



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 28, 2017**

**Ordinance 18546**

**Proposed No. 2017-0094.3**

**Sponsors Kohl-Welles**

1           AN ORDINANCE authorizing the conveyance of the  
2           surplus property located at 906 Pine Street, Seattle,  
3           Washington, in council district four.

4           **STATEMENT OF FACTS:**

- 5           1. The department of transportation declared the property located at 906  
6           Pine Street, Seattle, Washington, located within council district four,  
7           surplus to its needs on January 20, 2016.
- 8           2. The facilities management division offered the property to other county  
9           agencies on January 29, 2016 and received no interest.
- 10          3. The facilities management division declared the property surplus to the  
11          current and future foreseeable needs of the county on March 1, 2016.
- 12          4. The facilities management division found the property suitable for  
13          affordable housing development on March 1, 2016.
- 14          5. King County received concurrence from the Federal Transit Agency on  
15          February 12, 2016, regarding the sale of the property.
- 16          6. King County received an offer from the Washington State Convention  
17          Center, a King County public facilities district utilizing its own funds and  
18          financing tools available to it, and accepted a purchase price of one  
19          hundred sixty one million, ten thousand, nine hundred forty dollars, based

20 on a fair market value analysis.

21 7. In addition to the full appraised value of the property, the Washington  
22 State Convention Center will contribute \$5,000,000 to an affordable  
23 housing program/fund managed by the department of community and  
24 human services, as specified in the purchase and sale agreement attached  
25 hereto.

26 8. In accordance with K.C.C. 4.56.100.A.1. and K.C.C. 4.56.140.A., the  
27 county may dispose of real property to another governmental agency by  
28 negotiation, upon such terms as may be agreed upon and for such  
29 consideration as may be deemed by the county to be adequate.

30 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

31 SECTION 1. The executive is authorized to convey the Convention Place Station  
32 to the Washington State Convention Center consistent with the terms set forth in the  
33 purchase and sale agreement substantially in the form of Attachment A to this ordinance  
34 and to take all actions necessary to implement the terms of the purchase and sale  
35 agreement.

36 SECTION 2. To further the promotion of the construction of additional  
37 workforce housing in King County, all moneys the buyer is obligated to contribute to  
38 affordable housing under the terms of the purchase and sale agreement shall be targeted  
39 to projects that will produce housing units affordable to workers making thirty to eighty  
40 percent of the area median income, with a preference for thirty to fifty percent of the area  
41 median income or transit oriented development projects.

42 SECTION 3. The proceeds of the sale shall be used first for sale-related

43 expenses, and then for transit purposes targeted to mitigation of the impacts of  
44 Downtown Seattle Transit Tunnel ("DSTT") closure on riders of King County Metro  
45 buses removed from the DSTT and then to implementation of the METRO CONNECTS  
46 Long Range Plan. Sale proceeds shall not be used to supplant noncounty funding  
47 contributions for these transit purposes.

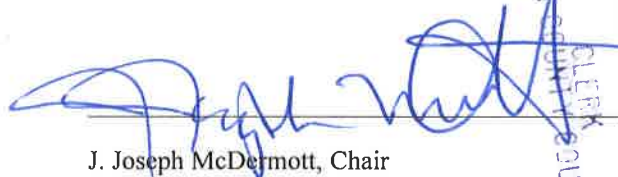
48 SECTION 4. As part of the Temporary Joint Use Agreement (TJUA) defined in

49 the purchase and sale agreement, the county shall pay eighty percent of the actual  
50 Downtown Seattle Transit Tunnel (DSTT) Access Cost, up to four million dollars.  
51

Ordinance 18546 was introduced on 3/13/2017 and passed as amended by the Metropolitan King County Council on 6/26/2017, by the following vote:

Yes: 8 - Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci  
No: 0  
Excused: 1 - Mr. Gossett


KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair


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ATTEST:



Melani Pedroza, Clerk of the Council

APPROVED this 6<sup>th</sup> day of July, 2017.



Dow Constantine, County Executive

**Attachments:** A. Purchase and Sale Agreement (Convention Place Station, Seattle, Washington)  
Revised June 22, 2017

PURCHASE AND SALE AGREEMENT  
(Convention Place Station, Seattle, Washington)

This Purchase and Sale Agreement ("**Agreement**") is made as of the \_\_\_ day of \_\_\_\_\_, 2017 (the "**Agreement Date**"), by and between Washington State Convention Center Public Facilities District, a King County public facilities district ("**Buyer**") and King County, a home-rule charter county and political subdivision of the State of Washington ("**Seller**"). Each of Buyer and Seller are a "Party" hereunder and collectively shall be referred to as the "Parties."

Buyer believes the Property (together with other real property owned by Buyer that is not the subject of this Agreement) may be an appropriate site for the Project (as defined in this Section) but has not made and will not make a final decision until completion of its environmental review, including any impact statement and evaluation as provided by applicable law, all as expressly set forth in this Agreement. For purposes of this Agreement, the "**Project**" shall mean a convention center type facility containing at a minimum, exhibition space, ballroom space, meeting room space, lobby space, office space, retail space, loading docks and parking constructed on the Property (as defined in Section 1 below).

Buyer has proposed to the City of Seattle that it will participate in the City's incentive zoning program and earn additional development rights by making a contribution to the City's affordable housing program of at least Four Million Dollars (\$4,000,000). In addition, Buyer has proposed to contribute an additional amount of Five Million Dollars (\$5,000,000) to the City's housing program as part of the public benefit package provided in return for proposed alley and street vacations. Seller encourages Buyer to pursue these important housing contributions and encourages the City of Seattle to accept these funds as being over and above the requirements of this Agreement. This is a statement of intention and not a requirement of this Agreement.

1. Purchase and Sale. Upon the terms and conditions set forth herein, Buyer agrees to buy from Seller and Seller agrees to sell to Buyer the improved real property located in Seattle, Washington, consisting of approximately 178,034 square feet of land (of which 123,747 square feet is "**Parcel A**" and 54,287 square feet is "**Parcel B**") identified with the King County parcel numbers set forth on Exhibit A-1, as legally described on Exhibit A-2 attached hereto, and as depicted on Exhibit A-3, subject to the right of the City of Seattle to regulate the use of the surface only of Pine Street as depicted in Exhibit A-3 attached hereto (the "**Land**"). For purposes of this Agreement, the "**Property**" includes the Land and Seller's interest, if any, in the following:

- (i) all assignable easements and rights appurtenant thereto relating to the Land, except for the Seller's WSDOT Lease;
- (ii) all assignable permits in the name of Seller, if any, and all approvals, studies, surveys, warranties and other documents, associated with the Land, if any; and
- (iii) all buildings, structures, fixtures and related amenities located on the Land (the "**Improvements**"), except for those Improvements specifically excluded, or to be relocated on the Land, as set forth under this Agreement.

2. Purchase Price. The purchase price for the Property (the "**Purchase Price**") shall be One Hundred Sixty-one Million Ten Thousand Nine Hundred Forty Dollars (\$161,010,940), which is One Hundred Sixty-two Million Ten Thousand Nine Hundred Forty Dollars (\$162,010,940) (which

is \$910 per square foot for the Land) less one million dollars (\$1,000,000) as an adjustment in favor of Buyer for costs related to remediation of existing Hazardous Substances and for the indemnification and duty to defend provisions set forth in Section 11 below. The Purchase Price shall be paid as follows:

2.1 Buyer shall pay to Seller an amount equal to Twenty Million Dollars (\$20,000,000) in cash at Closing; and

2.2 The balance of the Purchase Price shall be paid by Buyer at Closing by execution and delivery of a promissory note in the form attached hereto as Exhibit C-1 (the "Note"); and

2.3 In addition to the amount paid by Buyer in Section 2.1, Buyer shall pay, separate from the Purchase Price, an amount equal to Five Million Dollars (\$5,000,000) in cash at Closing to satisfy Buyer's affordable housing obligation.

3. Earnest Money.

3.1 Earnest Money. Within three (3) days following Buyer's waiver of the Review Period (as defined in Section 5.2 below) or execution of this Agreement (whichever is later), Buyer shall deposit with Fidelity National Title Insurance Company ("**Escrow Holder**" in its capacity as escrow holder and "**Title Company**" in its capacity as title insurer) an amount equal to Three Million Dollars (\$3,000,000) (the "**Earnest Money**"). In addition to the foregoing, upon execution of this Agreement, Buyer shall deposit One Hundred Dollars (\$100.00) of the Earnest Money with Escrow Holder ("**Independent Consideration**") which shall be credited towards the Purchase Price at Closing, but otherwise shall be nonrefundable in any and all events and which Buyer and Seller agree constitutes adequate consideration for this Agreement.

3.2 Disposition of Earnest Money. The Earnest Money shall be held and disbursed as provided herein. The Earnest Money shall be deposited by Escrow Holder into an interest bearing account pursuant to the terms of this Agreement. Upon waiver of the Review Period, the Earnest Money shall be nonrefundable to Buyer unless the Closing fails to occur due to a default by Seller, or the failure of a condition precedent for Buyer's benefit or as provided in Section 4.3, Section 4.4, Section 6.1, Section 8 or Section 10.2 in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer. Except as to the Independent Consideration, the balance of the Earnest Money shall be returned to Buyer upon satisfaction of Buyer's obligations at Closing.

4. Title.

4.1 Review of Title. Buyer has obtained a preliminary commitment for title insurance for the Property issued by Title Company together with copies of all exceptions and encumbrances noted thereon (the "**Preliminary Commitment**"). The proposed policy number for the Preliminary Commitment is 20372745 and it is dated January 20, 2017.

4.2 Survey. Buyer shall have the right, at Buyer's cost, to obtain an updated survey of the Land during the Review Period.

4.3 Title Review. Buyer shall have until the date that is ten (10) days after the Agreement Date to advise Seller in writing of any exceptions or other matters (the "Exceptions") in the Preliminary Commitment to which Buyer objects. All Exceptions to which Buyer does not object in writing shall be deemed accepted by Buyer.

If Buyer objects to any Exceptions within such ten (10) day period, Seller shall advise Buyer in writing within ten (10) days after Seller's receipt of Buyer's objections (a) which Exceptions Seller will remove or cause to be removed at Closing, and (b) which Exceptions Seller will not remove or cause to be removed at Closing. On or before expiration of the Review Period, and assuming Seller has not agreed to remove all matters to which Buyer has objected, Buyer will notify Seller in writing of Buyer's election to either (a) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer or (b) waive its objections to the Exceptions Seller will not remove or cause to be removed, in which event such Exceptions shall be deemed accepted by Buyer. Buyer's failure to respond shall constitute a waiver of such objections.

Notwithstanding the foregoing, Buyer and Seller acknowledge and agree that on or prior to Closing, Seller will satisfy and remove of record, at its expense, any mortgages, deeds of trust, judgments, mechanics liens and other similar liens securing the payment of money encumbering the Property and caused by Seller without the necessity of an objection from Buyer.

The term "**Permitted Exceptions**" as used hereunder means (a) the Exceptions accepted or deemed accepted by Buyer as provided in this Section 4.3; (b) the lien of real estate taxes and assessments for the tax year of closing, if any, which shall be prorated to the Closing Date as provided in Section 6.3 below; and (c) any rights to use the Property granted to Seller or any third party pursuant to this Agreement.

4.4 Amended Title Commitment. If Title Company issues a supplement or amendment to the Preliminary Commitment showing additional title exceptions (each, an "**Amended Report**"), Buyer will have ten (10) days from the date of receipt of each Amended Report and a copy of each document referred to in the Amended Report in which to give written notice of its acceptance of or objection to any additional title exceptions. If Buyer objects to any matters shown in the Amended Report within the ten (10) day period, Seller shall advise Buyer in writing within five (5) days after Seller's receipt of Buyer's objections (a) which matters Seller will remove or cause to be removed at Closing, and (b) which matters Seller will not remove or cause to be removed at Closing. On or before five (5) days after notice is received by Buyer, and assuming Seller has not agreed to remove or cause to be removed all matters to which Buyer objected, Buyer will notify Seller in writing of Buyer's election to either (x) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned by Buyer, or (y) waive its objections to the matters Seller will not remove or cause to be removed, in which event such matters shall be deemed accepted by Buyer. Notwithstanding the foregoing, from and after the date of the Preliminary Commitment, Seller shall not cause or permit any new exceptions to arise which affect title to the Property, and in the event any such new exceptions have been caused by or permitted by any action or inaction of Seller, Seller shall cause any such new exceptions to be released at Closing at Seller's sole cost and expense without the necessity of an objection from Buyer. If Seller agrees or is obligated to remove specified title exceptions at Closing, and Seller fails to do so, Seller's failure shall constitute a default by Seller under this Agreement. The

Closing Date shall be extended as necessary to accommodate the timelines set forth in this Section 4.4.

4.5 Title Insurance. Pursuant to Section 6.4(b) below, Closing shall be conditioned on Title Company delivering to Buyer at Closing an Owner's Extended Form Coverage policy of title insurance (2006 ALTA form) issued by Title Company in the face amount of the Purchase Price, dated the date of Closing, insuring Buyer's fee title to the Property, and subject to no exceptions other than the standard preprinted exceptions acceptable to Buyer and the Exceptions accepted or deemed accepted by Buyer pursuant to Section 4.3 and/or Section 4.4 above (the "**Title Policy**"). The Title Policy shall also include such endorsements as Buyer may reasonably request and Buyer agrees to first assert against and first pursue Title Company, its successors and assigns, for claims it may have against Seller related to title defects and matters, if any, that are covered by the insurance in such endorsements and exhaust its remedies and policy limits, if any, against Title Company before pursuing Seller. The cost of the standard coverage portion of the Title Policy will be paid by Seller. The cost of any endorsements requested by Buyer, the cost of the premium increase for extended coverage, and the cost of any Survey or update of the Survey, if any, required for extended coverage shall be paid by Buyer. At Closing, Seller agrees to provide the Title Company such customary indemnities and/or affidavits as Title Company may reasonably require to remove from the Title Policy the standard preprinted exceptions for mechanic's liens and parties in possession.

## 5. Review of Property

5.1 Review Materials. Seller has delivered to Buyer all documents, matters, and materials in Seller's actual possession and of which Seller has actual knowledge (as defined in Section 10.1(h) below) that Buyer has requested related to the Property and the Project (the "**Review Materials**"). The Review Materials include without limitation the following documents previously delivered to Buyer: (a) Copies of existing environmental, asbestos, underground storage tank, or hazardous waste reports, toxic waste studies, tank closure or removal reports, or soils reports relating to the Property, including any Phase I environmental reports, any Phase II environmental reports, any drainage facility studies, any hydrology studies and any boring reports; (b) existing surveys, (c) easement or use rights that are not identified in the Preliminary Commitment and (d) copies of third party service, maintenance or repair agreements that would be binding on Buyer following Closing. From the Agreement Date to the Closing Date, Seller shall: (a) provide Buyer with copies of any additional Review Materials in Seller's actual possession that Buyer requests; and (b) update any Review Materials provided to Buyer to the extent material changes have occurred in such documents since the Review Materials were first provided to Buyer, and Seller actually knows of any such changes.

5.2 Review Period. Buyer shall have until 5:00 p.m. Pacific time on the date that is forty-five (45) days after the Agreement Date (the "**Review Period**") to conduct a due diligence and feasibility review with respect to the Property and the Review Materials and to satisfy itself with respect to all matters relating to the Property, including, without limitation, its physical and environmental condition and suitability for Buyer's intended use as a site for the Project.

If Buyer provides written notice to Seller prior to expiration of the Review Period that the Property is acceptable to Buyer, then this Agreement shall continue in full force and effect and the Review Period contingency shall be waived. If Buyer provides written notice to Seller prior to expiration of



the Review Period that the Property is not acceptable to Buyer, then this Agreement shall automatically terminate and the Earnest Money, except for the Independent Consideration, shall be returned to Buyer. Failure of Buyer to provide any such notice prior to the expiration of the Review Period shall be deemed to be notice from Buyer effective on the last day of the Review Period that the Property is not acceptable to Buyer.

5.3 Access. Prior to Closing, Buyer shall have access to the Property to conduct such investigations, tests, surveys and other analyses as Buyer determines is necessary, including, without limitation, geotechnical studies, surveys and Phase I and Phase II environmental studies, provided (a) Buyer shall conduct such tests or investigations so as not to unreasonably interfere with the King County Metro (referred to herein as "Metro") current activities on the Property; and (b) Buyer shall promptly restore the Property to its original or a substantially similar condition following any such tests and investigations. Prior to conducting any such inspections or tests, Buyer shall coordinate with Seller so as to avoid unreasonably disturbing use of the Property. Buyer shall be entitled to continued access to the Property for such purposes after the Review Period and during the term of this Agreement but such continued access shall not extend the Review Period and Buyer shall have no right to terminate this Agreement due to the results of any investigations, tests, surveys or other analyses conducted or received after the expiration of the Review Period except as provided in Section 10.2. Buyer's access to the Property shall be pursuant to a special use permit in form attached hereto as Exhibit F.

5.4 Termination of Contracts and Leases. Seller agrees prior to Closing to terminate at its expense all service contracts in the name of Seller applicable to the Property, which are not necessary to continue the operations of Metro on the Property pursuant to the Temporary Joint Use Agreement (as defined in Section 18.2 below) or to satisfy Seller's obligations pursuant to the TPSS MOU Amendment referenced in Section 18.4. Seller shall amend as necessary to accommodate the Project all other service contracts to be terminable by Buyer upon not more than 30 days' notice, if any, which are not necessary to continue operations of Metro on the Property. Except for the Seller WSDOT Lease (as defined in Section 18.5 below), Seller will terminate as of Closing all written leases, if any, and cause all tenants under such terminated leases to vacate the Property. Seller shall also terminate (without the necessity of any objection from Buyer) all property management agreements with respect to the Property and all brokerage or listing agreements relating to sale of or leasing space in the Property, if any.

## 6. Closing.

6.1 Time and Place of Closing. Closing shall occur in the office of the Escrow Holder forty-five (45) days following the satisfaction of the conditions set forth in Section 6.4 and Section 6.5 below, but not later than December 31, 2018 (the "**Closing Deadline**"). Notwithstanding the Closing Deadline, each of Buyer and Seller shall use commercially reasonable efforts to cause the conditions to be satisfied as soon as practicable to facilitate commencement of construction of the Project. If the conditions set forth in Sections 6.4 and 6.5 are not satisfied or not waived by the applicable Party before the Closing Deadline, then this Agreement shall automatically terminate on the Closing Deadline, the Earnest Money, except for the Independent Consideration, shall be returned to Buyer, and the Parties shall have no further obligations to one another except as set forth expressly in this Agreement. Buyer and Seller shall deposit in escrow with Escrow Holder all instruments and documents necessary to complete the transaction in accordance with this Agreement. As used herein, "**Closing**" or "**Date of Closing**" or "**Closing Date**" means the date

on which all appropriate documents are recorded or delivered and the proceeds of sale are available for disbursement to Seller.

6.2 Closing Costs.

(a) Seller's Costs at Closing. At Closing, Seller shall pay (i) the premium for the standard coverage portion of the Title Policy, (ii) one-half of Escrow Holder's escrow fees and charges, and (iii) any recording costs of clearing title other than the Deed.

(b) Buyer's Costs at Closing. At Closing, Buyer shall pay (i) the premium for the extended coverage portion of the Title Policy and any endorsements requested by Buyer, (ii) the costs of recording the Deed, and (iii) one-half of Escrow Holder's escrow fees and charges.

Each Party shall be responsible for its own legal, accounting and consultant fees. The parties agree that the transaction described herein is exempt from real estate excise tax pursuant to WAC 458-61A-205.

6.3 Prorations. All business improvement district or similar assessments due in the tax year of Closing, if any, and other expenses in connection with the operation of the Property subject to Metro's continued occupancy of the Property and obligation to pay expenses associated with such operations as more particularly set forth in the Temporary Joint Use Agreement shall be apportioned as of 12:01 a.m. on the date of Closing. Any expenses of the Property shall be prorated based upon the expenses actually accrued or paid for the month in which Closing occurs. Notwithstanding the foregoing, any local improvement district or similar assessments that are due and owing as of Closing shall be paid in full by Seller. Except as specifically provided herein, Buyer is not assuming and shall not be required to pay, perform or discharge any accounts or liabilities of the Seller or the Property accrued or allocable to periods prior to Closing.

6.4 Buyer's Conditions to Closing. Buyer's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Seller. Seller shall have performed all material obligations required by this Agreement to be performed by it.

(b) Title Policy. Title Company shall be ready, willing and able to issue the Title Policy provided Buyer has fulfilled its obligations with respect thereto.

(c) Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects.

(d) No Material Adverse Change. At no time prior to the Closing Date shall there be any material adverse change in the physical condition of the Property (Section 8 shall apply in the case of damage or destruction).

(e) Board Approval. Buyer shall have obtained approval from Buyer's board of directors of this Agreement, Closing and all related transactions.

- (f) Temporary Joint Use Agreement. Buyer and Seller will have entered into the Temporary Joint Use Agreement, as defined in Section 18.2 below.
- (g) SEPA/NEPA. (i) Buyer shall have consulted with Seller and published a final environmental impact statement pursuant to Ch. 43.21C RCW and the National Environmental Policy Act ("NEPA") to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved, and (ii) Seller shall have satisfied any requirements of Seller imposed by Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved.
- (h) King County Site Work. The King County Site Work has been substantially completed in accordance with Section 18.2(b) and the Temporary Joint Use Agreement.
- (i) Completion of Art Deaccession. Completion of the removal procedure specified in section 9 of the agreements for artists services for the DSTT art program entered into by Seller's predecessor in interest (the Municipality of Metropolitan Seattle), including Council action on any decision to remove art from the Downtown Seattle Transit Tunnel.

