occupancy, you delivered ahead of schedule and under budget. This fast track schedule required an intensive and collaborative effort with the entire design and construction team in order to complete permitting and construction and guarantees our occupancy date.

The open book, guaranteed budget approach resulted in a lease rate that was more than \$2.00 per square foot lower than projected. There was also a savings on our tenant improvements of nearly \$20.00 per square foot resulting from coordination of shell and core and TI construction and value engineering efforts.

I would strongly recommend your development team to any prospective tenant. Your innovative thinking and solutions-oriented approach created lasting value for Philips Medical Systems as our Seattle headquarters in this high quality building. We appreciate your integrity, professionalism, attention to detail and diligence throughout the entire project.

Sincerely,

A handwritten signature in cursive script that reads "Mary C. Joyce".

Mary C. Joyce  
Facilities Manager  
Philips Medical Systems

# **Section II.B.2.b Form**

REQUEST FOR PROPOSALS  
KING COUNTY TRANSIT DIVISION  
NORTH LAKE UNION UPPER PARCEL

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STATEMENT OF COMMITMENT TO PERFORM

The undersigned hereby agrees to adhere and to comply with the requirements stated in the Request For Proposals issued on March 24, 2005 under Community Elements:

Community elements of the Proposer's Project on the North Lake Union Upper Parcel:

1. The Proposer's project on the North Lake Union Upper Parcel must, at a minimum, meet the LEED (Leadership in Energy and Environmental Design) Green Building Rating System of Silver for either the New Construction or Core and Shell category.
2. The Proposer's project must demonstrate a pedestrian friendly design that takes into consideration the pedestrian needs of all four streets abutting the parcel.
3. The Proposer will not be allowed to apply for a height variance from the City of Seattle. This restriction will be imposed by a deed restriction and will run with the land. If the Proposer applies for any land use change to North Lake Union Upper Parcel, the height limit deed restriction will still apply.
4. The Proposer will incorporate into its project on the North Lake Union Upper Parcel a public viewing platform per the required specifications.

Respondent TOUCHSTONE CORPORATION

Signed: 

DOUGLAS O. HOWE

It's: PRESIDENT