The conditions set forth in this Section 6.4 are intended for the benefit of Buyer. If any of the foregoing conditions are not satisfied as of the Closing Date, Buyer shall have the right at its sole election either to waive the condition in question and proceed with the purchase or, in the alternative, to terminate this Agreement, receive a refund of the Earnest Money, except for the Independent Consideration, and, if applicable, exercise any remedies available to Buyer in Section 17.2 below.

6.5 Seller's Conditions to Closing. Seller's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

- (a) Performance by Buyer. Buyer shall have performed all material obligations required by this Agreement to be performed by it.
- (b) Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects.
- (c) Council Approval. Seller shall have obtained approval from the Metropolitan King County Council ("Council") of this Agreement and the Council shall not have adopted a resolution pursuant to Section 18.2(a) objecting to the Temporary Joint Use Agreement or Section 18.4 objecting to the TPSS MOU Amendment.
- (d) Temporary Joint Use Agreement. Buyer and Seller will have entered into the Temporary Joint Use Agreement, defined in Section 18.2 below.
- (e) SEPA/NEPA. (i) Buyer shall have consulted with Seller and published a final environmental impact statement pursuant to Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved, and (ii) Seller shall have satisfied any requirements of Seller imposed by Ch. 43.21C RCW and NEPA to the extent applicable, with all appeal periods having expired, and if any appeals are filed, with such appeals finally resolved.

(f) Completion of Art Deaccession. Completion of the removal procedure specified at section 9 of the agreements for artists services for the DSTT art program entered into by Seller's predecessor in interest (the Municipality of Metropolitan Seattle), including Council action on any decision to remove art from the Downtown Seattle Transit Tunnel.

The conditions set forth in this Section 6.5 are intended for the benefit of Seller. If any of the foregoing conditions are not satisfied as of the Closing Date, Seller shall have the right at its sole election either to waive the condition in question and proceed with the sale or, in the alternative, to terminate this Agreement and, if applicable, exercise any remedies available to Seller in Section 17.1 below.

7. Deliveries at Closing. Seller's Deliveries. At or before Closing, Seller shall deliver the following:

- (a) Bargain and Sale Deed, in form attached hereto as Exhibit B, conveying title to the Property to Buyer, subject only to the Permitted Exceptions (the "Deed").
- (b) Real estate excise tax affidavit (showing that the transaction is exempt as provided in Section 6.2(b)).
- (c) An executed Temporary Joint Use Agreement.
- (d) Such other documents, instruments or assignments reasonably necessary to complete the transaction described in this Agreement.
- (e) Such other documents or certificates reasonably required by the Escrow Holder.

7.2 Buyer's Deliveries. At Closing, Buyer shall deliver the following:

- (a) The cash set forth in Section 2.1 and the Note in Section 2.2.
- (b) Instructions to bond trustee regarding the pledge of lodging taxes to secure the Note as permitted pursuant to RCW 36.100.040(4) and as more particularly provided in Section 18.1 below.
- (c) A counterpart of the real estate excise tax affidavit (showing that the transaction is exempt as provided in Section 6.2(b)).
- (d) An executed Temporary Joint Use Agreement.
- (e) Such other documents, instruments or assignments reasonably necessary to complete the transaction described in this Agreement.
- (f) Such other documents or certificates reasonably required by the Escrow Holder.

7.3 Operations Pending Closing. From the date hereof until Closing, Seller agrees to manage and operate the Property free from waste and neglect and consistent with past management practices. Seller further agrees: (i) except for the King County Site Work described in the Temporary Joint Use Agreement, to maintain the Property in its current condition and repair (normal wear and tear and casualty loss excepted); (ii) to perform all of its material obligations under any permits and contracts applicable to the Property; (iii) not to lease, rent or otherwise permit any person or persons to occupy any portion of the Property; (iv) except for the King County Site Work described in the Temporary Joint Use Agreement, not to enter into any new contracts which would be binding on Buyer after Closing without the written approval of Buyer, which approval may be withheld in Buyer's sole discretion; and (v) not to further encumber the Property or market the Property or enter into any contracts or agreements to sell or otherwise transfer all or any portion of the Property. To the extent any services have been provided or any improvements, repairs or maintenance have been made or will be made to the Property prior to Closing by or through Seller, which might form the basis of claims, Seller agrees to keep the Property free from claims which might result, and to indemnify, defend, protect and hold Buyer harmless from any and all such claims and all attorneys' fees and other costs incurred by reason thereof. The foregoing shall not apply to claims that may arise through Buyer and shall survive Closing.

8. Destruction of Property. The Parties acknowledge that Buyer intends to demolish the Improvements and redevelop the Property after Closing at or about the time Buyer commences construction of its Project. In the event that all or any material portion of the Improvements are subject to damage or destruction prior to the date of Closing, Buyer may extend the Closing by up to sixty (60) days to evaluate the impact of such damage or destruction or may terminate this Agreement by delivering written notice to Seller. In the event that Buyer does not elect to terminate this Agreement, then Seller shall have no obligation to repair or replace any damage or destruction nor shall the Purchase Price be reduced but the following shall apply at the Closing: Seller shall assign to Buyer its rights to any damage proceeds, if any, resulting from such damage or destruction and shall not make any settlements without Buyer's prior written approval, which shall not be unreasonably withheld.

9. Permitting. During the term of this Agreement, Buyer shall have the right (at Buyer's sole cost) to seek a master use permit and any other discretionary permits or approvals required for Buyer's intended Project ("Project's Master Use Permit") and any other development plan approval, permits (including a master use permit) and other land use approvals or authorizations as may be required for such development pursuant to that certain Proof of Agency letter from Metro to Buyer dated November 12, 2014, (the "**Entitlements**"). Seller agrees to diligently cooperate in good faith with Buyer in Buyer's efforts to seek permits and approvals and authorizations for Buyer's intended development of the Property. Such cooperation shall include joining in any permit or entitlement applications if reasonably requested by Buyer. However, other than joining in applications and supporting Buyer's proposed development, Seller shall not be required to incur any material expense in connection with the efforts of Buyer to seek a master use permit and any other permits and other approvals and authorizations.

In addition to the foregoing, if Seller is named or joined in any legal action or proceeding intended to delay the Project or to challenge or dispute Buyer's permits, approvals or other necessary entitlements for the Project, Buyer, at its expense, will defend Seller in such litigation with Buyer's counsel, provided Seller may direct such counsel on its behalf in consultation and cooperation

with Buyer. If Seller engages separate counsel, such counsel shall be at Seller's expense, but Seller and its counsel shall cooperate with Buyer's counsel.

10. Representations and Warranties.

10.1 Seller's Representations and Warranties. Seller hereby represents, warrants and covenants to Buyer as follows:

(a) Execution, Delivery and Performance of Agreement. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision of the State of Washington and (ii) subject to the condition in Section 6.5(c) of this Agreement, has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller's legislative authority. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms herein.

(b) Leases. Except for matters to be addressed pursuant to the TPSS MOU Amendment referenced in Section 18.4, there are no oral or written leases (including any sign or billboard leases), rental agreements or other occupancy agreements arising through Seller allowing any person or entity to occupy all or any portion of the Property. No person has an option or right of first refusal from Seller to lease any interest in the Property that has not been waived in writing.

(c) Contracts. Seller has entered into no contracts or agreements which will be binding on Buyer or the Property after Closing except as shown in the Preliminary Commitment, and except for the Temporary Joint Use Agreement and the TPSS MOU Amendment.

(d) Compliance. To the best of Seller's actual knowledge, Seller has not received any written notice that, and has no current actual knowledge that, the Property or the operation and use thereof does not comply in any material respect with any applicable laws.

(e) No Prior Options, Sales or Assignments. Seller has not granted any options nor obligated itself in any manner whatsoever to sell the Property or any portion thereof to any party other than Buyer.

(f) Litigation. To the best of Seller's actual knowledge, there is no claim, litigation, proceeding or governmental investigation pending or threatened in writing against Seller with respect to the Property, or the transactions contemplated by this Agreement.

(g) Hazardous Substances. Except for the environmental reports provided to Buyer as part of the Review Materials, to Seller's actual knowledge, (a) the Property does not contain, no activity on the Property has produced nor has the Property been used in any manner for the storage, discharge, deposit or dumping of hazardous or toxic wastes or substances, whether in the soil, ground water or otherwise; (b) the Property does not contain underground tanks of any kind; and (c) the Property does not contain and does not produce polychlorinated biphenyls, asbestos, urea formaldehyde or radon gas.

(h) Definitions. The term "**Seller's actual knowledge**" means and includes only the actual knowledge of Ron Moatar, Metro Project Manager, without giving effect to any principles of imputed or constructive knowledge and without any duty of inquiry.

**10.2 Updates to Seller's Representations and Warranties.** If any of the representations or warranties of Seller contained in Section 10.1 become materially inaccurate as of the date of Closing, or for a period of twelve (12) months after Closing, as a result of information received by Seller or Buyer, or as a result of occurrences subsequent to the Agreement Date, then Seller shall promptly notify Buyer, or Buyer shall promptly notify Seller, as the case may be, of such information or occurrence. Seller shall then have sixty (60) days after receipt of such notice to correct the inaccuracy, so long as Seller's reasonably estimated cost to correct the inaccuracy is not in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000). If the notice of the material inaccuracy is received before Closing, then Closing shall be automatically extended for such sixty (60) – day cure period. If the notice of the material inaccuracy is received before Closing, and Seller is either unable to complete the correction within such sixty (60) – day period, or Seller estimates that such correction cannot be made for an amount equal to or less than Two Million Five Hundred Thousand Dollars (\$2,500,000), then Buyer may elect to (i) proceed with Closing (in which case Seller's reasonably estimated cost of correcting such inaccuracy shall be credited against the Purchase Price, but in no event an amount in excess of Two Million Five Hundred Thousand (\$2,500,000)), or (ii) terminate this Agreement, in which event the Earnest Money, except for the Independent Consideration, shall be returned to Buyer as its sole remedy (except for reimbursement of its Due Diligence Costs as provided in Section 17.2) and all obligations of Seller and Buyer hereunder (except for those indemnity and other obligations that would survive Closing) shall terminate and be of no further force or effect. If the notice the material inaccuracy is received after Closing, but within the twelve (12) month period set forth in this Section, and Seller's reasonably estimated cost to correct the material inaccuracy is in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000), then Buyer's sole remedy shall be to elect for Seller to pay Buyer an amount equal to but not in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) to complete such correction. Only the representations and warranties of Seller contained in this Agreement shall survive Closing and only for a period of twelve (12) months. After that date, they shall expire except for and only to the extent written notice containing a description of the specific nature of any material inaccuracy shall have been given by Buyer to Seller prior to expiration of the twelve (12) month period. In no event shall Seller's liability for breach of the representations and warranties of Seller contained herein be in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000).

**10.3 Buyer's Representations and Warranties.** Buyer hereby represents, warrants and covenants to Seller as follows:

- (a) this Agreement has been duly authorized, executed and delivered by Buyer and is a legal, valid and binding obligation of Buyer.
- (b) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will:
  - (i) conflict with or result in a breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Buyer; or
  - (ii) constitute a breach of any agreement to which Buyer is a Party or by which Buyer is bound; and
- (c) incurring the payment obligations herein, to be set forth in the Note, will not violate any constitutional, statutory or other limitation upon the amount of indebtedness that the Buyer may incur.

11. As-Is Purchase and Release. Buyer is purchasing the Property "**as is where is**" in its present condition. Buyer has the opportunity to inspect the Property and documentation in Seller's possession as provided herein. Except as expressly set forth in Section 10 above and in the conveyance documents, Seller makes no representations or warranties, express or implied, with respect to: (a) the condition of the Property or any buildings, structure or improvements thereon, or the suitability of the Property for Buyer's intended use; (b) any applicable building, zoning or fire laws or regulations or with respect to compliance therewith or with respect to the existence of or compliance with any required permits, if any, of any governmental agency; (c) the availability or existence of any water, sewer or utilities, any rights thereto, or any water, sewer or utility districts; (d) access to any public or private sanitary sewer or drainage system; or (e) the presence of any hazardous substances at the Property or in any improvements on the Property, including without limitation asbestos or urea-formaldehyde, or the presence of any environmentally hazardous wastes or materials on or under the Property. Buyer acknowledges that Buyer is given the opportunity under this agreement to fully inspect the Property and, subject to the terms of this Agreement, Buyer assumes the responsibility and risks of all defects and conditions.

Except for claims of fraud or willful misrepresentation on the part of Seller, and except as specifically set forth in this Agreement or the Temporary Joint Use Agreement, Buyer, on behalf of itself and its employees, agents, successors and assigns, attorneys and other representatives, and each of them, hereby forever expressly waives and releases, Seller from and against any and all claims, demands, causes of action, obligations, damages and liabilities of any nature whatsoever, whether alleged under any statute, common law or otherwise, directly or indirectly, arising out of or related to the operation or economic performance of the Property, delays in completing the Project, and the condition of the Property, including, but not limited to, Hazardous Materials in violation of Environmental Regulations. The term "**Hazardous Material**" for purposes hereof shall mean any chemical, substance, material or waste component thereof listed or defined as hazardous or toxic under any Environmental Regulations. The term "**Environmental Regulations**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders, or other similar enactments or any governmental authority or agency regulating or relating to health, safety, or environmental conditions on, under or about the Property or the environment including the following: Model Toxics Control Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act. Buyer and Seller acknowledge that Buyer has been afforded the opportunity to conduct certain environmental testing on the Property and the Purchase Price has been adjusted by mutual agreement of Buyer and Seller as set forth in Section 2 above.

From and after Closing, Buyer shall indemnify, defend and hold Seller, its officers, agents and employees harmless from and against any and all claims and agency orders or requirements (collectively "**Claims**") relating to or arising out of, directly or indirectly, Hazardous Materials, if any, presently on the Property except for Claims relating to or arising out of, directly or indirectly, (a) Hazardous Materials that have migrated from the Property by ground water, storm water, soil excavation, or other means during construction of the existing improvements on the Property which commenced during or about 1988 including, without limitation, handling and disposal of Hazardous Materials during demolition, excavation, construction and alterations of such improvements, (b) the disposal of Hazardous Materials including soil, tanks or debris during and after construction of the existing improvements on the Property, or (c) Seller's or its predecessor's (meaning the Municipality of Metropolitan Seattle) failure to comply with Environmental



Regulations related to bus or transit operations on the Property, including handling and disposal of Hazardous Materials.

12. Negotiation and Construction. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between the Parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party.

13. Brokers and Finders. Each Party represents and warrants to the other that no broker or finder has been involved in this transaction. In the event of a claim for any broker's fee, finder's fee, commission or other similar compensation by an broker, finder or agent in connection with this Agreement, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 13 shall survive the termination of this Agreement or the Closing.

14. Possession. Buyer shall be entitled to possession of the Property on the date of Closing, free and clear of all tenant leases or other parties in possession except as expressly provided in this Agreement or the Temporary Joint Use Agreement.

15. Governing Law, Attorneys' Fees and Venue. This Agreement shall be construed according to the laws of the state of Washington. If either Buyer or Seller should find it necessary to employ an attorney to enforce a provision of the Agreement or to recover damages for the breach hereof (including proceedings in bankruptcy), the substantially prevailing Party shall be entitled to be reimbursed for its arbitration and/or court costs and attorneys' fees, in addition to all damages, through all levels of appeal. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

16. Waiver of Right to Receive Seller Disclosure Statement and Waiver of Right to Rescind. To the maximum extent permitted by RCW Ch. 64.06, Buyer expressly waives its right to receive from Seller a seller disclosure statement ("**Seller Disclosure Statement**") and to rescind this Agreement, both as provided for in RCW Ch. 64.04. Seller and Buyer acknowledge and agree that Buyer cannot waive its right to receive the section of the Seller Disclosure Statement entitled "Environmental" (which is contained in Section 6 of the form) if the answer to any of the questions in that section would be "yes." Nothing in the Seller Disclosure Statement creates a representation or warranty by the Seller, nor does it create any rights or obligations in the Parties except as set forth in RCW Ch. 64.06. Buyer is advised to use its due diligence to inspect the Property as allowed for by this Agreement, and that Seller may not have knowledge of defects that careful inspection might reveal. Buyer specifically acknowledges and agrees that the Seller Disclosure Statement is not part of this Agreement, and Seller has no duties to Buyer other than those set forth in this Agreement.

17. Default and Remedies.

17.1 Default by Buyer. If Buyer fails without legal excuse to complete the purchase of the Property in accordance with the terms of this Agreement, the Earnest Money deposited by Buyer shall be forfeited as liquidated damages to Seller as the sole and exclusive remedy available to Seller for such failure. Buyer and Seller expressly agree that the delivery to and retention of the Earnest Money by Seller represents a reasonable estimation of the damages in the event of Buyer's default, that actual damages would be difficult to ascertain as of the date hereof, and this provision does not constitute a penalty.

17.2 Default by Seller. If Seller fails without legal excuse to complete the sale of the Property in accordance with the terms of this Agreement, Buyer may elect one of the following remedies as its sole and exclusive remedy: (a) specific performance of this Agreement (provided an action thereon is commenced within one hundred twenty (120) days of Seller's failure to perform); or (b) rescission of this Agreement and return of the Earnest Money, except for the Independent Consideration, and reimbursement of its actual Due Diligence Costs (as defined in this Section), but not exceeding Four Hundred Thousand Dollars (\$400,000). For the purposes of this Agreement, "**Due Diligence Costs**" shall mean all actual, out-of-pocket due diligence, environmental, engineering, permitting, entitlement, rezoning, consultant and legal fees and costs and any non-refundable deposits expended by Buyer in connection with the Project, as reasonably shown in writing.

18. Post-Closing Obligations of Buyer and Seller. The following obligations of Buyer and Seller shall survive Closing hereunder.

18.1 Pledge of Lodging Tax; Priority Position.

(a) Pledge of Lodging Tax. Buyer hereby irrevocably covenants and agrees for as long as its obligations under the Note (the "Obligations") are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5), as the same may be amended from time to time or any successor statute (the revenues from such Lodging Tax are hereinafter referred to as the "Lodging Tax Revenues"), to the extent permitted by applicable law. Buyer hereby irrevocably obligates and binds itself to set aside and pay from Lodging Tax Revenues the amount necessary to pay the Obligations as and when due, from amounts available after payments have been made as described as (i) priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of Resolution No. 2010-12 of Buyer adopted on November 12, 2010 (the "2010 Bond Resolution"), a copy of which is attached hereto as Exhibit C-2, prior to the effective date of the second amendment described in Section 18.1(c) below (the "Second Amendment"), or (ii) priorities First through Sixth, on and after the effective date of the Second Amendment. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues to the payment of the Obligations, as authorized by RCW 36.100.040(7).

Buyer shall cause the Lodging Tax Revenues so pledged for payment of the Obligations to be deposited monthly into an account identified and maintained by Seller before any payments are made with respect to obligations incurred by, or liabilities of, Buyer with a priority position described as (i) priority Eighth in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution or (ii) priority Seventh, after the effective date of the Second Amendment. The Obligations shall not be subject to acceleration.

Buyer will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of Section 9(c) of the 2010 Bond Resolution each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for payment of the Obligations prior to the effective date of the Second Amendment. At or before Closing, Buyer shall amend the 2010 Bond Resolution pursuant to Section 21(a)(10) thereof to renumber priority Eighth as priority Ninth and to add a new priority "Eighth: to pay the Obligations as and when due" (the "First Amendment").

Capitalized terms used but not defined herein have the meanings set forth in the 2010 Bond Resolution. In lieu of providing a Bond Trust Agreement the foregoing provisions are intended to confirm the priority of the payment of the Obligations from the Lodging Tax Revenues, subject to the First Amendment and the Second Amendment.

(b) Issuance of Bonds for the Project. Seller recognizes that Buyer expects to issue the First Issue and each Later Issue (each as defined in the Financing Plan attached hereto as Exhibit D-1 (the "Financing Plan")) including short term debt as described in Section 3.b. of the Financing Plan as Additional First Priority Bonds (also referred to as "PFD First Priority Bonds" under the Transfer Agreement between the State of Washington and Buyer dated November 30, 2010 (the "Transfer Agreement") or Subordinate Priority WSCC Obligations (also referred to as "PFD Subordinate Lien Obligations" under the Transfer Agreement), provided Buyer satisfies the applicable conditions to such issuance set forth in the Financing Plan and in the 2010 Bond Resolution. Buyer shall notify the Director of Seller's Office of Performance Strategy and Budget (or its successor) between sixty (60) and ninety (90) days before such issuance. At the request of Buyer from time to time, Seller shall confirm the priority of the Obligations in writing. Notwithstanding the foregoing, any bonds issued within one (1) year following completion of the Project (defined as receipt of the final certificate of occupancy for the Project) ("Completion Bonds") for the purpose of renovating Buyer's existing convention facility may be issued as Additional First Priority Bonds or Subordinate Priority WSCC Obligations so long as Buyer satisfies the Later Issue DSCR set forth in the Financing Plan (but satisfaction of the other conditions set forth in the Financing Plan for Additional First Priority Bonds or Subordinate Priority WSCC Obligations shall not be required). Thereafter, Buyer may not issue Additional First Priority Bonds or Subordinate Priority WSCC Obligations without Seller consent, except that Buyer may issue refunding First Priority Bonds and Subordinate Priority WSCC Obligations for debt service savings or to refinance the short term debt described in Section 3.b. of the Financing Plan.

(c) Second Amendment to 2010 Bond Resolution. Buyer hereby covenants and agrees to use good faith efforts to adopt the Second Amendment to the 2010 Bond Resolution pursuant to Section 21(b) thereof in connection with the First Issue to provide that (i) the Obligations shall constitute priority Seventh in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution, (ii) the payments and obligations currently described as priority Seventh in the 2010 Bond Resolution shall become priority Eighth, and (iii) the payments and obligations currently described as priority Eighth in the 2010 Bond Resolution shall become priority Ninth. In the event Buyer is unable to adopt the Second Amendment, Buyer must satisfy the Additional Conditions as defined in Paragraph 7 of the Financing Plan.

(d) Performance and Payment Bond. Buyer shall cause its general contractor / construction manager to provide a performance and payment bond covering the total GC/CM contract cost of

the Project, and for subcontractors to provide bid bonds and performance and payment bonds, as required pursuant to Ch. 39.10 RCW (or equivalent like Subguard, provided it is reasonably acceptable to Seller).

**18.2 Temporary Joint Use Agreement.** After Closing and until the DSTT Termination Date (as defined in this Section), Seller shall require continued access to and use of the Property as provided in this Section for Metro operations. Prior to and as a condition of Closing, the Parties will enter into an agreement that is approved by each Party, such approval not to be unreasonably withheld, conditioned or delayed (the "Temporary Joint Use Agreement") that ensure the continuity of Metro operations on the Property and Metro access to the Downtown Seattle Transit Tunnel ("DSTT") until the date that Metro ceases operations in and out of the DSTT (the "DSTT Termination Date"). As of the date of this Agreement, the Parties have not agreed on the material terms of the Temporary Joint Use Agreement and Buyer's rights of access and use of the Property before and after Closing, including, without limitation, the type of ramp that will be used for access to the DSTT, the scope and timing of, and impacts from, construction of such ramp, when use of the ramp for Metro operations in and out of the DSTT will begin, the allocation of costs related to the construction of the temporary layover loop from such ramp to the Temporary Layover Loop, the condition of the Property including any demolition of existing improvements on the Property before Closing, and any impacts on or changes to Metro bus service before and after Closing. The DSTT Termination Date shall be no earlier than the September 2019 Metro transit service change unless the following conditions are met: (i) the permits necessary to commence construction, which are contingent upon the issuance of the Project's Master Use Permit but not necessarily all permits required to complete construction, are issued by the City of Seattle prior to July 1, 2018; and (ii) Buyer has notified Seller no later than September 30, 2018 that Buyer has begun demolition and construction of the Project (not including the King County Site Work) and that Buyer needs to take control of the site by March 2019. For the purposes of this Section 18.2: (x) "take control of the site" means continued operation of the site as a transit base would impair the construction of the Project; and (y) demolition includes site mobilization, fencing, demolition of buildings, terminating duct banks, and grading of the site. If that notification does not occur, Seller agrees to vacate the site at the end of March or September of each calendar year provided that six months notice has been given prior to each date. Buyer and Seller shall cooperate with each other to ensure that Metro operations on the Property do not materially interfere with Buyer's construction of the Project and that Buyer's construction does not materially interfere with Metro's operations and access to the DSTT. The Temporary Joint Use Agreement is a related transaction and the Parties currently contemplate the Temporary Joint Use Agreement to include the following:

(a) **Interim Access to DSTT.** The Temporary Joint Use Agreement shall include the following elements which remain to be negotiated by the parties: (i) the scope, concept and design for access to the DSTT (the "DSTT Access Conceptual Plans"), (ii) the schedule for completing such access to the DSTT in accordance with the DSTT Access Conceptual Plans (the "DSTT Access Schedule"), and (iii) the estimated cost of implementing and maintaining the DSTT access pursuant to the DSTT Access Conceptual Plans and the DSTT Access Schedule (the "DSTT Access Cost Estimate"). Seller shall reimburse Buyer eighty percent (80%) of the actual DSTT Access Cost up to a maximum reimbursement of \$4,000,000. The Parties will use all reasonable efforts to complete the Temporary Joint Use Agreement no later than November 30, 2017 subject to extension by the Parties to facilitate better cost estimating. The Temporary Joint Use Agreement shall be subject to a thirty day review period by the Council. Prior to execution, the

King County Executive shall submit an electronic copy to the Clerk of the Council who will distribute a copy to all Councilmembers and the Director of Legislative Analysis or designee. If the Council does not pass an ordinance objecting to the Temporary Joint Use Agreement during the review period, the King County Executive shall be authorized to execute the Temporary Joint Use Agreement.

(b) King County Site Work. Seller shall be responsible for completing certain King County site work on the Property related to the DSTT Access Conceptual Plans as described in Exhibit H attached hereto (the "King County Site Work"). Buyer shall perform the King County Site Work for Seller as will be further defined in the Temporary Joint Use Agreement. The King County Site Work shall be completed prior to Closing, but shall not commence until execution of the Temporary Joint Use Agreement, and the conditions set forth in Sections 6.4(h) and 6.5(f) have been satisfied. In the event this transaction fails to close for any reason other than Seller's default after commencement of the King County Site Work, Buyer will repair and restore the Property at its sole expense to the condition that existed immediately prior to commencement of the King County Site Work.

(c) Bus Layover Space. During construction of the Project, Buyer, at its cost, shall provide to Seller temporary bus layover space for a total of nine (9) 60-foot long buses simultaneously (the "Temporary Layover Space") in a location agreed to between Buyer and Seller, such as the location is generally depicted on Exhibit E attached hereto. Buyer and Seller shall obtain approval of the proposed Temporary Layover Space by SDOT before the Closing Date. If SDOT does not approve the location of a Temporary Layover Space before the Closing Date, then Buyer shall assist Seller to determine alternative locations for the Temporary Layover Space that will achieve SDOT approval. In addition to the other obligations in this Section 18.2(c), Buyer shall assist Seller and SDOT to determine a location to accommodate (i) fifteen (15) 60-foot long buses in a single (or dual) location or (ii) twenty-four (24) 60-foot long buses in dispersed locations (on or off-street) in the downtown area of Seattle.

(d) Bus Routing, Delays, and Closure. Buyer shall utilize reasonable measures to mitigate any public transportation travel time increases caused by re-routings through the Property and other property impacted by the construction of the Project. Buyer and Seller shall work collaboratively and reasonably to develop, pursuant to the Temporary Joint Use Agreement, appropriate milestones and minimum notice requirements for closure of the DSTT and the station located on the Property.

18.3 Artwork. Reference is made to that certain letter dated January 17, 2017 from Cath Brunner of 4Culture, a copy of which has been provided to Buyer (as modified, the "**Existing Artwork Letter**"). Seller shall enter into an agreement with 4Culture by which Seller will cause the deaccession of all existing public artwork on the Property prior to Closing and to pay the costs related thereto. Such agreement between Seller and 4Culture shall be provided to Buyer for review and approval, such approval not to be unreasonably withheld, conditioned or delayed, prior to execution thereof. Buyer does not have a statutory requirement for public art in the Project. In consideration of Seller's obligations under this Section 18.3, Buyer hereby agrees to the following:

- (a) Buyer will establish an Art Budget (the "Art Budget") of not less than \$4,500,000 and expend at least that amount on public art. Buyer shall supplement the Art Budget by an additional \$100,000 (for a total of not less than \$4,600,000) to be spent on mitigation of lost artwork.
- (b) Buyer will engage in a fully public process for the administration of the Art Budget which means hiring an artist to assist in art master planning, employing the services of a qualified public art professional or organization to manage the process of acquiring and installing the art and utilizing, empowering and adequately staffing Buyer's Art Advisory Committee to assist in the administration of the Art Budget; provided, however, all final decisions regarding acquisition of artwork for the Project and use of the Art Budget shall be made by Buyer's board of directors.
- (c) Buyer will develop an interpretive framework at the Convention Center that will make the documentation of lost artwork open and accessible to the public. The costs related to such framework shall be included in the Art Budget.
- (d) Buyer will incorporate into the Project the five (5) artistic tree grates and the two (2) profiles in the sidewalk that are depicted on Exhibit I attached hereto. The costs related to incorporation of the tree grates and the profiles shall be included in the Art Budget. The final location of the tree grates and the profiles in the Project will be determined by Buyer.

18.4 Relocation of Existing Systems and Infrastructure Improvements. Buyer and Seller have entered into that certain Memorandum of Understanding between King County and Washington State Convention Center Regarding CPS Property Replacement of Transit Power Substation dated October 22, 2015 (the "TPSS MOU"). A copy of the current TPSS MOU is attached to this Agreement as Exhibit G. Buyer and Seller shall amend the TPSS MOU or enter into a separate TPSS MOU contract, which shall address the following terms and conditions (collectively the "TPSS MOU Amendment"): (a) the scope and schedule and cost for the relocation or replacement of certain equipment specified by Seller, located on the Property, that supports operations within the DSTT and that is owned by Sound Transit and/or King County (collectively with the work currently described in the TPSS MOU, the "TPSS and Infrastructure Work") (b) Buyer, Seller and Sound Transit determining the schedule for completing the TPSS and Infrastructure Work, and (c) Seller and Sound Transit determining the allocation and reimbursement of costs between them. Buyer and Seller acknowledge and agree that Seller and Sound Transit must reach agreement with respect to certain matters described in this Section before Buyer and Seller may enter into the TPSS MOU Amendment, and Seller shall use commercially reasonable efforts to resolve expeditiously such matters with Sound Transit prior to Closing. Both the TPSS MOU Amendment and the Sound Transit agreement shall be subject to a thirty day review period by the Council. Prior to execution, the Executive shall submit an electronic copy to the Clerk of the Council who will distribute a copy to all Councilmembers and the Director of Legislative Analysis or designee. If the Council does not pass an ordinance objecting to the agreement(s) during the review period, the Executive shall be authorized to execute the agreement(s).

Notwithstanding anything to the contrary in the current TPSS MOU, and until a TPSS MOU Amendment is executed, Buyer shall have no right to perform any demolition or construction work or require Seller to perform any demolition or construction work contemplated by this Section 18.4 to be included in the TPSS MOU Amendment except such work authorized by Seller that does not interrupt Seller's use of the DSTT. Additionally, until a TPSS MOU Amendment is executed,

Buyer shall be liable to Seller for any loss or damage to Seller's equipment, loss or impairment of Seller's use of such equipment or interruption of Seller's use of the DSTT, unless authorized by Seller, resulting from Buyer's demolition or construction activity on the Project.

18.5 WSDOT Lease. Seller is a party to that certain lease dated as of June 29, 1987, for that certain real property labeled as Parcel 11 on Exhibit A-3 (the "**Seller WSDOT Lease**"). Upon Seller's abandonment of the Seller WSDOT Lease, Buyer intends to enter into a lease with WSDOT for Parcel 11 and all or some portion of that certain real property labeled as Parcel 12 on Exhibit A-3 (the "**Buyer WSDOT Lease**"). At such time that Seller is no longer using the Seller WSDOT Lease area Seller shall promptly provide notice to WSDOT and Buyer of its intent to abandon the Seller WSDOT Lease. The above sequencing notwithstanding, Seller agrees to cooperate in good faith with Buyer if Buyer is able to reach agreement with WSDOT to acquire interest in Parcel 11 from WSDOT prior to Seller's abandonment, provided that Buyer will provide Seller with access and use of Parcel 11 pursuant to the same rights and interests that Seller has under the existing Seller WSDOT Lease until Seller no longer requires use of Parcel 11, as contemplated and set forth in the Temporary Joint Use Agreement.

18.6 Affordable Housing. The Buyer acknowledges that both the Seller, as a regional leader in creating opportunities for affordable housing, and the City of Seattle ("City") have an interest in seeing more affordable housing being built as a result of this Project. To provide for, satisfy and support Seller's interest, goal and requirement to make the Property available for affordable housing, Buyer shall contribute Five Million Dollars (\$5,000,000) to the King County Department of Community and Human Services to be used by the agency to support and provide affordable housing in King County. This contribution must be made at Closing.

18.7 Project Conditions. Buyer agrees to comply with the following requirements during the construction of the Project:

- (a) Buyer shall use a Project Labor Agreement with terms similar to the terms set forth in that certain Project Labor Agreement for the Brightwater Conveyance System dated June 20, 2005 provided the Seattle Building Trades Unions will agree to such terms.
- (b) Buyer shall use apprentices during construction of the Project.
- (c) Buyer shall use good faith efforts to implement the use of local hiring preferences during construction of the Project.
- (d) Buyer shall be responsible for obtaining all permits necessary to complete the construction of the Project, the King County Site Work, the DSTT Access work, and the TPSS and Infrastructure Work unless otherwise contemplated in this Agreement.
- (e) During construction of the Project, Buyer shall permit a representative of Seller to have access to the Property for purposes of monitoring transit access, attending significant Project design and construction meetings which materially affect Metro's access to the DSTT, and approving timeline and construction thresholds related to access to the DSTT and public transit through the Property, which approval shall not be unreasonably withheld, conditioned or delayed. Such access shall be subject to all reasonable construction rules and security and safety requirements established by Buyer or its contractor.

18.8 Sales Tax Deferral. In the event Buyer obtains a construction sales tax deferral or exemption, that portion of construction sales tax that otherwise would have been received by King County in connection with construction of the Project shall be added to principal on the Note in the years that such sales tax revenue would have been received as reasonably estimated by Buyer, and if a sales tax deferral, then the principal of the Note shall be reduced by the amount and at such time as Seller actually receives the amount of such deferred sales tax.

19. Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any Party to any other Party hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) sent by a nationally recognized overnight delivery service, or (c) if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

SELLER: King County  
Chinook Building  
401 5<sup>th</sup> Ave Ste 810  
Seattle, WA 98104  
Attention: Director: Performance, Strategy and Budget

with a copy to: Cairncross & Hempelmann  
524 Second Avenue, Suite 500  
Seattle, Washington 98104  
Attention: Matt Hanna

Washington State Convention Center Public Facilities District:  
800 Convention Place  
Seattle, Washington 98101-2350  
Attention: Jeff Blosser, President and CEO

With a copy to: Pine Street Group L.L.C.  
1500 Fourth Avenue, Suite 600  
Seattle, Washington 98101  
Attention: Matt Griffin and Matt Rosauer

Either Party hereto may by proper notice made by the other Party designate such other address for giving of notices. All notices shall be deemed given on the day such notice is delivered (or if refused, the date of such refusal).

20. Assignment.

20.1 Buyer's Assignment. Buyer may not assign its rights under this Agreement without Seller's prior written consent, which consent may be withheld or conditioned in Seller's sole discretion.

20.2 Seller's Assignment. Seller may not assign its rights under this Agreement without Buyer's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.



21. Dispute Resolution. In the event of a dispute between the Parties during the Term of the Agreement, the following terms and conditions shall apply:

21.1 Buyer's designee and the King County Executive, or its designee (the "Designated Representatives"), shall confer to resolve disputes that arise under this Agreement as requested by either Party. The Designated Representatives shall use their best efforts and exercise good faith to resolve such disputes. The following individuals are hereby designated as the Designated Representatives of the Parties for the purpose of resolving disputes that arise under this Agreement, and dispute resolution notices shall be sent to:

Buyer: Chairman, WSCC Board of Directors  
800 Convention Place  
Seattle, Washington 98101

Seller: Deputy King County Executive  
Chinook Building  
401 Fifth Avenue, Suite 800  
Seattle, Washington 98104

If the Parties are still unable to resolve the dispute, then either Party may pursue any right or remedy available under applicable law.

22. Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed at the Closing, Seller and Buyer agree to perform such other acts, and to execute and/or deliver such other instruments and documents, as either Seller or Buyer, or their respective counsel, may reasonably require in order to effectuate the intents and purposes of this Agreement. The provisions of this Section shall survive Closing.

23. Exhibits. All exhibits attached hereto or referenced herein are incorporated in this Agreement.

24. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such provisions had not been contained herein.

25. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs and assigns to the extent permitted hereunder.

26. Entire Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior agreements between them respecting the subject matter hereof.

27. Recording. This Agreement shall not be recorded, but either Party may record a memorandum of the agreement including Seller's rights to payments under the Note.

28. Time of the Essence. Time is of the essence of this Agreement.

29. Computation of Time. If a deadline arises or performance is due on a day that is a Saturday, Sunday or other legal holiday in the State of Washington, the actual deadline for performance shall be extended to the next succeeding business day.
30. Force Majeure. Neither Party shall be liable for delays in performance resulting from causes, including third parties and acts of God, beyond such Party's reasonable control, and the time for such performance shall be extended by the number of days such performance is delayed by such causes.
31. Counterparts. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all counterparts so executed shall constitute one agreement, binding on all the parties hereto, notwithstanding that all the parties are not signatory to the original or to the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against the person who executed it.

[Signatures only follow.]

DATED as of the day and year first above written.

SELLER: KING COUNTY, a home-rule charter county and political subdivision of the State of Washington

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Approved as to form:

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

BUYER: WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT,  
a King County public facilities district

By: \_\_\_\_\_  
Name: Frank Finneran  
Its: Chairman of the Board of Directors

Approved as to form:

By: \_\_\_\_\_  
Matthew R. Hendricks, General Counsel

Exhibits

Exhibit A-1	Description of Property
Exhibit A-2	Legal Description of Property
Exhibit A-3	Parcel Map
Exhibit B	Bargain and Sale Deed
Exhibit C-1	Form of Note
Exhibit C-2	2010 Bond Resolution
Exhibit D-1	Financing Plan
Exhibit D-2	Financing Contingency Plan
Exhibit E	Temporary Layover Space
Exhibit F	Special Use Permit
Exhibit G	TPSS MOU
Exhibit H	King County Site Work
Exhibit I	Sidewalk Art and Tree Grates

EXHIBIT A-1  
TO  
PURCHASE AND SALE AGREEMENT

Description of Parcels

<b>Parcel</b>	<b>Address</b>	<b>Parcel Number</b>	<b>Area</b>	<b>Zoning</b>
A	906 Pine St	0660001025	123,747 SF	Downtown Mixed Commercial 340/290-400
B	1620 9 <sup>th</sup> Ave	0660001700	54,287 SF	Downtown Mixed Commercial 340/290-400

EXHIBIT A-2  
TO  
PURCHASE AND SALE AGREEMENT

Legal Description

PARCEL A;

LOTS 1 THROUGH 12, INCLUSIVE, BLOCK 32 AND LOTS 4 THROUGH 6, INCLUSIVE, BLOCK 44, 2ND ADDITION TO THE TOWN OF SEATTLE, AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED) COMMONLY KNOWN AS HEIRS OF SARAH A. BELLS 2ND ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 121, IN KING COUNTY, WASHINGTON; EXCEPT THE SOUTHERLY 7 FEET OF LOTS 1 AND 12 CONDEMNED UNDER SUPERIOR COURT CAUSE NO. 57057 FOR PINE STREET. TOGETHER WITH THE ALLEY IN BLOCK 32 AND THAT PORTION OF TERRY AVENUE VACATED BY CITY OF SEATTLE ORDINANCE 124728.

PARCEL B;

THOSE PORTIONS OF PINE STREET AND TERRY AVENUE AND OF LOTS 1, 2, 3, 10, 11, AND 12 AND THE ALLEY ADJOINING THERETO, ALL IN BLOCK 44, SECOND ADDITION TO THE TOWN (NOW CITY) OF SEATTLE AS LAID OFF BY THE HEIRS OF SARAH A. BELL (DECEASED), ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 121, RECORDS OF KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT 10; THENCE SOUTH 30°38'18" EAST, ALONG THE EASTERLY LINE OF SAID LOTS 10, 11 AND 12, TO A POINT OPPOSITE HIGHWAY ENGINEER'S STATION 2233+60± ON THE LINE SURVEY OF SR 5, SEATTLE FREEWAY: JACKSON ST. TO OLIVE WAY AND 110 FEET NORTHWESTERLY THEREFROM; THENCE SOUTH 16°54'20" WEST, PARALLEL WITH SAID LINE SURVEY, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 18 FEET NORTHWESTERLY OF, MEASURED AT RIGHT ANGLES TO, THE CENTERLINE OF PINE STREET; THENCE SOUTH 59°21'55" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 153.07 FEET TO THE CENTERLINE OF TERRY AVENUE; THENCE SOUTH 59°21'30" WEST, ALONG SAID PARALLEL LINE, A DISTANCE OF 33 FEET TO THE SOUTHEASTERLY PROLONGATION OF THE WESTERLY MARGIN OF TERRY AVENUE; THENCE NORTH 30°37'28" WEST, ALONG SAID WESTERLY MARGIN, A DISTANCE OF 194.93 FEET; THENCE NORTH 59°22'07" EAST, A DISTANCE OF 66 FEET TO THE NORTHWESTERLY CORNER OF SAID LOT 3; THENCE NORTH 59°22'21" EAST, ALONG THE NORTHERLY LINE OF SAID LOTS 3 AND 10, A DISTANCE OF 256.09 FEET TO THE POINT OF BEGINNING. SITUATE IN THE CITY OF SEATTLE, COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT A-3  
TO  
PURCHASE AND SALE AGREEMENT

Parcel Map

Parcel A 123,747 sf  
Parcel B 54,287 sf (parcels 6, 7, 8, 9 and 10)  
Total 178,034 sf



EXHIBIT B  
TO  
PURCHASE AND SALE AGREEMENT

FILED FOR RECORD AT REQUEST OF  
AND WHEN RECORDED RETURN TO:

**BARGAIN AND SALE DEED**

Grantor:

Grantee:

Abbreviated  
Legal Description: \_\_\_\_\_  
complete legal description appears on Exhibit A hereto).  
Assessor's Tax  
Parcel No.: \_\_\_\_\_

The Grantor, \_\_\_\_\_, a \_\_\_\_\_, for good  
and valuable consideration in hand paid, the receipt and sufficiency of which are hereby  
acknowledged, bargains, sells, and conveys to \_\_\_\_\_,  
\_\_\_\_\_ the following described real estate, situated in the County of  
\_\_\_\_\_, State of Washington:

The real property described on Exhibit A attached hereto, subject to the permitted  
exceptions described on Exhibit B attached hereto, together with all and singular the  
tenements, hereditaments and appurtenances thereunto belonging or in anywise  
appertaining.

This Deed may be executed in one or more counterparts, each of which shall be an original,  
but which together shall constitute one and the same instrument.

DATED as of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
[\*\*ADD ACKNOWLEDGEMENTS AND EXHIBITS\*\*]

EXHIBIT B

NOTE: Calculations to be updated for initial year after Closing Date is established.

EXHIBIT C-1  
TO  
PURCHASE AND SALE AGREEMENT

FORM OF NOTE

PROMISSORY NOTE

**\$141,010,940 (U.S.)**  
\_\_\_\_\_, 201\_

**Seattle, Washington**

**FOR VALUE RECEIVED**, the undersigned Washington State Convention Center Public Facilities District, a King County public facilities district, ("Maker"), promises to pay to the order of King County, a home-rule charter county and political subdivision of the State of Washington ("Holder"), at its office at [\_\_\_\_\_], or at such other place as the Holder may from time to time designate in writing, the sum of ONE HUNDRED FORTY ONE MILLION TEN THOUSAND NINE HUNDRED FORTY DOLLARS (\$141,010,940) in lawful money of the United States.

**SECTION 1. Interest Rate.**

This Note shall bear interest prior to maturity or acceleration during the term of this Note as provided in this Section 1 (the "Note Rate"). From twelve (12) months before the first payment date in Section 2 until the June 30 that is six (6) years later (the "Initial Note Rate Period"), the Note Rate shall be one percent (1.0%). After the Initial Note Rate Period until the Maturity Date, the Note Rate shall be four and 25/100 percent (4.25%). In the event of a default under this Note, interest shall begin to accrue at the Default Rate set forth in Section 7 below. Interest shall compound annually and be paid annually in accordance with Section 2 below.

**SECTION 2. Annual Payments.**

Payments shall be due and payable to Holder in accordance with this Section 2. On the June 30 that first occurs after Closing and each June 30<sup>th</sup> thereafter for a period of five (5) years, interest only payments shall be due and payable to Holder in the amount of ONE MILLION FOUR HUNDRED TEN THOUSAND ONE HUNDRED NINE DOLLARS (\$1,410,109) for a total of six payments of this amount (the "Initial Payment Period"). On each June 30<sup>th</sup> thereafter until the Maturity Date, amortizing installments of principal and interest in the amounts set forth on the amortization table attached hereto as Schedule A will be due and payable to Holder. To the extent Closing occurs less than a full year before the first payment is due, a portion of the first payment will be interest and a portion will be principal. The interest portion shall be calculated



based on the actual number of days remaining between the Closing and the first payment divided by 365 and multiplied by \$1,410,109. The remaining amount of the first payment will be applied to principal. As a condition of Closing, Maker and Holder will update this Note to reflect the expected Closing Date and the subsequent reduction in future payments due to the foregoing principal payment.

### **SECTION 3. Maturity.**

Unless sooner repaid, the entire unpaid principal balance of this Note, plus all accrued but unpaid interest, and all other amounts owing hereunder shall be due and payable on the June 30 that occurs thirty (30) years after the first payment date in Section 2 (the "Maturity Date").

### **SECTION 4. Application of Payments.**

Payments shall be applied: (a) first, to the payment of accrued interest, to the extent applicable; (b) second, at the option of Holder, to the payment of any late charges due hereunder; and (c) third, to the reduction of principal of this Note.

### **SECTION 5. Prepayment.**

Maker does not have the sole right to prepay its obligation under this Note in full or in part at any time prior to June 30, 2035 (the "Prepayment Date"). Nevertheless, if either Maker or Holder believes it is in their mutual interest to pay off the obligations, that party may make a proposal to the other party for consideration. As of the Prepayment Date, and any June 30 thereafter, Maker may pay off the entire note by paying an additional 5% of the outstanding principal at the payoff. Maker must provide Holder with one year notice of its intent to pay off the remaining balance. In addition to the above described prepayment options, Maker has the right at any time to establish an escrow fully funding all interest, principal and redemption premium on the Note through June 30, 2035. Upon funding such escrow with permitted investments (US Treasury obligations or, upon approval of Holder, equivalent), the Note will be considered legally defeased and all restrictions on the issuance of additional indebtedness by the Maker described herein shall no longer be in force.

### **SECTION 6. Late Charge.**

If any payment under Section 2 above is paid more than three (3) business days after the due date thereof, Maker promises to pay a late charge of three percent (3%) of the delinquent amount as liquidated damages for the extra expense in handling past due payments.

### **SECTION 7. Default; Remedies.**

If Maker fails to make payment of any amount payable hereunder within thirty (30) days of when due, or in the event this Note is not repaid in full by the Maturity Date, the entire unpaid balance of this Note, including all accrued but unpaid interest, shall thereafter bear interest at a rate of two percent (2%) per annum above the Note Rate, compounded annually (the "Default Rate").

**SECTION 8. Attorneys' Fees.**

Holder shall be entitled to its reasonable attorneys' fees and other costs and expenses in enforcing or interpreting its rights under this Note, including attorneys' fees in both trial and appellate courts and in any bankruptcy or reorganization proceeding.

**SECTION 9. Miscellaneous.**

- (a) Every person or entity at any time liable for the payment of the indebtedness evidenced hereby waives presentment for payment, demand and notice of nonpayment of this Note.
- (b) The headings to the various sections have been inserted for convenience of reference only and do not define, limit, modify, or expand the express provisions of this Note.
- (c) This Note is made with reference to and is to be construed in accordance with the laws of the state of Washington.
- (d) This Note is for business or commercial purposes and is not for personal, family or household purposes.

**SECTION 10. Security.**

(a) Maker hereby irrevocably covenants and agrees for as long as its obligations under this Note (the "Obligations") are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5), as the same may be amended from time to time or any successor statute (the revenues from such Lodging Tax are hereinafter referred to as the "Lodging Tax Revenues"), to the extent permitted by applicable law. Maker hereby irrevocably obligates and binds itself to set aside and pay from Lodging Tax Revenues the amount necessary to pay the Obligations as and when due, from amounts available after payments have been made as described as priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of Resolution No. 2010-12 of Maker adopted on November 12, 2010 (the "2010 Bond Resolution"), a copy of which is attached to the Purchase and Sale Agreement, executed by Maker as Buyer and Holder as Seller, ("PSA") as Exhibit C-2 subject to the amendments described in the PSA including the obligation of Maker as Buyer set forth in Section 18.1(c) of the PSA. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues to the payment of the Obligations, as authorized by RCW 36.100.040(7).

(b) Maker shall cause the Lodging Tax Revenues so pledged for payment of the Obligations to be deposited monthly into an account identified and maintained by Holder from amounts available after payments have been made as described as priorities First through Seventh in the Flow of Funds set forth in Section 9(c) of the 2010 Bond Resolution of Maker, subject to the amendments described in the PSA including pursuant to the obligation of Maker as Buyer set forth in Section 18.1(c) of the PSA. The Obligations shall not be subject to acceleration.

(c) Maker will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of Section 9(c) of the 2010 Bond Resolution each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for payment of its Obligations as set forth in the PSA. Maker shall not issue Additional First Priority Bonds or

Subordinate Priority WSCC Obligations without Holder's consent except as permitted under the PSA.

(d) Capitalized terms used but not defined herein have the meanings set forth in the 2010 Bond Resolution. In lieu of providing a Bond Trust Agreement the foregoing provisions are intended to confirm the priority of the payment of the Obligations from the Lodging Tax Revenues on the terms set forth in the PSA. The conditions to subordination of Seller (Holder herein) set forth in Section 18.1(b) of the PSA are incorporated herein by reference.

**SECTION 11. Right of Offset.** Pursuant to that certain Temporary Joint Use Agreement dated as of even date herewith by and between Maker and Holder, Maker has the right to offset certain obligations of Holder against the interest owed pursuant to this Note.

**SECTION 12. Modifications.** Maker, and by acceptance of this Note, Holder, acknowledge that certain provisions of the PSA may require modifications to this Note to adjust the principal amount, the calculation of interest payable hereon or the timing of payments under this Note. At any time, and from time to time, upon request by the other party, this Note will be modified accordingly.

**DATED** as of the day and year first above written.

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

Maker:

WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, a King County public facilities district

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

Name: Frank Finneran

Its: Chairman of the Board

Approved as to form:

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

Matthew R. Hendricks

General Counsel

SCHEDULE A TO PROMISSORY NOTE

Year ending June 30 after the Initial Payment	Beg Yr Bal	Interest	Payment	End Yr Bal
Year 7	141,010,940	5,992,965	6,770,381	140,233,524
Year 8	140,233,524	5,959,925	6,973,492	139,219,957
Year 9	139,219,957	5,916,848	7,182,697	137,954,108
Year 10	137,954,108	5,863,050	7,398,178	136,418,980
Year 11	136,418,980	5,797,807	7,620,123	134,596,663
Year 12	134,596,663	5,720,358	7,848,727	132,468,294
Year 13	132,468,294	5,629,903	8,084,189	130,014,008
Year 14	130,014,008	5,525,595	8,326,714	127,212,889
Year 15	127,212,889	5,406,548	8,576,516	124,042,921
Year 16	124,042,921	5,271,824	8,833,811	120,480,934
Year 17	120,480,934	5,120,440	9,098,826	116,502,548
Year 18	116,502,548	4,951,358	9,371,790	112,082,116
Year 19	112,082,116	4,763,490	9,652,944	107,192,662
Year 20	107,192,662	4,555,688	9,942,532	101,805,818
Year 21	101,805,818	4,326,747	10,240,808	95,891,757
Year 22	95,891,757	4,075,400	10,548,033	89,419,124
Year 23	89,419,124	3,800,313	10,864,474	82,354,963
Year 24	82,354,963	3,500,086	11,190,408	74,664,641
Year 25	74,664,641	3,173,247	11,526,120	66,311,768
Year 26	66,311,768	2,818,250	11,871,904	57,258,115
Year 27	57,258,115	2,433,470	12,228,061	47,463,524
Year 28	47,463,524	2,017,200	12,594,903	36,885,821
Year 29	36,885,821	1,567,647	12,972,750	25,480,719
Year 30	25,480,719	1,082,931	13,361,932	13,201,717
Year 31	13,201,717	561,073	13,762,790	0

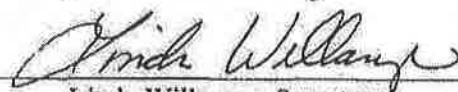
EXHIBIT C-2  
TO  
PURCHASE AND SALE AGREEMENT

2010 Bond Resolution  
(which is the next 40 pages with no  
revision date)

CERTIFICATE REGARDING RESOLUTION

I, Linda Willanger, Secretary of the Board of Directors of the Washington State Convention Center public facilities district (the "District"), do hereby certify that the attached is a full, true and correct copy of Resolution No. 2010-12 adopted on November 12, 2010 by the Board and authorizing the issuance and sale of Lodging Tax Bonds of the District in the aggregate principal amount of not to exceed \$335,000,000 to finance the costs of acquiring and improving the Washington State Convention Center; funding a reserve fund and to pay costs of issuance; delegating authority for the sale of the bonds and the preparation and dissemination of a preliminary official statement and final official statement; providing for continuing disclosure; providing for a negotiated sale of the bonds to CitiGroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Loop Capital Markets LLC and Piper Jaffray & Co., and that such resolution has not been amended or superseded and is in full force and effect as of the date hereof.

Dated this 30th day of November, 2010.



Linda Willanger, Secretary  
Washington State Convention Center  
public facilities district

RESOLUTION NO. 2010-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF LODGING TAX BONDS OF THE PUBLIC FACILITIES DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$335,000,000 TO FINANCE THE COSTS OF ACQUIRING AND IMPROVING THE WASHINGTON STATE CONVENTION CENTER, FUNDING A RESERVE FUND AND TO PAY COSTS OF ISSUANCE; DELEGATING AUTHORITY FOR THE SALE OF THE BONDS AND THE PREPARATION AND DISSEMINATION OF A PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO CITIGROUP GLOBAL MARKETS INC., GOLDMAN, SACHS & CO., MORGAN STANLEY & CO. INCORPORATED, LOOP CAPITAL MARKETS LLC AND PIPER JAFFRAY & CO.

ADOPTED: NOVEMBER 12, 2010

Prepared by:

K&L GATES LLP  
Seattle, Washington

WASHINGTON STATE CONVENTION CENTER  
PUBLIC FACILITIES DISTRICT  
RESOLUTION NO. 2010-12  
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\* Neither this Table of Contents nor the preceding cover page is a part of this resolution.



November 12, 2010

**RESOLUTION NO. 2010-12  
OF THE  
WASHINGTON STATE CONVENTION CENTER  
PUBLIC FACILITIES DISTRICT**

A RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF LODGING TAX BONDS OF THE PUBLIC FACILITIES DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$335,000,000 TO FINANCE THE COSTS OF ACQUIRING AND IMPROVING THE WASHINGTON STATE CONVENTION CENTER, FUNDING A RESERVE FUND AND TO PAY COSTS OF ISSUANCE; DELEGATING AUTHORITY FOR THE SALE OF THE BONDS AND THE PREPARATION AND DISSEMINATION OF A PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO CITIGROUP GLOBAL MARKETS INC., GOLDMAN, SACHS & CO., MORGAN STANLEY & CO. INCORPORATED, LOOP CAPITAL MARKETS LLC AND PIPER JAFFRAY & CO.

WHEREAS, in 1982, with the support of the Washington state legislature, a nonprofit corporation was established to design, construct, promote and operate the Washington State Convention Center ("WSCC"); and

WHEREAS, in 2010, the state Legislature enacted Substitute Senate Bill 6889 (the "Convention Center Act"), which authorized King County (the "County") to create a public facilities district to acquire, own and operate a trade and convention center transferred from a public nonprofit corporation; and

WHEREAS, the Washington State Convention Center public facilities district (the "District") was formed by the County, pursuant to Ordinance 16883, adopted on July 19, 2010, for the specific purpose of acquiring, owning and operating the WSCC; and

WHEREAS, in order to finance the costs of acquisition of and improvements to the WSCC, the District is authorized by RCW chs. 36.100.060, 36.100.040 and 39.46 to issue bonds payable from tax receipts of the District; and

WHEREAS, the bonds authorized herein shall be sold pursuant to negotiated sale as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT, as follows:

***Section 1. Definitions and Interpretation.***

Capitalized terms, unless some other meaning is plainly intended, used in this resolution have the meanings given such terms in Appendix A to this resolution or in Section 20, and the rules of interpretation also are set forth in Appendix A.

***Section 2. Authorization of Bonds.***

The District hereby authorizes the issuance and sale of Bonds for the purposes of paying the costs of acquisition of the WSCC and undertaking certain capital improvements, funding a reserve and for the additional purpose of paying the expenses incidental to the issuance of the Bonds.

The Bonds shall be in the aggregate principal amount of not to exceed \$335,000,000 and shall be issued in one or more series, as determined by the Authorized Representative pursuant to the authority granted in Section 17 of this resolution.

***Section 3. Bond Details.***

The Bonds shall be designated as "Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2010" and if issued in more than one series, shall have the additional identifying designations set forth in the Bond Purchase Contract approved pursuant to Section 17 of this resolution. The Bonds of each series shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract and the Trust Agreement, and shall be numbered separately in the manner and with any additional designation as the Trustee deems necessary for purposes of identification, shall be dated their date of delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within each series and maturity, and shall bear interest from their date of delivery until the Bonds bearing such interest have been paid or their payment duly provided for. The Bonds of each series shall bear interest at the per annum rates, payable on the interest payment dates and shall mature or be subject to prior redemption, in the principal amounts on the principal payment dates set forth in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

The Bonds shall be First Priority Bonds and shall be payable and secured as provided herein and in the Trust Agreement.

***Section 4. Redemption and Purchase.***

(a) *Optional Redemption.* The Bonds of each series may be subject to optional redemption and/or extraordinary optional redemption on the dates, at the prices and under the terms set forth

in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

(b) *Mandatory Redemption.* The Bonds of each series may be subject to mandatory redemption and/or extraordinary mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and the Trust Agreement and as approved by the Authorized Representative pursuant to Section 17 of this resolution.

(c) *Purchase of Bonds.* The District may acquire Bonds by purchase of Bonds offered to the District at any time at such purchase price as the District deems appropriate, or by gift at any time on terms as the District deems appropriate. The District hereby reserves the right to use at any time any Lodging Tax Revenues available after providing for the payments required by paragraph First through Seventh of Section 9(c) of this resolution to purchase any of the Bonds.

**Section 5. Registration, Exchange and Payments.**

(a) *Trustee/Bond Register.* The Board hereby authorizes the Designated District Representative (i) to specify and adopt the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies for the purposes of registering and authenticating the Bonds, maintaining the Bond Register and effecting transfer of ownership of the Bonds, or in the alternative (ii) to appoint the Trustee to act in the capacity of registrar, authenticating agent and paying agent. If the Trustee is appointed as the Registrar, the manner of registration, exchange and payment of the Bonds shall be as set forth in the Trust Agreement. The Trustee is hereby appointed as the initial Registrar for the Bonds.

**Section 6. Form of Bonds.**

The Bonds shall be in substantially the following form:

NO. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
WASHINGTON STATE CONVENTION CENTER PUBLIC FACILITIES DISTRICT  
LODGING TAX BOND, 2010[\_\_\_\_\_]

INTEREST RATE:    %           MATURITY DATE:                   CUSIP NO.:

Registered Owner:   CEDE & CO.

Principal Amount:

The Washington State Convention Center Public Facilities District (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, but solely from the Bond Fund, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from

\_\_\_\_\_, 2010, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on July 1, 2011, and semiannually thereafter on the first day of each succeeding January and July. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the District to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association, as trustee (the "Trustee").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Resolution No. 2010-12 duly adopted by the Board of Directors of the District (the "Board") on November 12, 2010 (the "Bond Resolution") and the Trust Agreement, dated \_\_\_\_\_, 2010, between the District and the Trustee. Capitalized terms used in this bond have the meanings given such terms in the Bond Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution or the Trust Agreement until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Trustee.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$ \_\_\_\_\_ and is issued pursuant to the Bond Resolution for providing funds to pay the cost of acquiring and improving the Washington State Convention Center ("WSCC"), to fund the Reserve Fund, and to pay costs of issuance. Simultaneously herewith, the District is issuing its Washington State Convention Center Public Facilities District Lodging Tax Bonds, 2010[\_\_\_\_\_] (the "2010[ ] Bonds"). [Insert reference to Build America Bonds, as applicable.]

The bonds of this issue maturing on and prior to \_\_\_\_\_ are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on and after \_\_\_\_\_ are subject to redemption at the option of the District on and after \_\_\_\_\_ in whole or in part on any date (with maturities to be selected by the District), at a price of par plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on \_\_\_\_\_ 1, \_\_\_\_ shall be redeemed by the District on \_\_\_\_\_ 1 of the following years in the following principal amounts at a price of par plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	\$

\* Final Maturity]

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

The District hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond, the Trust Agreement and the Bond Resolution.

The District does hereby pledge and bind itself to set aside from Lodging Tax Revenues, and to pay into the Bond Fund and the Reserve Fund the various amounts required by the Bond Resolution and the Trust Agreement to be paid into and maintained in said Funds, all within the times provided by said Trust Agreement and the Bond Resolution.

Said amounts so pledged to be paid out of Lodging Tax Revenues and the Trust Estate into the Bond Fund and the Reserve Fund are hereby declared to be a prior charge upon the Lodging Tax Revenues equal in rank to the priority upon such Lodging Tax Revenues of the amounts required to pay and secure the payment of the 2010[ ] Bonds and any bonds of the District hereafter issued on a parity with the bonds of this issue.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, the Washington State Convention Center Public Facilities District has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Directors, and the seal of the District to be impressed, imprinted or otherwise reproduced hereon, as of this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

WASHINGTON STATE  
CONVENTION CENTER PUBLIC  
FACILITIES DISTRICT

(SEAL)

/s/ facsimile or manual signature

Chair, Board of Directors

ATTEST:

/s/ facsimile or manual signature

Secretary, Board of Directors

The Trustee's Certificate of Authentication on the Bonds shall be in substantially the following form:

#### CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and Trust Agreement and is one of the Lodging Tax Bonds, 2010[ ] of the Washington State Convention Center Public Facilities District, dated \_\_\_\_\_, 2010.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_

#### *Section 7. Execution of Bonds.*

The Bonds shall be executed on behalf of the District with the manual or facsimile signatures of the Chair of the Board of Directors, attested by the Secretary of the Board, and the corporate seal of the District shall be impressed, imprinted or otherwise reproduced thereon.

In case either or both of the officers who shall have executed the Bonds shall cease to be an officer or officers of the District before the Bonds so signed shall have been authenticated or delivered by the Trustee, or issued by the District, such Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. Any Bond also may be signed and attested on behalf of the District by such persons as at the actual date of execution of such Bond shall be the proper officers of the District although at the original date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

#### *Section 8. Lost or Destroyed Bonds.*

If any Bonds are lost, stolen, mutilated or destroyed, the Trustee may authenticate and deliver a new Bond or Bonds of like series, amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Trustee and the District in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Trustee the mutilated Bond or filing with the Trustee and the District evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the District and the Trustee with indemnity satisfactory to both.

*Section 9. Trust Agreement; Lodging Tax Account; Funds; Flow of Funds.*

(a) *Trust Agreement.* The District shall enter into a Trust Agreement (the "Trust Agreement") with U.S. Bank National Association, as trustee for the benefit of the owners and holders of the Bonds and Additional First Priority Bonds. A form of Trust Agreement has been provided to this Board, and the President of the Board is hereby authorized and directed to execute the Trust Agreement with such modifications as shall have been approved by him prior to its execution. Under the terms of the Trust Agreement, the Trustee shall establish and maintain the Lodging Tax Account, the Bond Fund and the Reserve Fund.

(a) *Lodging Tax Account.* A special fund of the District to be known as the "Washington State Convention Center PFD -- Lodging Tax Account" (the "Lodging Tax Account") is hereby authorized and directed to be created and maintained in the office of the Trustee. For so long as the Bonds and any Additional First Priority Bonds remain Outstanding, all Lodging Tax Revenues shall be transferred to and deposited into the Lodging Tax Account upon their transfer from the State Treasurer. Within the Lodging Tax Account, the District shall create a subaccount to be designated as the Additional Lodging Tax Revenues Subaccount (the "Additional Lodging Tax Revenues Subaccount") for the purpose of holding and accounting for Additional Lodging Tax Revenues received by the District.

(b) *Other Funds and Accounts.* Pursuant to the terms of the Trust Agreement, the Trustee shall also establish the following funds and accounts for the purpose of paying and securing the payment of First Priority Bonds:

(1) "Washington State Convention Center Public Facilities District Lodging Tax Bond Fund" (the "Bond Fund") and therein a Principal Account and an Interest Account; and

(2) "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" (the "Common Reserve Fund").

Such funds and accounts shall be established and maintained as provided in the Trust Agreement.

(c) *Flow of Funds.* All Lodging Tax Revenues shall be disbursed to make the following payments in the following order of priority:

First, to make the Required Monthly Deposits and Required Supplemental Deposits into the Interest Account for the payment of upcoming interest on the Bonds and any Additional First Priority Bonds;

Second, to make the Required Monthly Deposits and Required Supplemental Deposits into the Principal Account for the payment of principal of the Bonds and any Additional First Priority Bonds maturing or being redeemed by sinking fund redemption prior to scheduled maturity;

Third, to make all payments required to be made into the Common Reserve Fund to maintain the Common Reserve Requirement – First Priority for Covered Bonds and into any other reserve fund established for Additional First Priority Bonds that are Uncovered Bonds;

Fourth, to make all payments required on a monthly basis or otherwise to be made into any other bond redemption fund and debt service account created to pay the principal of, premium, if any, and interest on any Subordinate Priority WSCC Obligations;

Fifth, to make all payments required to be made into any other reserve account created to secure the payment of the principal of and interest on any Subordinate Priority WSCC Obligations;

Sixth, to make the annual payment amount and any loan repayment amounts owed to the State as required by Section 5(6)(a) of the Convention Center Act and Section 2.3.3 of the Transfer Agreement;

Seventh, to pay operating expenses of the WSCC and to make payments into the Operating Reserve Account in order to maintain the required operating reserve balance therein as required by the policies established pursuant to Section 10 of this resolution; and

Eighth, to retire by redemption or purchase any outstanding bonds or other obligations of the District as authorized in the various resolutions of the Board authorizing their issuance or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the WSCC or for any other lawful District purposes.

The District hereby covenants that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Seventh of this subsection (c) in each Fiscal Year prior to authorizing or making any disbursement of Lodging Tax Revenues for the purposes identified as the Eighth priority. Upon receipt by the District, Lodging Tax Revenues shall be invested by or at the direction of the District Treasurer in any legal investment for District funds, and interest earnings shall accrue and be credited to the account or accounts specified by the District. Funds or accounts held by the Trustee shall be invested as provided in the Trust Agreement.

#### ***Section 10. Operating Reserve Account.***

A special fund of the District to be known as the "Operating Reserve Account" (the "Operating Reserve Account") is hereby created in the office of the District Treasurer. The Board shall establish policies from time to time with respect to operating reserves, including the required balance of the Operating Reserve Account, and shall establish procedures with respect to the management of its operating funds in order to maintain fund balances as set forth in the then effective Board policy. Such policy shall provide that the required balance in the Operating Reserve Account shall be not less than 100-days of budgeted operating expenditures. Funds may be withdrawn from the Operating Reserve Account to pay operating and other expenses of the WSCC, even if as a result of such withdrawal, the balance on hand is less than the required minimum balance, and the District thereafter, with available funds re-establishes the balance in the Operating Reserve Account.



*Section 11. Pledge of Lodging Taxes and Credit.*

The District hereby irrevocably covenants and agrees for as long as any of the First Priority Bonds are outstanding that each year it will continue to impose the Lodging Tax pursuant to RCW 36.100.040(4) and (5) and in the case of the Additional Lodging Tax during the time period permitted under RCW 36.100.040(5), as the same may be amended from time to time or any successor statute and to apply the Lodging Taxes as provided in this resolution and the Trust Agreement. All Lodging Taxes shall be collected and applied as provided in this resolution and the Trust Agreement for the repayment of the Bonds and as provided herein and therein.

The First Priority Bonds and the pledge created and established hereunder and under the Trust Agreement shall be payable solely from and secured solely by Lodging Tax Revenues and the Trust Estate; provided, however, that any series of First Priority Bonds also may be payable from and secured by a credit facility pledged specifically to or provided for that series of First Priority Bonds.

From and after the time of issuance and delivery of the First Priority Bonds of each series and so long thereafter as any of the same remain Outstanding, the District hereby irrevocably obligates and binds itself to set aside and pay into the special funds created for the payment of each series of First Priority Bonds out of Lodging Tax Revenues on or prior to the date on which the interest on or principal of and interest on the First Priority Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the First Priority Bonds of such series. The foregoing sentence shall constitute a pledge of Lodging Tax Revenues and the Trust Estate to the payment of First Priority Bonds.

Said amounts so pledged to be paid into the Bond Fund and the Principal Account and Interest Account therein are hereby declared to be a prior charge upon the Lodging Tax Revenues superior to all other charges of any kind or nature whatsoever except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on Additional First Priority Bonds issued under authority of a future resolution in accordance with the provisions of Section 15 of this resolution.

Any amounts pledged to be paid into a debt service fund and or reserve account created to pay and secure the payment of Subordinate Priority WSCC Obligations shall, subject to the provisions of the prior paragraph of this Section 11 and the Trust Agreement, have the priority with respect to Lodging Tax Revenues set forth in the resolution authorizing their issuance.

The First Priority Bonds shall not in any manner or to any extent constitute general obligations of the County or of the state of Washington, or of any political subdivision of the state of Washington.

*Section 12. Defeasance.*

Any Bonds shall be deemed to have been paid and not Outstanding under this resolution and shall cease to be entitled to any benefit or security of this resolution and any money and

investments held hereunder, except the right to receive the money and the proceeds and income from Government Obligations set aside and pledged in the manner hereafter described, if:

(a) in the event that any or all of Bonds are to be optionally redeemed, the District shall have given to the Trustee irrevocable instructions to give such notice of redemption of such Bonds as may be required by the provisions of this resolution or the Trust Agreement; and

(b) there shall have been made an Irrevocable Deposit, in trust, with the Trustee or with another corporate fiduciary, of money in an amount that shall be sufficient and/or noncallable Government Obligations maturing in such amounts and at such time or times and bearing such interest to be earned thereon, without considering any earnings on the reinvestment thereof, as will provide a series of payments that shall be sufficient, together with any money initially deposited, to provide for the payment of the principal of and premium, if any, and the interest on the defeased Bonds, when due in accordance with their terms, or upon the earlier prepayment or redemption thereof in accordance with a refunding plan; and such money and the principal of and interest on such Government Obligations are set aside irrevocably and pledged in trust for the purpose of effecting such payment, redemption or prepayment.

Nothing contained in this Section 12 shall be construed to prohibit the partial defeasance of the pledge of this resolution and the Trust Agreement providing for the payment of one or more, but not all of the Outstanding Bonds. In the event of such partial defeasance, this resolution and the Trust Agreement shall be discharged only as to the Bonds so defeased.

The District shall cause notice of defeasance of Bonds to be provided to Registered Owners of Bonds being defeased and to each party entitled to receive notice in accordance with Section 18 of this resolution.

***Section 13. Transfer Agreement; Reserve Fund; Project Fund; Application of Bond Proceeds.***

The proceeds of sale of the Bonds shall be disbursed as provided in the closing memorandum for the Bonds approved by the Designated District Representative.

(a) *Common Reserve Fund.* A dollar amount equal to the Common Reserve Requirement – First Priority shall be remitted to the Trustee for deposit to the Common Reserve Fund.

(b) *Transfer Agreement.* Pursuant to the Convention Center Act, the District has negotiated the terms of a Transfer Agreement pursuant to which all lands, facilities, equipment, assets, other interests in real, personal, and intangible property, and interests under contracts, leases, licenses and agreements of the public corporation that own and operate the WSCC under RCW 67.40.020 shall be transferred to the District. Under the terms of the Transfer Agreement, *inter alia*, the District is obligated to make a payment to the State in consideration of the transfer, and the dollar amount of that payment will be set forth in the closing memorandum for the Bonds approved by the Designated District Representative.

(c) *Project Costs.* There is hereby authorized to be created an account of the District known as the "WSCC Project Fund" (the "Project Fund"), which fund is to be drawn upon for the purpose of paying costs of issuance of the Bonds and capital project costs for the WSCC.

The Bond proceeds deposited in the Project Fund or any subaccount therein and any investment earnings thereon shall be used to pay costs of issuance of the Bonds, then to pay costs of capital project costs and to pay arbitrage rebate if and to the extent attributable to earnings on moneys in the Project Fund as required under the Tax and Arbitrage Certificate.

#### *Section 14. Covenants.*

The District hereby makes the following covenants and agreements with the owners and holders of each of the First Priority Bonds for as long as any of the same remain Outstanding.

(a) *Maintenance of the WSCC.* The District will at all times keep and maintain or cause to be maintained the WSCC in good repair, working order and condition, and will at all times operate the same and the business or businesses in connection therewith in an efficient manner and at a reasonable cost.

(b) *Property and Liability Insurance.* The District will keep all operating facilities insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts, and with such deductibles as the Board or the Designated District Representative shall deem necessary for the protection of the District.

(c) *Books and Records.* The District will keep and maintain proper books of account and accurate records of all of its revenue, including tax receipts; Regular Lodging Tax Revenues and Additional Lodging Tax Revenues, received from any source whatsoever, and of all costs of administration and maintenance and operation of all of its business that are in accordance with generally accepted accounting principles as in effect from time to time. Additional Lodging Tax Revenues shall be deposited and accounted for separately from other amounts received by the District. On or before 120 days after the end of each fiscal year, the District will prepare or cause to be prepared an operating statement of all of the business of the District for such preceding fiscal year. Each such annual statement shall contain a statement in detail of the Lodging Tax Revenues collected, received and applied for such fiscal year and shall contain a statement as of the end of such year showing the status of all funds and accounts of the District pertaining to the operation of the WSCC and the status of all of the funds and accounts created by various resolutions of the Board authorizing the issuance of outstanding bonds and other obligations payable from the Lodging Tax Revenues. Copies of such statements shall be placed on file in the main office of the District, and shall be open to inspection at any reasonable time by the owners of First Priority Bonds.

(d) *Interlocal Agreement.* The District shall observe and enforce the provisions of the Interlocal Agreement.

Section 15. Additional Obligations.

(a) *Conditions upon the Issuance of Additional First Priority Bonds.* As long as any Bonds remain outstanding, the District hereby further covenants and agrees that it will not issue any Additional First Priority Bonds except in accordance with the conditions of this Section 15. The District hereby reserves the right to issue additional obligations that will be payable from Lodging Tax Revenues and the Trust Estate as provided in this Section. The issuance of Additional First Priority Bonds shall be authorized by a resolution of the Board, which resolution shall (1) designate the Additional First Priority Bonds as Covered Bonds or Uncovered Bonds and (2) include the covenants set forth in Section 14 of this resolution. If the Additional First Priority Bonds are Covered Bonds, the Common Reserve Requirement – First Priority shall be fully funded no later than the date of issuance of the Additional First Priority Bonds. The resolution authorizing Additional First Priority Bonds may provide for the appointment of a trustee or may provide for a supplement or amendment to the Trust Agreement as permitted under the Trust Agreement. The Trust Estate held by the Trustee under the Trust Agreement is held by the Trustee for the benefit of all First Priority Bonds, as provided therein.

The District hereby further covenants and agrees with the owners and holders of each of the First Priority Bonds for as long as any of the same remain Outstanding that it will not issue any First Priority Bonds that constitute a charge upon the Lodging Tax Revenues and the Trust Estate equal to the priority thereon of Outstanding First Priority Bonds, unless at the time of the issuance of such First Priority Bonds

(A) the District is not in default under this resolution, and

(B) unless the District meets the conditions set forth in subsection (b) below, there shall have been delivered prior to or on the date of the issuance of the First Priority Bonds, a certificate prepared as provided below and executed by the Designated District Representative stating that Regular Lodging Tax Revenues during the Base Period were at least equal to 175 percent of Annual Debt Service in each year following the issuance of the proposed Additional First Priority Bonds with respect to all First Priority Bonds then Outstanding and then proposed to be issued.

The Designated District Representative's certificate shall be based upon the financial statements of the District for the Base Period, corroborated by the certified statements of the Division of Municipal Corporations of the State Auditor's office of the State of Washington, or any successor to the duties thereof, or by an independent certified public accounting firm for the Base Period. In the event that the tax rate for Regular Lodging Tax Revenues has been increased and such increase is pledged (and the definition of Regular Lodging Tax Revenues has been amended to take such increase into account) to the repayment of First Priority Bonds, then such increase may be reflected as if it had been fully collected during the Base Period.

Compliance with the coverage requirements of this Section 15(a) shall be demonstrated conclusively by a certificate delivered in accordance with this subsection (a).

(b) *No Certificate Required.* A certificate shall not be required as a condition to the issuance of Additional First Priority Bonds if the Additional First Priority Bonds are being issued for refunding purposes upon compliance with the provisions of subsection (c)(1)(A) or (B) or (c)(2) of this section.

(c) *Additional First Priority Bonds For Refunding Purposes.* The District may issue Additional First Priority Bonds for refunding purposes, as follows:

(1) Additional First Priority Bonds may be issued at any time for the purpose of refunding (including by purchase) First Priority Bonds including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date fixed for redemption (or purchase), any deposits to a reserve account or to purchase a Qualified Letter of Credit or Qualified Insurance, and the expenses of issuing the Additional First Priority Bonds and of effecting such refunding upon delivery of a certificate as provided in subsection (a) above. Such refunding Additional First Priority Bonds also may be issued without a certificate if:

(A) the latest maturity of the Additional First Priority Bonds to be issued is not later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the increase in Annual Debt Service as a result of such refunding in any year is less than the greater of (i) \$25,000 or (ii) 5% of such Annual Debt Service on the First Priority Bonds to be refunded; or

(B) the latest maturity of the Additional First Priority Bonds to be issued is later than the latest maturity of the First Priority Bonds to be refunded (were such refunding not to occur), and the Maximum Annual Debt Service on all First Priority Bonds to be Outstanding after the issuance of the refunding First Priority Bonds shall not be greater than Maximum Annual Debt Service were such refunding not to occur.

(2) First Priority Bonds may be issued without the requirement of a certificate pursuant to this section for the purpose of refunding (including by purchase) any First Priority Bonds at any time within one year prior to their maturity or mandatory redemption date if sufficient Lodging Tax Revenues or other moneys are not expected to be available for payment at maturity or mandatory redemption.

(d) *Priorities Subordinate to First Priority Bonds.* Nothing herein contained shall prevent the District from issuing revenue bonds or other obligations that are a charge upon the Lodging Tax Revenues junior or inferior to the payments required by this resolution to be made out of such Lodging Tax Revenues to pay and secure the payment of any First Priority Bonds. Such junior or inferior obligations shall not be subject to acceleration. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations or to prohibit the payment of a termination amount with respect to a Derivative Product.

*Section 16. Tax Covenants; Special Designation.*

(a) *Tax Covenant.* The District covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds issued as tax-exempt bonds under Section 103 of the Code as set forth in the Tax and Arbitrage Certificate and will comply with its additional representations and covenants set forth in the Tax and Arbitrage Certificate with respect to tax-advantaged bonds.

(b) *No Bank Qualification.* The Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

*Section 17. Sale of Bonds.*

The Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The Chair or his designee, the President (the "Authorized Representative"), is hereby authorized to negotiate terms for the purchase of the Bonds and to execute the Bond Purchase Contract, with such terms pursuant to this section and consistent with this resolution. The Board has been advised by its financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Board. The Board has determined that it would be in the best interest of the District to delegate to the Authorized Representative for a limited time the authority with respect to each series to approve the final series and designations, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Bonds. The Authorized Representative is hereby authorized to approve within each series, the final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Bonds in the manner provided hereafter so long as the aggregate principal amount of the Bonds does not exceed the maximum principal amount set forth in Section 3 and so long as the true interest cost for the Bonds (in the aggregate and net of federal subsidy, if any) does not exceed 5.00%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal maturities, redemption rights of the Bonds, the Authorized Representative, in consultation with District staff and the District's financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in terms and quality to the Bonds. Subject to the terms and conditions set forth in this section, the Authorized Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Authorized Representative's approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Authorized Representative shall provide a report to the Board, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Authorized Representative by this section shall expire on December 31, 2010. If a Bond Purchase Contract for the Bonds has not been executed by December 31, 2010, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale

approved unless the Bonds shall have been re-authorized by resolution of the Board. The resolution reauthorizing the issuance and sale of the Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this section.

Upon the adoption of this resolution, the proper officials of the District including the Authorized Representative and the Designated District Representative are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract.

The Authorized Representative and the Designated District Representative each is authorized to ratify and to approve for purposes of the Rule, on behalf of the District, the Official Statement (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The Authorized Representative and the Designated District Representative and other District officials, agents and representative are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Bonds. In furtherance of the foregoing, the Authorized Representative and the Designated District Representative authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriters and other retained services, including bond counsel, rating agencies, financial advisory services, Trustee fees, accounting and verification services and other expenses customarily incurred in connection with issuance and sale of bonds.

**Section 18. Undertaking to Provide Ongoing Disclosure.**

(a) *Contract/Undertaking.* This section constitutes the District's written undertaking for the benefit of the beneficial owners of the Bonds to assist the Underwriters in complying with the Rule. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

(b) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The District covenants and agrees that not later than six months after the end of each fiscal year (the "Submission Date"), commencing June 30, 2012 for the fiscal year ending December 31, 2011, the District shall provide or cause to be provided to the MSRB an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The District may adjust such date if the District

changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in part (2) of this subsection (b); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the District's fiscal year changes, the District shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection 18(c) hereof, and if for any fiscal year the District does not furnish an Annual Disclosure Report to the MSRB, if any, by the Submission Date, the District shall send to the MSRB notice of its failure to furnish such report pursuant to subsection 18(d). For as long as the District continues to be obligated to make Annual Payments or to repay an Repayment Deficiency Loan (as such terms are defined in the Transfer Agreement), the District shall also file Annual Reports with the State Treasurer.

(2) *Content of Annual Disclosure Reports.* The District's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited financial statements.* Audited financial statements, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the District, and the District's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating Data and Financial Information.* Updated versions of the type of information contained in the Official Statement and identified in a closing certificate executed by the Designated District Representative and referencing this section.

In lieu of providing the information in such Annual Disclosure Report, the District may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB. The District shall identify clearly each document so included by reference.

(c) *Material Events.* The District agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other



- material notices or determinations with respect to the tax status of the security, or other material or events affecting the tax-exempt status of the Bonds;
- Modifications to rights of owners if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the District;
- The consummation of a merger, consolidation, or acquisition of the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an action, other than pursuant to its terms, if material; and
- Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the District will state in its Preliminary and final Official Statements that there is no property securing the repayment of the Bonds. The District shall promptly determine whether the events described above are material.

(d) *Notice Upon Failure to Provide Financial Data.* The District agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the Submission Date.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The District's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the District may amend this Section 18 (including the items in the closing certificate referenced above) and any provision of this Section 18 may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to the provisions of subsections (b)(1), (b)(2) or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to

the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of this Section 18, the District shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Registered Owner's and Beneficial Owners' Remedies Under this Section.* A Registered Owner's and the beneficial owners' right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the District's obligations hereunder, and any failure by the District to comply with the provisions of this undertaking shall not be a default under this resolution. A default under this section shall not constitute a Default under this resolution.

(g) *Additional Information.* Nothing in this Section 18 shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Section 18 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by this Section 18. If the District chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 18, the District shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

(h) *Disclosure Agent.* The District, at the option of the Designated District Representative, may enter into an agreement with the Trustee or any other agent to assist the District in complying with the terms of this undertaking.

*Section 19. Interlocal Agreement.*

The Board of Directors of the District hereby approves the Interlocal Agreement with the State Treasurer with respect to payment of Lodging Tax Revenues, substantially in the form presented to the Board on this date, and the President is hereby authorized and directed to execute and deliver the Interlocal Agreement and deliver the same to the State Treasurer. The Trustee and the Registered Owners shall be third party beneficiaries of the Interlocal Agreement.

*Section 20. Derivative Products.*

(a) *General.* To the extent permitted by state law, the District may enter into Derivative Products under which District Payments are secured and payable on a parity with the Outstanding First Priority Bonds, subject to the conditions provided in this Section. For purposes of this resolution the following terms have the following meanings:

*Derivative Facility* means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the District's obligations under one or more Derivative Products.

*Derivative Payment Date* means any date specified in the Derivative Product on which a District Payment is due and payable under the Derivative Product.

*Derivative Product* means a written contract or agreement between the District and a Reciprocal Payor that has (or whose obligations are unconditionally guaranteed by a party that has) (as of the date of the Derivative Product) at least an investment grade rating from a rating agency, (provided, however, that if the District's First Priority Bonds are rated by a Rating Agency, Reciprocal Payor shall have a rating by that Rating Agency at least as high as that of the District) which provides that the District's obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement, and

(A) under which the District is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the District Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the District, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(B) for which the District's obligations to make District Payments are secured by a pledge and assignment of the Lodging Tax Revenues and the Trust Estate on an equal and ratable basis with the Outstanding First Priority Bonds;

(C) under which Reciprocal Payments are to be made directly into the Bond Fund;

(D) for which the District Payments are either specified to be one or more fixed amounts or are determined as provided by the Derivative Product; and

(E) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined as set forth in the Derivative Product.

*District Payment* means any regularly scheduled payment (designated as such by a supplemental resolution) required to be made by or on behalf of the District under a Derivative Product and which is in an amount set forth, or determined according to a formula set forth, in the Derivative Product.

*Reciprocal Payment* means any payment designated as such by a supplemental resolution) to be made to, or for the benefit of, the District under a Derivative Product by the Reciprocal Payor.

*Reciprocal Payor* means a party (other than the District) to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

(b) *Conditions.* The following shall be conditions precedent to the use of any Derivative Product on a parity with any Bonds under this resolution:

(1) Derivatives Policy. Prior to entering into a Derivative Product, the District shall obtain the approval of its Board of Directors and shall adopt a formal derivatives policy.

(2) General Parity Tests. The Derivative Product must satisfy the requirements for Additional First Priority Bonds described in Section 15 of this resolution taking into consideration regularly scheduled District Payments and regularly scheduled Reciprocal Payments under the Derivative Product (in each case without regard to any termination payments and taking into consideration any basis risk). District Payments shall be added to interest payments on the related First Priority Bonds and the Reciprocal Payments shall be subtracted therefrom.

(3) Opinion of Bond Counsel. The District shall obtain an opinion of Bond Counsel on the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this resolution or the applicable provisions of any supplemental resolution and will not adversely affect the tax exempt of the interest on or tax advantaged status of any Outstanding First Priority Bonds.

(4) Payments. Each Derivative Product shall set forth the manner in which the District Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(5) Supplemental Resolutions to Govern Derivative Products. Prior to entering into a Derivative Product, the District shall adopt a resolution, within the limitations set forth in Section 21, which shall:

(A) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(B) set forth such other matters as the District deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

*Section 21. Supplements and Amendments.*

- (a) *Without Consent of Owner.* This resolution and/or the Trust Agreement may be amended or supplemented from time to time, without the consent of the Registered Owners by a resolution or resolutions or amendatory or supplemental to this resolution adopted by the Board or by supplements or amendments for one or more of the following purposes:
- (1) to add additional covenants of the Board or to surrender any right or power herein or in the Trust Agreement conferred upon the District; provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the District contained in this resolution or the Trust Agreement; or
  - (2) to confirm as further assurance any pledge or provision for payment of the First Priority Bonds under and the subjection to any claim or pledge created or to be created by the provisions of this resolution and the Trust Agreement of the Lodging Tax Revenues and the Trust Estate or of any other moneys, securities or funds; or
  - (3) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this resolution or the Trust Agreement in such manner as shall not be inconsistent with this resolution or to make any other provisions with respect to matters or questions arising under this resolution or the Trust Agreement, provided such action shall not impair the security hereof or thereof or materially and adversely affect the interests of the Registered Owners; or
  - (4) to prescribe further limitations and restrictions upon the issuance of First Priority Bonds and the incurring of indebtedness by the District payable from the Lodging Tax Revenues and the Trust Estate that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; or
  - (5) to provide or modify procedures permitting Registered Owners to utilize a certificated system of registration for Bonds; or
  - (6) to modify, alter, amend, supplement or restate this resolution and/or the Trust Agreement in any and all respects necessary, desirable or appropriate or in connection with the delivery of a Credit Facility, Liquidity Facility or other security or liquidity arrangement; or
  - (7) to modify, alter, amend, supplement or restate this resolution and/or the Trust Agreement in any and all respects necessary, desirable or appropriate in order to satisfy the requirements of any Rating Agency which may from time to time provide a rating on the Bonds, or in order to obtain or retain such rating on any First Priority Bonds as is deemed necessary by the District;

provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(8) to qualify this resolution and/or the Trust Agreement under the Trust Indenture Act of 1939, as amended; provided such action shall not impair the security hereof or materially and adversely affect the interests of the Registered Owners; or

(9) for any purpose, if such amendment becomes effective only following a mandatory tender or redemption of all First Priority Bonds for purchase; or

(10) to modify any of the provisions of this resolution and/or the Trust Agreement in any other respects; provided that such modifications shall not materially and adversely affect the rights of any First Priority Bondholders or that such modifications shall not take effect until all then Outstanding First Priority Bonds are no longer Outstanding; or

(11) in connection with the issuance of Additional First Priority Bonds or the entering into of Derivative Products.

Notwithstanding anything in this Section 21(a) to the contrary, without the specific consent of the Registered Owners of each First Priority Bond, no supplement, amendment or such resolution amending or supplementing the provisions hereof or of the Trust Agreement or of any resolution shall reduce the percentage of First Priority Bonds, the Registered Owners of which are required to consent to any such resolution amending or supplementing the provisions hereof; or give to any First Priority Bond or First Priority Bonds any preference over any other First Priority Bond or First Priority Bonds secured hereby. No supplement, amendment or resolution amending or supplementing the provisions hereof or any resolution shall change the date of payment of the principal of any First Priority Bond, or reduce the principal amount or Accreted Value of any First Priority Bond, or change the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption or prepayment thereof, or advance the date upon which any First Priority Bond may first be called for redemption prior to its fixed maturity date (except as provided in the resolution authorizing the issuance of such First Priority Bond) without the specific consent of the Registered Owner of that First Priority Bond; and no such amendment shall change or modify any of the rights or obligations of any Trustee, paying agent or other agent for a series of First Priority Bonds without its written assent thereto.

(b) *Amendments with Consent.* This resolution and/or the Trust Agreement may be amended from time to time by a supplemental resolution or supplement or amendment to the Trust Agreement approved by the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds then Outstanding; provided, that (a) no amendment shall be made which affects the rights of some but fewer than all of the Registered Owners of the Outstanding First Priority Bonds without the consent of the Registered Owners of a majority in aggregate principal amount or Accreted Value of the First Priority Bonds so affected, and (b) except as expressly authorized hereunder, no amendment that alters the interest rates on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption provisions of any First Priority Bonds, this Section 21(b) without the consent of the

Registered Owners of all Outstanding First Priority Bonds affected thereby. For the purpose of consenting to amendments under this Section 21(b) except for amendments that alter the interest rate on any First Priority Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Bonds, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of the Bonds that are payable from or guaranteed by such Credit Facility and that are then Outstanding (but only if the then outstanding rating of the Credit Facility Issuer is higher than the then outstanding underlying rating of the District).

(c) *Effective Date of Modification.* Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes. A copy of each supplemental resolution shall be provided to the owners of the Bonds.

**Section 22. Resolution a Contract.**

This resolution shall constitute a contract for the benefit of the Trustee and the owners of the Bonds; and its provisions may be enforced by the Trustee or any owner to the extent provided under the Trust Agreement.

**Section 23. Defaults and Remedies.**

The District hereby finds and determines that the deposit and disbursement of Lodging Tax Revenues are essential to the payment and security of the Bonds and the failure or refusal of the District or any of its officers to perform the covenants and obligations of this resolution will endanger the application of Lodging Tax Revenues and such other moneys, funds and securities to the purposes herein set forth. Accordingly, the provisions of this Section are specified and adopted for the additional protection of the owners from time to time of the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution and under the Trust Agreement (but only with respect to the Bonds):

(a) The District shall fail to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The District shall fail to make payments of any installment of interest on any Bonds when the same shall become due and payable;

(c) The District shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the District contained in this resolution or the Trust Agreement, and such default shall have continued for a period of 90 days; provided, however, that such default shall not constitute a Default unless the owners of at least a majority of the

principal amount of Outstanding Bonds have requested the Trustee to declare such default as a Default.

The Trustee may, upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or the Trust Agreement, and exercise all rights and remedies provided in the Trust Agreement.

Nothing herein contained shall be deemed to authorize or empower the Trustee to consent to accept or adopt, on behalf of any owner of said Bonds or appurtenant coupons, any plan of reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District shall be a party.

Nothing in this resolution or the Trust Agreement or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to impose Lodging Taxes and to pay from Lodging Tax Revenues and the Trust Estate the principal of and interest on said Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Bonds and to the Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by the Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowners or of the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

#### *Section 24. Severability.*

If any one or more of the covenants and agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and



shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

PASSED by a vote of 8 to 0 this 12th day of November, 2010.

WASHINGTON STATE CONVENTION  
CENTER PUBLIC FACILITIES DISTRICT

BY: 

Frank K. Finneran, Chair



## APPENDIX A

### DEFINITIONS AND RULES OF CONSTRUCTION

#### Part I. Definitions

Except as otherwise defined elsewhere in the Bond Resolution and the Trust Agreement, the following words, terms and phrases shall have the following meanings, unless the context or use indicates another meaning or intent:

*Accreted Value* means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial principal amount of such First Priority Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such First Priority Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the resolution authorizing the issuance of such First Priority Bonds.

*Additional First Priority Bonds* means any obligations incurred pursuant to Section 15 of the Bond Resolution.

*Additional Lodging Tax* means an excise tax on the sale of or charge made for the furnishing of lodging on any premises and located within the boundaries of the City of Seattle that are subject to tax under chapter 82.08 RCW at the rate of 2%.

*Additional Lodging Tax Revenues* mean the revenues generated by the Additional Lodging Tax imposed by the District pursuant to RCW 36.100.040 (5).

*Additional Lodging Tax Revenues Subaccount* means the subaccount of that name or similar designation maintained by the District for the purpose of holding and accounting for Additional Lodging Tax Revenues.

*Annual Debt Service* means the total amount of Debt Service for Outstanding First Priority Bonds in any Fiscal Year or Base Period.

*Annual Disclosure Report* has the meaning given such term in Section 18(b) of the Bond Resolution.

*Authorized Representative* means the Chair or his designee, the President.

*Available Balance(s)* means the dollar amount remaining on hand in the Lodging Tax Account after confirmation by the Trustee that the Required Monthly Deposit for that month has been made.

**Balloon Maturity Bonds** means any First Priority Bonds that are so designated in the resolution pursuant to which such First Priority Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

**Base Period** means any consecutive 12-month period selected by the Designated District Representative out of the 24-month period next preceding the date of issuance of an additional series of Additional First Priority Bonds.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any First Priority Bonds (including persons holding First Priority Bonds through nominees, depositories or other intermediary).

**Board** means the Board of Directors of the District, the general legislative body of the District, as constituted from time to time.

**Bond Fund** means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Fund" established pursuant to Section 9(b) of the Bond Resolution and maintained with the Trustee.

**Bond Purchase Contract** means the purchase contract for the Bonds between the District and the Underwriters entered into pursuant to the terms of Section 17 of the Bond Resolution.

**Bond Register** means the registration books maintained by the Trustee for the purpose of identifying ownership of the Bonds.

**Bond Resolution** means Resolution No. 2010-12, adopted by the Board on November 12, 2010.

**Bonds** means the lodging tax bonds of the District issued pursuant to the Bond Resolution.

**Build America Bonds** means bonds issued under authority of Section 54AA of the Code, enacted by the American Recovery and Reinvestment Act of 2009.

**Capital Appreciation Bonds** means First Priority Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption, conversion or on the maturity date of such First Priority Bonds. If so provided in the resolution authorizing their issuance, First Priority Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which First Priority Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

*Chair* means the Chair of the Board.

*Code* means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

*Common Reserve Fund* means the "Washington State Convention Center Public Facilities District Lodging Tax Bond Common Reserve Fund" established pursuant to Section 9(b) of the Bond Resolution and maintained with the Trustee pursuant to Section 2.04 of the Trust Agreement.

*Common Reserve Requirement – First Priority* means the lowest of (i) maximum Annual Debt Service with respect to Outstanding Covered Bonds; (ii) 125% of average Annual Debt Service with respect to Outstanding Covered Bonds; and (iii) 10% of the initial principal amount of each series then Outstanding of Covered Bonds. The Common Reserve Requirement – First Priority shall be determined and calculated as of the date of issuance of each series of Covered Bonds (and recalculated upon the issuance of a subsequent series of Covered Bonds and also, at the District's option, upon the payment of principal of Covered Bonds) and provided that if, as a result of the issuance of Additional First Priority Bonds, the increase in the Common Reserve Requirement – First Priority of Additional First Priority Bonds would require that an amount be contributed to the Common Reserve Fund that is more than the Tax Maximum, the Common Reserve Requirement – First Priority shall be adjusted to require a contribution equal to the Tax Maximum.

*Convention Center Act* means Chapter 15, Washington Laws of 2010 (SSB 6889).

*County* means King County, Washington.

*Covered Bonds* means the Bonds and those Additional First Priority Bonds, designated in the resolution authorizing their issuance as Covered Bonds secured by the Common Reserve Fund.

A *Credit Event* occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) the issuer of a Qualified Letter of Credit is no longer rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies or the issuer of the Qualified Insurance is no longer rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability.

*Credit Facility* means a policy of municipal bond insurance, a letter of credit, surety bond, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations of the District, including but not limited to payment of the scheduled principal of and interest on First Priority Bonds.

*Credit Facility Issuer* means the issuer of any Credit Facility.

*Date of Issue* means the date on which the Bonds are executed and delivered to the Underwriters pursuant to the Bond Purchase Contract.

*Debt Service* means, for any period of time and for the purpose of determining compliance with the conditions for issuance of First Priority Bonds set forth in Section 15 of the Bond Resolution and for the purpose of calculating the Common Reserve Requirement -- First Priority and unless otherwise provided in Section 20 of the Bond Resolution,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds in the resolution authorizing their issuance, the principal amount equal to the Accreted Value thereof maturing or scheduled for redemption in such period, including the interest payable during such period and unless otherwise provided in Section 20 of the Bond Resolution;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such First Priority Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of the principal of any such First Priority Bonds, plus (3) all interest payable during such period on any such First Priority Bonds Outstanding and, with respect to First Priority Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such First Priority Bonds on the date specified in the resolution authorizing such First Priority Bonds; and

(c) with respect to all other series of First Priority Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and First Priority Bonds bearing variable rates of interest, an amount for any period equal to the amount which would be payable (1) as principal on such First Priority Bonds during such period (computed on the assumption that the amount of First Priority Bonds Outstanding as of the date of such computation would be amortized in accordance with the mandatory redemption provisions, if any, set forth in the resolution authorizing the issuance of such First Priority Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance to provide for essentially level annual debt service during such period) plus (2) interest at an interest rate equal to (A) the 10-year average of the SIFMA Municipal Swap Index, plus (B) 1.5%.

With respect to any First Priority Bonds payable in other than U.S. Dollars, Debt Service shall be calculated as provided in the resolution authorizing the issuance of such First Priority Bonds.

Debt Service also shall be net of any principal and/or interest (not including any amount deposited in any reserve account for payment of principal and/or interest) funded from proceeds of any First Priority Bonds or from earnings thereon. For the purpose of determining compliance with the conditions for issuance of First Priority Bonds set forth in Section 15 of the Bond Resolution and for the purpose of calculating the Common Reserve Requirement – First Priority, Debt Service also shall be net of First Priority Debt Service Offsets.

Debt Service shall include reimbursement obligations (and interest accruing thereon) then owing to any Credit Facility Issuer or Liquidity Facility Issuer to the extent authorized in the Bond Resolution or in another resolution.

*Debt Service Payment Date* means an Interest Payment Date or a Principal Payment Date.

*Default* has the meaning given such term in Section 23 of the Bond Resolution.

*Designated District Representative* means the Board Chair, the Vice-Chair, the President and/or District Treasurer or their written designee.

*District* means the Washington State Convention Center public facilities district, a political subdivision duly organized and existing by virtue of the Constitution and laws of the State of Washington. From and after the Transfer Date, the District may do business as the Washington State Convention Center.

*District Treasurer* means the Director of Finance of the District, or any other public officer as may hereafter be designated pursuant to law to have the custody of District funds.

*DTC* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to the Trust Agreement.

*First Priority Bonds* means the Bonds and any Additional First Priority Bonds. The term *First Priority Bonds* may include reimbursement obligations of the District to the issuer of a Credit Facility.

*First Priority Debt Service Offsets* means receipts of the District from the federal government that are legally available and pledged by the District to pay debt service on First Priority Bonds. For purposes of the Bonds, the subsidy payments to be received for

Build America Bonds and identified on Exhibit A to the Trust Agreement are First Priority Debt Service Offsets.

*Fiscal Year* means any 12-month period ending on December 31 or such other date as is authorized by statute and/or selected by the District.

*Fitch* means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *Fitch* shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated District Representative.

*Fixed Rate Bonds* means those First Priority Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a resolution in which the rate of interest on such First Priority Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the resolution authorizing their issuance, First Priority Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term. Fixed Rate Bonds also shall include two or more series of First Priority Bonds simultaneously issued under a resolution and which, collectively, bear interest at a fixed and determinable rate for a specified period of time.

*Government Obligations* has the meaning given such term in Chapter 39.53 RCW, as the same may be amended or restated from time to time.

*Interlocal Agreement* means the Interlocal Agreement dated November 30, 2010 between and among the District the State Treasurer and the State of Washington Department of Revenue.

*Interest Payment Date* means each date on which a payment of interest on the Bonds is due and payable.

*Interest Account* means the account of such name authorized to be created and maintained in the Bond Fund pursuant to Section 9(b) of the Bond Resolution and Section 2.01 of the Trust Agreement.

*Irrevocable Deposit* means the irrevocable deposit of money or Government Obligations in order to provide for the payment of all or a portion of the principal of, premium, if any, and interest on any Bonds in accordance with, and simultaneously meeting all the requirements of, Section 12 of the Bond Resolution.

*Letter of Representations* means the blanket issuer letter of representations from the District to DTC.

*Liquidity Facility* means a line of credit, standby purchase agreement or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or to provide funds for the payment of the purchase price of First Priority Bonds.

*Liquidity Facility Issuer* means the issuer of any Liquidity Facility.

*Lodging Tax Account* means the special account authorized to be created and maintained in the office of the Trustee for the purpose of receiving all Lodging Tax Revenues pursuant to Section 9(a) of the Bond Resolution and the Trust Agreement.

*Lodging Tax Revenues* means the Regular Lodging Tax Revenues and the Additional Lodging Tax Revenues.

*Moody's* means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term *Moody's* shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated District Representative.

*MSRB* means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at [www.emma.msrb.org](http://www.emma.msrb.org).

*Operating Reserve Account* means the account of such name created pursuant to Section 10 of the Bond Resolution.

*Original Issue Discount Bonds* means First Priority Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the resolution authorizing their issuance.

*Outstanding*, when used as of any particular time with reference to Bonds, means all Bonds theretofore executed by the District and authenticated and delivered by the Trustee under the Trust Agreement which have not been paid or cancelled by the Trustee or surrendered to the Trustee for cancellation, the payment of which has not been fully provided for pursuant to Section 12 of the Bond Resolution and with respect to Additional First Priority Bonds, shall have the meaning given such term in the resolution authorizing their issuance.

*President* means the President/Chief Executive Officer of the WSCC or the successor in function to the President/Chief Executive Officer.



*Principal Account* means the account of such name authorized to be created and maintained in the Bond Fund pursuant to Section 9(b) of the Bond Resolution and the Trust Agreement.

*Principal Payment Date* means each date on which a payment of principal of the Bonds is due and payable, whether at maturity or upon a mandatory redemption date.

*Project Fund* means the "WSCC Project Fund" established pursuant to Section 13 of the Bond Resolution.

*Qualified Insurance* means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) (i) which insurance company or companies are rated in one of the two highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or (ii) if as a result of the issuance of its policies, the obligations insured thereby to be rated in one of the two highest Rating Categories by one or more of the Rating Agencies.

*Qualified Letter of Credit* means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

*Rating Agency* means Fitch, Moody's or S&P.

*Rating Category* means the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

*Registered Owner* means the person named as the registered owner of the Bond in the Bond Register.

*Registrar* means, at the option of the Designated District Representative, either (i) the Trustee or (ii) the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal of the Bonds or any Registrar hereafter appointed by the District Treasurer.

*Regular Lodging Tax* means the excise tax on the sale of or charge made for the furnishing of lodging on any premises having 60 or more units that is subject to tax under chapter 82.08 RCW at the rate of 7% within the portion of the District that corresponds to the boundaries of the City of Seattle and 2.8 percent in the remainder of the District

*Regular Lodging Tax Revenues* mean the revenues generated by the Regular Lodging Tax collected by the District at the rates in effect as of the Date of Issuance pursuant to RCW 36.100.040 (4).

*Required Monthly Deposit* means:

(a) With respect to the Interest Account, an amount equal to one-sixth of the interest on Bonds coming due on the upcoming Interest Payment Date, net of First Priority Debt Service Offsets. In the case of the 2010B Bonds issued as Build America Bonds, the Required Monthly Deposit shall be equal to 65% of the interest coming due on the upcoming Interest Payment Date;

(b) With respect to the Principal Account and commencing 12 months prior to the first scheduled Principal Payment Date, an amount equal to one-twelfth of the principal of Bonds coming due and payable on the upcoming Principal Payment Date; and

(c) with respect to the Common Reserve Fund, the dollar amount required to establish or maintain the Common Reserve Requirement-First Priority at the times and amounts required in accordance with the terms of Section 2.04(b) of the Trust Agreement.

A schedule of Required Monthly Deposits to the Interest Account and the Principal Account shall be delivered to the Trustee on or prior to the date of issuance of each series of First Priority Bonds.

*Required Supplemental Deposit* means (a) the amount, if required, to pay the Required Monthly Deposits if the Trustee has not received a disbursement from the State Treasurer or other sources on or prior to the 24<sup>th</sup> day of any month sufficient to make the Required Monthly Deposits and (b) the amount, if required, to pay the principal of and/or interest on the Bonds coming due on an upcoming Debt Service Payment Date if and to the extent that the Trustee does not have on deposit in the Interest Account an amount sufficient to pay interest on Bonds coming due on the upcoming Interest Payment Date or does not have on deposit in the Principal Account an amount sufficient to pay principal of the Bonds maturing or coming due on the upcoming Principal Payment Date as of the 24<sup>th</sup> day of the month immediately prior to the Debt Service Payment Date.

*Rule* means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time.

*SEC* means the Securities and Exchange Commission.

*SIFMA Municipal Swap Index* means the Securities Industry and Financial Markets Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Securities Industry and Financial Markets Association;

*provided*, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then SIFMA Municipal Swap Index shall mean such other reasonably comparable index selected by the Designated District Representative.

*State Treasurer* means the office of the state treasurer of the state of Washington.

*Subordinate Priority WSCC Obligations* mean obligations of the District secured by Lodging Tax Revenue and the Trust Estate and having a claim thereon subordinate to the claim of the First Priority Bonds.

*Tax and Arbitrage Certificate* means the federal tax certificate or certificates of the District pertaining to the tax exemption of interest on the Bonds issued on a tax-exempt basis, the qualification of Bonds issued on a tax-advantaged basis and the payment of any rebate amount to the United States.

*Tax Maximum* means the maximum dollar amount permitted by the Code, including applicable regulations thereunder, to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

*Term Bonds* mean any Bonds identified as Term Bonds in the Bond Purchase Contract.

*Transfer Agreement* means the Transfer Agreement to be entered into between the State Treasurer and the District pursuant to Section 8 of the Convention Center Act.

*Trust Agreement* means the Trust Agreement dated as of November 1, 2010 between the District and the Trustee.

*Trust Estate* means the funds, accounts and rights identified in the granting clauses of the Trust Agreement.

*Trustee* means U.S. Bank National Association and shall include any successor as provided in the Trust Agreement.

*Uncovered Bonds* means Additional First Priority Bonds that will not be secured by the Common Reserve Fund.

*Underwriters* mean Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Loop Capital Markets LLC and Piper Jaffray & Co.

*WSCC* means the Washington State Convention Center.

## Part II. Rules of Construction.

In the Bond Resolution and the Trust Agreement, unless the context otherwise requires:

- (a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in the Bond Resolution or the Trust Agreement, respectively, refer to the Bond Resolution or the Trust Agreement, respectively, as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the Bond Resolution or the Trust Agreement, respectively.
- (b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.
- (c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.
- (d) Any headings preceding the text of the several articles and Sections of the Bond Resolution and the Trust Agreement, respectively, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of the Bond Resolution, or the Trust Agreement, respectively, nor shall they affect its meaning, construction or effect.
- (e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses thereof.
- (f) Whenever any consent or direction is required to be given by the District, such consent or direction shall be deemed given when given by the Designated District Representative or his or her designee, respectively, and all references herein to the Designated District Representative shall be deemed to include references to his or her designee, as the case may be.

CERTIFICATE

I, the undersigned; Secretary of the Board of Directors of Washington State Convention Center Public Facilities District (herein called the "Board") and keeper of the records of the District, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2010-12 of the District (herein called the "Resolution"), as finally adopted at a special meeting of the Board held on the 12th day of November, 2010, and duly recorded in my office.
2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of November, 2010.

  
Linda Willanger, Secretary of the Board

EXHIBIT D-1  
TO  
PURCHASE AND SALE AGREEMENT  
  
FINANCING PLAN

The Buyer intends to issue Additional First Priority Bonds and/or Subordinate Priority WSCC Obligations to finance the Project. The following sets forth the requirements that must be satisfied in order for the First Issue and Later Issue to be issued as Additional First Priority Bonds and/or Subordinate Priority WSCC Obligations.

1. Buyer anticipates issuing two bond issues, with the majority of the bonds issued in 2017 or 2018 ("First Issue") and the remainder planned over the following approximately four (4) years later ("Later Issue," which may be multiple issues). This subsection is not a condition, just a statement of intent.

2. At least 50% of the bonds will be issued in the First Issue.

3. Buyer will establish that the First Issue DSCR (defined in Section 3(c) below) will be satisfied prior to the First Issue:

a. The Lodging Tax Revenues (as defined in Section 18.1(a) of the Agreement) used for the First Issue DSCR shall be the "Historical Revenues" defined as any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance as selected by Buyer.

b. The "Annual Debt Service" used for this calculation means debt service payable in each fiscal year on the then-outstanding First Priority Bonds and on the First Issue, plus debt service payable in each fiscal year on any other then existing debt of Buyer of a higher priority than the Obligations (as defined in Section 18.1(a) of the Agreement). The First Issue and the Later Issue shall be long-term and fixed rate (i.e. no interim financing, no variable rate debt, no derivatives, etc.), issued as Additional First Priority Bonds or Subordinate Priority WSCC Obligations (as those terms are defined in the 2010 Bond Resolution), unless Seller consents to the use of some other type of debt structure. Notwithstanding the foregoing, in order to bridge Project budget issues, Buyer may issue as part of the First Issue or a Later Issue short term debt with a maturity date not exceeding five (5) years provided such indebtedness satisfies the requirements of the Transfer Agreement as may be modified and the First Issue DSCR or Later Issue DSCR, as applicable. If reasonable changes to such debt service coverage requirements applicable to the short term debt are approved by the bondholders, Seller will reasonably consider accepting these changes.

c. Based on the Historical Revenues and Annual Debt Service described in Sections 3(a) and 3(b) above (the "First Issue DSCR"):

i. At closing of the First Issue, Buyer shall satisfy a 1.25x debt service coverage ratio for each fiscal year through 2029 based on the Historical Revenues determined in Section 3(a). If the debt service coverage ratios are reduced to less than 1.25x for the period before 2030 by modification to the Transfer Agreement and by bondholders, Seller will consider a reduction in the 1.25x debt service coverage ratio accordingly.

ii. At closing of the First Issue, Buyer shall satisfy a 1.15x debt service coverage ratio for each fiscal year from 2030 and after based on the Historical Revenues determined in

Section 3(a).

iii. Given the reductions in Build America Bonds subsidies, if any such projected subsidies are included in the debt service coverage ratio calculations, Seller's approval (not to be unreasonably withheld) shall be required for the projected debt service coverage ratio to be used.

4. Buyer will establish that the "Later Issue DSCR" (as calculated below) will be satisfied prior to the Later Issue:

a. The Historical Revenues will be any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance of the Later Issue as selected by Buyer.

b. If the Later Issue is in multiple issues, each may have its own base period for determining Historical Revenues, based on any 12 consecutive months of Lodging Tax Revenues out of the prior 24 months before issuance as selected by Buyer.

c. Based on the Historical Revenues for the later period described in Section 4(a) for the Later Issue(s), and the Annual Debt Service definition from Section 3(b) above, the required coverage ratios are the same as Section 3(c) above for this issue thru 2029 (1.25x) and after 2029 (1.15x).

5. At the time of the First Issue, Buyer will conduct a stress test ("Stress Test") to confirm that there is sufficient financial capacity for the Later Issue(s), a copy of which will be provided to Seller. This test will be based on Buyer's estimated development budget and schedule of the Project, the debt service coverage ratio required above, and estimates of Lodging Tax Revenues and debt service developed as follows:

a. Lodging Tax Revenues.

i. The growth in the Lodging Tax Revenues will be estimated from the growth in Lodging Tax Revenues in the preceding 36 months, provided that the parties will reasonably adjust the growth estimate by mutual agreement to account for approved legislative changes affecting Lodging Tax Revenues. This same growth will be used to forecast Lodging Tax Revenues available at the projected time(s) of the Later Issue(s). For example, if actual annual growth in Lodging Tax Revenues in the preceding 36 months has averaged 7.0%, an annual growth rate of 7.0% in Lodging Tax Revenues will be projected through the years up to the expected timing of the Later Issue(s).

ii. The growth in Lodging Tax Revenues will also be estimated from the latest PKF report.

b. Interest rate. The interest rates used for the Stress Test will be the most recent 5-year average for the 30-year AAA Municipal Market Data Index (the "MMD"), plus the appropriate credit spread determined by Buyer and approved by Seller such approval not to be unreasonably withheld. For guidance, the investment bankers for Buyer will give their estimate of the credit spread 120 days before the expected date of the First Issue. The Stress Test will be conducted with annual Lodging Tax Revenues 5% below the amounts in Section 5(a)(i) and 5% below the amounts in Section 5(a)(ii) to confirm at the time of the First Issue that the Later Issue(s) are financially viable with such lower Lodging Tax Revenues. In the event that the combined Stress test plus Added Stress Test Amount defined under 7 below fails (i.e., Lodging Tax Revenues are not sufficient to meet the required 1.25x and 1.15x debt service coverage ratios described in Section 3(c) above), Seller and Buyer will explore alternative financing methods as provided on Exhibit D-2.

6. At the time of the First Issue the Buyer's cash on hand, Lodging Tax Revenues during development, reimbursements, and the sources from these bond offerings should equal or exceed Buyer's development budget of uses, using a cash flow analysis across the projected development period.
7. In the event Buyer is unable to amend the 2010 Bond Resolution as provided in Section 18.1(c) above, Buyer must satisfy the following additional conditions (the "Additional Conditions"):
  - a. At the time of the First Issue, Buyer will conduct an additional stress test based on the Added Stress Test Amount (as hereinafter defined) as provided herein, a copy of which will be provided to Seller. The "Added Stress Test Amount" shall be based on the information and data from the HVS report on Financial Operations Analysis dated November 12, 2015 ("2015 HVS Report") or as it may be updated, and shall be the cumulative operating losses for the first ten (10) years of operations of Buyer after opening the Project (2020 – 2029). The operating losses will be calculated based on a 35% increase in operating revenue from the 2015 results, indexed at the inflation rate used in the 2015 HVS Report. Costs included in the development budget for the Project intended to be used to cover operating losses in early years shall be excluded from the operating loss calculation. Current estimate of the Added Street Test Amount is \$19M. Buyer must show that its Lodging Tax Revenues projection is sufficient to cover this Added Stress Test Amount in addition to the Stress Test in Section 5.
  - b. Buyer shall adopt a new resolution to modify Resolution 2010-16 to limit operating reserves to no more than 100 days of budgeted operating expenses for establishing the operating reserve. Based on the 2016 operating budget the operating reserve would be \$9.4M. Buyer may elect to put additional funds into the operating reserve, but such additional funds (and any replacement thereof) shall be subordinate to the payment of the Obligations to Seller.
  - c. All marketing payments to Visit Seattle or any other similar marketing organization shall be subordinate to the payment of the Obligations.



EXHIBIT D-2  
TO  
PURCHASE AND SALE AGREEMENT

FINANCING CONTINGENCY PLAN

Below is a list of financing options that could be utilized by Buyer to create more debt capacity, relative to the plan outlined in Exhibit D and could be considered by Buyer with consent of Seller.

Financing Capacity Options		
	Considerations	Estimated Impact
Modify Issue Structure	<ul style="list-style-type: none"> <li>▪ Increase annual debt service beyond 2029</li> <li>▪ Capture limited amount of projected lodging tax growth</li> </ul>	= \$50-mm
Longer Debt Maturity	<ul style="list-style-type: none"> <li>▪ Increase term of debt to as much as 40 years</li> <li>▪ Market has been receptive to longer maturities</li> <li>▪ Useful life test will apply</li> </ul>	= \$30-mm
Put Bonds	<ul style="list-style-type: none"> <li>▪ Long term debt but captures short end of yield curve</li> <li>▪ Can be structured with both hard and soft puts (FRNs)</li> <li>▪ Reset ranges from 3 – 5 years and requires remarketing</li> </ul>	=\$100-mm
Capital Appreciation Bonds	<ul style="list-style-type: none"> <li>▪ Provides ability to capture additional revenues beyond 2029</li> <li>▪ More expensive than regular current interest bonds</li> <li>▪ Normally lack optional redemption flexibility</li> </ul>	=\$25-mm
Bond Anticipation Notes	<ul style="list-style-type: none"> <li>▪ May be the most cost effective alternative to provide flexibility</li> <li>▪ Converted to long-term senior/subordinate debt when revenues allow</li> <li>▪ Note on parity with payment obligations to King County note</li> </ul>	=\$75-mm

EXHIBIT E  
TO  
PURCHASE AND SALE AGREEMENT  
Depiction of Temporary Layover Space

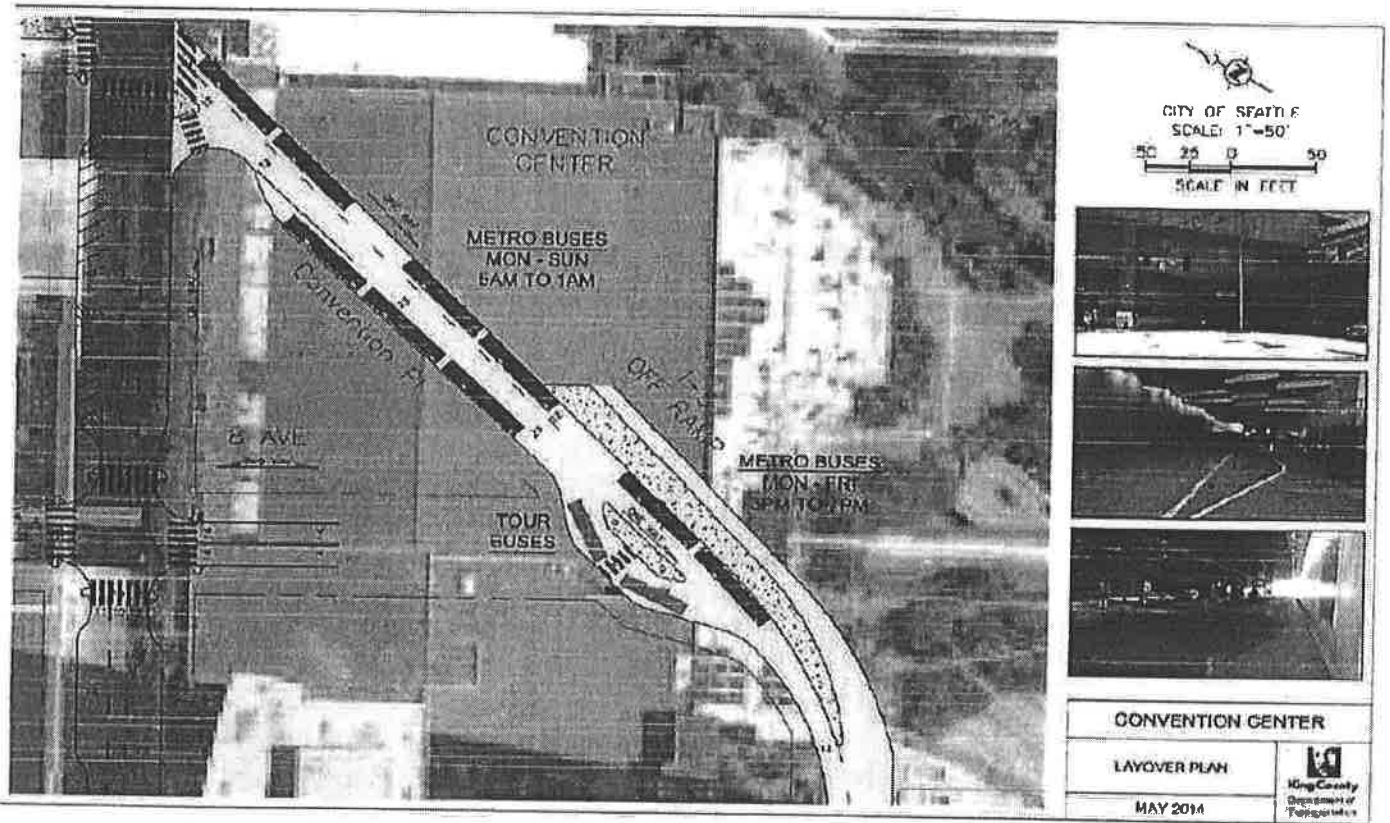


EXHIBIT F  
TO  
PURCHASE AND SALE AGREEMENT

FORM OF SPECIAL USE PERMIT  
(which is the following  
4 pages with no revision date)



Facilities Management Division  
 Real Estate Services Section  
 King County Administration Building  
 500 Fourth Avenue ADM-ES-0830  
 Seattle, WA 98104

**King County** Permits 206-477-9350, FAX 206-296-0196

**SPECIAL USE PERMIT Use of  
 County Owned Property**

PERMIT NUMBER:		DATE:	
PERMITEE:			
DAY PHONE	OTHER PHONE	FAX	
PURPOSE:			
LEGAL DESCRIPTION:	Primary	Sec	Twp Rge Account No Kroll Page
EXPIRATION:			
Administrative Fee (New or Renewal)	\$500.00	Bond/Insurance Amount	\$5,000,000.00
PERMITEE MUST NOTIFY JENNIFER ASH DOT- TRANSIT AT: (206) 477-5975 AT LEAST 72 HOURS PRIOR TO PERFORMING ANY WORK AND IMMEDIATELY UPON COMPLETION			
Issued By: _____		Phone: _____	
By this permit King County authorizes the use of the above described property:			
Custodial Approval:	_____	Date:	_____
Real Estate Services Approval:	_____	Date:	_____
The Permittee agrees to comply with the terms and conditions contained herein.			
SEE REVERSE SIDE FOR TERMS AND CONDITONS.			
Signature of Permittee: _____		Date: _____	

NOTE: Permit not valid without all necessary signatures and expiration date.  
 King County Code 14.30

## TERMS AND CONDITIONS

**PERMIT REVOCATION:** This Permit is revocable at any time by King County. The right to revoke is expressly reserved to King County.

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

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

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

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

**PERMITTED USE:** Permittee shall limit its use of the property to only those activities specified in the Permit and its application for permit.

**NON-EXCLUSIVE RIGHT:** This Permit shall not be deemed or construed to be an exclusive right. It does not prohibit the County from granting any other permits to other public or private entities, nor shall it prevent the County from using any public place for any and all public use or affect its jurisdiction over any part of them.

**ASSESSMENTS:** Permittee shall be required to pay any general or special assessments incurred by King County which are directly attributable to or arising from any actions, occupancy, or usage authorized herein.

**TERMINATION:** The Permittee may terminate the Permit by written notice to the Manager of Real Estate Services Section. Upon revocation, termination, or abandonment, the Permittee shall remove at his expense all facilities placed on said property by the Permittee, and restore the premises to a condition which is equivalent in all respects to the condition existing prior to installation of the facilities, or to a condition which is satisfactory to the County. If the Permittee has not accomplished removal and restoration at the end of a ninety-day period following the effective date of revocation, termination, expiration, or abandonment, the County may accomplish all of the necessary work and charge all of the costs to the Permittee.

**RESTORATION:** After completion of work authorized by this Permit, the Permittee shall restore the property to a condition which is equivalent in all respects to the condition of the property prior to starting work, or a condition satisfactory to King County. If the Permittee delays restoration beyond expiration of the Permit, the County may accomplish all the necessary work and charge all the costs to the Permittee.

**REPAIRING DAMAGE BY PERMITTEE:** In the event that damage of any kind is caused by the Permittee in the course of performing work authorized by this Permit, Permittee will repair said damage at its sole cost and expense. Repair work shall begin without delay and continue without interruption until completed. If damage is extensive, the time allowed for repair will be prescribed by the County agent. If the County determines it is necessary, the County may accomplish the work and charge all the costs to the Permittee.

0. **ABATEMENT OF UNSAFE CONDITIONS:** The County representative may at any time, do, order, or have done all work considered necessary to restore to a safe condition any area described in Permit left by the Permittee in a condition dangerous to life or property. The Permittee shall pay, upon demand, to the County all costs of such work, materials, etc. Nothing in this section shall relieve the Permittee of duties under Terms and Conditions No. 2 above.

1. **RIGHTS RESERVED TO COUNTY - CONFORMANCE AND PAYMENT OF COST REQUIRED:** The County reserves the right to use, occupy, and enjoy its property for such purposes as it shall desire including, but not limited to, constructing or installing structures and facilities on the property, or developing, improving, repairing or altering the property. The Permittee, upon written notice, will at its own cost and expense remove, repair, relocate, change or reconstruct its installations to conform with the plans of work contemplated or ordered by the County according to a time schedule contained in the written notice.

2. **NOTICE:** Permittee agrees to obtain information from other utility operators regarding the location and current status of their installations before starting work. Property owners adjoining, or in proximity to, the project as described herein shall be notified by Permittee when such property is exposed to the possibility of injury or damage through performance of work on the project authorized by this Permit. Permittee shall make all advance arrangements necessary to protect such property or utility from injury or damage.

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

4. **AMENDMENTS:** This Permit may only be amended by King County at any time or upon written request of the Permittee and written approval by King County. Amendments shall be issued in the same manner as a new Permit would be issued.

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

6. **CONDITION OF PROPERTY:** The Permittee understands and agrees that the property is taken for its use "AS IS" and that King County has no obligation to the Permittee to make any changes, improvements, or to incur any expense whatsoever for environmental and/or other problems associated with the property to facilitate Permittee's authorized use of the property.

7. **ASSIGNMENT:** The Permittee may not assign any of its rights under this permit without the prior written consent of the County.

8. **SPECIAL TERMS AND CONDITIONS:** (SEE ATTACHED SHEET(S))

Special Use Permit SUPS17-xxxx  
Special Terms and Conditions  
Section 18(1) through 18(XX)

(1) (Insert special terms and conditions here)

(2) Environmental:

- a. The Permittee understands and agrees that the Property is taken for use on an "as is" basis and that the County has no obligation to Permittee to clean, repair, make any changes, improvements or to incur any expenses whatsoever for environmental problems (as defined below) on the Property. Permittee shall notify the King County Real Estate Services Section Permit & Franchise Unit and any other public agency as required by law, in the event the Permittee or its contractors obtain knowledge of any environmental problems on the Property.
- b. The Permittee further agrees, for itself, its successors and assigns, to defend, indemnify and hold harmless King County from and against any and all environmental problems, including the cost of defense related thereto, which arise from, in connection with or incident to the acts or omissions of Permittee, its appointed and elected officials, employees, agents and contractors (hereinafter "Permittee actors") in the exercise of Permittee's rights and privileges granted by this Permit or the Permittee's use of, or activities on, the subject property or any surrounding County property. By way of example only, the obligations of the Permittee under this section shall include, but are not limited to, (a) the cost of removing and disposing of any pre-existing Hazardous Substances uncovered in the course of the activities by Permittee actors under this Permit, related permits or activities as may be required by law; (b) the cost of taking necessary penalties assessed for failure to comply with the provisions of any federal, state or local environmental statutes, ordinances or regulations.
- c. For purposes of this section, the term "environmental problems" shall mean any claim, complaint, demand, action, cause of action, suit, loss, contribution action, action by an instrumentality of a federal, state or local government, cost, damage, fine, penalty, expense, judgement or liability of any kind which directly or indirectly relates to noise or the existence, use, release, threatened release, leakage, spillage, discharge, disturbance, dispersal, movement, uncovering, treatment, handling, storage, transport, or disposal of Hazardous Substance(s), whether in, on, into, onto or from soil, surfaces, improvements, air, surface water or groundwater.
- d. For purposes of this Permit, "Hazardous Substances" shall include:
  - i. Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease producing substances; or
  - ii. Any dangerous waste or hazardous waste as defined in:
    - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch.70.105); or
    - b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or
    - iii. Any hazardous substance as defined in:
      - a. Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or
      - b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch.70.105D); or
      - iv. Any other pollutants, contaminants, substances, or materials posing a danger or threat to public health or welfare, or to the environment, which are regulated or controlled by any federal, state and local laws and regulations now or hereafter amended.
  - e. The Permittee's obligations contained in this section shall survive any termination or expiration of this permit and any subsequent transfer by King County of its interest in the subject property. In the event of a conflict between the provisions of this section and that certain Purchase and Sale Agreement between Permittee and the County dated \_\_\_\_ 2017, the Purchase and Sale Agreement shall control.

18(x) Insurance

By the date of issuance of this permit, the Permittee shall procure and maintain, for the duration of this permit, insurance or coverage against claims for injuries to persons or damages to property which may arise from and in connection with the rights and privileges granted by this permit and/or the performance of work hereunder by the Permittee, his agents, representatives, employees and/or subcontractors.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Permittee under this contract. The Permittee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Agreement.

For All Coverages: The cost of such insurance shall be paid by the Permittee. Each insurance policy shall be written on an "Occurrence Form."

1. Minimum Scope and Limits of Insurance. Coverage shall be at least as broad as:

General Liability:

Insurance Services Office form number CG 0001 (Ed. 11-88) covering COMMERCIAL GENERAL LIABILITY. The Permittee shall maintain limits no less than \$5,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage.  
AUTOMOBILE LIABILITY. Insurance Services Office form number (CA 00 01 Ed. 12-90 or its equivalent) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto", or the combination of symbols 2, 8 and 9. Limits shall be no less than \$5,000,000. Combined single limit bodily injury and property damage.  
WORKERS COMPENSATION. Workers Compensation coverage, as required by the Industrial Insurance Act of the

State of Washington;

**EMPLOYERS LIABILITY or "Stop-Gap":** The protection by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop-Gap" endorsement to the General Liability policy. Limits shall be no less than \$5,000,000.

**POLLUTION LIABILITY:** Permittee shall provide Permittee's Pollution Liability coverage in the amount of \$5,000,000 per occurrence and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed. If Asbestos, Lead or PCB's are a potential exposure, such insurance shall not exclude pollution arising out of Asbestos, Lead and/or PCB operations. Evidence of insurance must specifically state that coverage is included.

2. **Deductibles and Self-Insured Retentions.** The deductible and/or self-insured retention of the policies shall not limit or apply to the Permittee's liability to the County and shall be the sole responsibility of the Permittee.
3. **Other Insurance Provisions.** The insurance policies required in this permit are to contain, or be endorsed to contain the following provisions:
  - a. All Liability policies except Workers Compensation:
    1. The County, its officers, officials, employees and agents are to be covered as insured as respects liability arising out of activities performed by or on behalf of the Permittee in connection with this permit.
    2. Insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees or agents should not contribute with the Permittee's insurance or benefit the Permittee in any way.
    3. The Permittee's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.
  - b. All Policies: Coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits prior to the expiration date of this special use permit, unless forty-five (45) days prior notice, return receipt requested, has been given to the County.
4. **Acceptability of Insurers.** Unless otherwise approved by the County, insurance is to be placed with insurers with a Best's rating of no less than A: VIII, or, if not rated with Best's, with minimum surplus the equivalent of Best's surplus size VII.
5. **Verification of Coverage.** The Permittee shall furnish the King County Real Property Division with certificates of insurance and endorsements required by this permit. The County reserves the right to require complete, certified copies of all required insurance policies at any time.
6. **Municipal or State Agency Provision.** If the Permittee is a Municipal Corporation or an agency of the State of Washington and is self-insured for any of the above insurance requirements, a certification of self-insurance shall be attached hereto and be incorporated by reference and shall constitute compliance with this section.
7. **Sub-Contracting.** If the Permittee sub-contracts out any of the work, the Permittee shall be responsible for ensuring that such Contractor is adequately insured and that King County is added as an additional insured to all of Contractor's liability policies except Workers Compensation.

EXHIBIT G  
TO  
PURCHASE AND SALE AGREEMENT

TPSS MOU  
(which is the following  
43 pages with no revision date)



EXHIBIT G  
TO  
PURCHASE AND SALE AGREEMENT

TPSS MOU

**Memorandum of Understanding  
Between King County and Washington State Convention Center  
Regarding Convention Place Station Property Replacement of Transit  
Power Substation**

This Memorandum of Understanding ("MOU") is made and entered into as of this 22<sup>nd</sup> day of OCTOBER, 2015, by and between King County a home-rule charter county and political subdivision of the State of Washington (the "County"), acting through its Metro Transit division, and the Washington State Convention Center, a King County public facilities district ("WSCC").

INTENT

1. Washington State Convention Center ("WSCC") and King County ("KC") have been working collaboratively on a proposed WSCC addition ("Project") located on KC's Convention Place Station ("CPS") property.
2. WSCC and KC intend to execute a purchase and sale agreement ("PSA") of CPS property in Q3 2015.
3. WSCC has delegated to the Pine Street Group L.L.C. ("PSG") the authority to negotiate and coordinate all aspects of the work contemplated and covered in this MOU on its behalf pursuant to that certain Development Management Agreement between WSCC and PSG ("Management Agreement").
4. To the extent any terms of this MOU conflict with the PSA, the PSA shall govern if it is executed.
5. Early removal and replacement of KC's existing Olive Traction Power Sub Station ("TPSS"), located on CPS, is considered a critical early work scope in meeting WSCC's overall construction schedule (anticipated to start early 2017).
6. To meet WSCC schedule goals, Attachment B sets key schedule milestones for this work.
7. The existing TPSS currently serves overhead power to trolley-buses on surface streets of downtown Seattle. The replacement TPSS must serve the same trolley-bus system.
8. KC requires uninterrupted TPSS power. However, some limited, short-duration scheduled interruption is anticipated.
9. KC has determined that the final location of the TPSS is in the cut and cover portion of the Downtown Seattle Transit Tunnel ("DSTT" or "tunnel"). WSCC may elect to locate the TPSS on Sound Transit's parcel on Pine on an interim basis if WSCC finds that has a benefit to the project.
10. Given KC's contracting process, KC is unable to procure and install a replacement TPSS that meets WSCC's desired schedule.
11. WSCC has agreed to manage the procurement and installation of the TPSS to maintain the Project schedule.
12. WSCC and KC will jointly engage in the direction of design activities for a successful replacement TPSS as further established in Attachment A.

13. PSG acting for WSCC will be the project proponent and project manager. KC will be the project client and end user.
14. The Parties' respective and joint responsibilities are listed in Attachment A. It is not intended to be an exhaustive list of responsibilities and the parties agree to use all good faith efforts in order to successfully design, procure, deliver and install a replacement TPSS that meets the objectives and criteria of King County as the client (the "Work").

### AGREEMENT

#### **1. WSCC Responsibilities**

WSCC will perform the responsibilities identified in Attachment A, in accordance with the schedule included as Attachment B.

#### **2. King County Responsibilities**

King County will perform the responsibilities identified in Attachment A, in accordance with the schedule included as Attachment B.

#### **3. Cost Responsibility and Reimbursement**

- A. WSCC will prepare a preliminary budget for the Work (the design and management costs are attached hereto as Attachment C) and WSCC will periodically update such budget as the Work progresses for KC approval, such approval not to be unreasonably withheld. The budget last approved by KC shall be referred to herein as the "Budget."
- B. KC will reimburse WSCC for all costs borne by WSCC directly associated with the Work as set forth in the Budget. The Budget will include, design, permitting, project management (at PSG's stipulated rates approved by WSCC) directly associated with the Work as certified by WSCC, and installation costs when bid, commencing May 1, 2015 and concluding upon the earlier of final acceptance of the Work by KC or December 31, 2016 subject to extension for causes beyond the reasonable control of WSCC or PSG.
- C. If the sale of the CPS property closes pursuant to the PSA, the dates of reimbursement and sums due are as follows:
  - 100% of reimbursable costs incurred by WSCC for the Work as of the date of closing of the sale of the CPS property shall be paid by KC to WSCC at closing.
  - Thereafter, KC shall make progress payments to WSCC 30 days following submission of requests for reimbursement by PSG less any retention withheld from contractors.
  - The estimated final reimbursement will be made within 30 days following the substantial completion of the Work. The final reimbursement will be determined by independent audit of actual final costs following completion, turnover, commissioning and acceptance of the Work by KC.

- D. Unless otherwise agreed to by the parties, if the PSA terminates prior to the closing of the sale of the CPS property or if KC and WSCC do not sign the PSA by September 30, 2015, and as a result the construction portion of the Work does not proceed, KC will pay 100% of the costs incurred for the Work to such date within 30 days following submission of request by WSCC, and in such event WSCC will assign to KC all of WSCC's right, title and interest in and to all plans and specifications related to the TPSS project.
- E. Upon acceptance of the Work by KC, WSCC shall assign to KC all assurances, rights and warranties in all consulting, engineering, design, and construction contracts for the performance of the Work (the "Contracts") and shall transfer title to all equipment/improvements to KC.

#### 4. Indemnification

**Indemnification.** Each Party shall protect, defend, indemnify and save harmless the other Party, its officers, officials, employees and agents while acting within the scope of their employment as such, from any and all suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the services associated with this Contract caused by or resulting from each Party's own negligent acts or omissions. Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance act, RCW Title 51, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. Notwithstanding the foregoing, WSCC's obligations to defend, indemnify and save harmless KC shall not extend to any errors, failure to perform, suits, costs, claims, actions, losses, penalties, judgments, and/or awards of damages, of whatsoever kind arising out of, or in connection with, or incident to the Work caused by or resulting from the acts and omissions of WSCC's architect(s), designer(s), consultants, suppliers, contractor(s) and/or subcontractors, of any tier, that perform services or work or supply materials for the Work (collectively, the "TPSS Providers"). Liability of the TPSS Providers for errors, negligence or failure of performance shall not be imputed to WSCC or PSG, but rather and instead, in the event of such claim of error, negligence or failure of performance, WSCC shall either (a) assign to KC all of WSCC's rights as against said TPSS Provider(s) or (b) WSCC shall enforce such rights for the benefit of KC as KC shall direct and such enforcement costs shall be included in the Budget. WSCC shall use good faith efforts to include in the Contracts (c) commercially reasonable insurance limits in the TPSS Providers contracts as specified by KC, and (d) listing of KC as an additional insured with respect thereto. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

#### 5. Term

The MOU term will expire upon delivery and turnover of fully commissioned replacement TPSS to KC and final payment of all reimbursable costs to WSCC.

- 6. **Dispute Resolution.** In the event of a dispute between the Parties during the Term of the MOU, the following terms and conditions shall apply:

- A. WSCC and the King County Executive, or their designees, shall confer to resolve disputes that arise under this MOU as requested by either Party. The Designated Representatives shall use their best efforts and exercise good faith to resolve such disputes.
- B. The following individuals are the Designated Representatives of the Parties for the purpose of resolving disputes that arise under this Agreement, and Dispute Resolution notices shall be sent to:

WSCC: Matt Griffin  
 c/o Pine Street Group L.L.C.  
 1500 Fourth Avenue, Suite 600  
 Seattle, Washington 98112

County: Chief of Staff to the King County Executive  
 Chinook Building  
 401 Fifth Avenue, Suite 800  
 Seattle, Washington 98104

If the Parties are still unable to resolve the dispute the ADR process outlined in the PSA will apply. If the PSA is not executed, the Parties will submit any unresolved disputes to binding arbitration, the costs of which will be split by the Parties equally.

**7. Communication**

**Notices to the parties shall be made by and to the following:**

County: Design and Construction Manager  
 Metro Transit Division  
 Department of Transportation  
 201 South Jackson Street, M.S. KSC-TR-0435,  
 Seattle, WA 98104-0431

WSCC: Pine Street Group L.L.C., Attn: Matt Rosauer  
 1500 Fourth Avenue, Suite 600  
 Seattle, WA 98112

**Agreed and Accepted:**

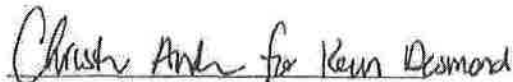
WASHINGTON STATE CONVENTION  
 CENTER PUBLIC FACILITIES DISTRICT, a  
 Washington municipal corporation



By: Frank Finneran  
 Its: Chairman of the Board  
 Date: 10/21/15

**Agreed and Accepted:**

King County:



By: Kevin Desmond  
 Its: KC Metro General Manager  
 Date: 7-29-2015

**ATTACHMENT A**  
**SPECIFIC SCOPE OF RESPONSIBILITIES OF THE PARTIES**

**WSCC:**

PSG for WSCC will:

1. Keep KC reasonably apprised of needed decisions, schedule, costs, and information related to the Work in order to maintain schedule, quality and cost control, including providing KC with the updated Budget from time to time but not less than quarterly.
2. Provide reasonably complete and timely information to KC in advance of decisions requested, in accordance with schedule milestones in Attachment B, within the professional industry standard of care.
3. PSG will manage WSCC responsibilities.
4. PSG will facilitate the WSCC team and resources as necessary to carry out WSCC responsibilities.
5. Develop a Project Management Plan ("PMP") that establishes assumptions, scope, schedule, decision points, required permits/entitlements and budget.
6. Procure and manage the Work, design team, vendors and contractors in accordance with WSCC public processes and consult with KC with respect thereto.
7. Maintain responsibility for managing the Project schedule and the schedule implementation.
8. Coordinate work with Project early work and construction activities.
9. Coordinate work with 3<sup>rd</sup> parties including, but not limited to Sound Transit, City of Seattle, and WSDOT.
10. Obtain all required permits in coordination with and with the cooperation of KC.
11. Procure and manage the design and installation of the Work in accordance with KC written performance requirements, design criteria, and access and location requirements, including adequate access for routine maintenance and emergency conditions as reasonably established by KC. A basis of design will be provided in time to maintain schedule.
12. Procure and manage the testing and commissioning of the completed Work to the specifications outlined in the basis of design and coordinate with KC or its agents with respect thereto.
13. Provide documents for review at key milestones for KC sign-off & acceptance.
14. Provide sufficient access to or through the CPS site during construction for KC reviews.
15. Provide monthly status and forecast reporting on scope, schedule and expenditure/budget.

**KC:**

KC and/or its assigns will:

1. Serve as replacement TPSS project client and end user.
2. Provide complete and timely information and decisions in accordance with the schedule milestones in Attachment B and to a level of professional industry standard of care.

3. Coordinate with WSCC's designers, vendors, contractors, and agencies as needed and consult with WSCC on the selection of the designers, vendors and contractors.
4. Review and approve the PMP prepared by WSCC, in accordance with the attached schedule.
5. Provide load requirements for the replacement TPSS.
6. Provide KC performance requirements, design criteria and locational requirements.
7. Review and approve design (including plans and specifications) at appropriate stages of work, including all amendments or modifications to such plans and specifications.
8. Approve the replacement TPSS prior to installation thereof and review the progress of the installation of the Work and the commissioning thereof.
9. Accept the completed replacement TPSS, which shall not be unreasonably withheld.
10. Review and agree to a project cost of new TPSS.
11. Assist PSG with coordination and approvals with other transit agencies.

**WSCC and KC:**

1. Jointly engage in directing the design for a smooth and efficient design and implementation process of the Work with the parties leading various specific design elements as follows:
  - o WSCC will lead civil work;
  - o WSCC will lead elements relating to WSCC Addition, its constructability and construction phasing;
  - o KC will lead elements impacting transit operations;
  - o KC will lead TPSS equipment design criteria and WSCC will follow KC criteria;
  - o WSCC and KC will jointly lead electrical equipment elements and WSCC will follow KC elements;.
2. Hold and/or attend joint team meetings (including designers, vendors and contractors when appropriate) to coordinate the progress and direction of the Work;
3. Coordinate the Work with any/all existing or on-going KC functions and operations at CPS; and
4. Provide timely information and responses to requests and inquiries by the other party or their respective consultants.

**ATTACHMENT B  
TPSS PROJECT SCHEDULE**

**Key TPSS Milestone and Decision Dates:**

KC NTP to WSCC to procure designer	12/12/14
KC Decision of Final TPSS Location	4/6/15
WSCC Decision on Use of Interim Location	12/31/15
WSCC NTP to commence design	5/4/15
Project Management Plan delivery to KC	12/31/15
KC final acceptance of fully commissioned TPSS	12/31/16

**Production Schedule:**

Refer to the following schedule titled "Olive TPSS Project Schedule", dated 6/4/15,  
Schedule to be confirmed after selection of GC/CM and selected TPSS manufacturer.

**ATTACHMENT C  
BUDGET**

PINE STREET GROUP L.L.C.

1500 Fourth Avenue, Suite 600  
Seattle, Washington 98101  
T 206.340-8210  
F 206.428.3000  
matt@pinest.com

June 16, 2015

Randy Witt, Manager  
Metro Transit Division  
201 S. Jackson Street  
Seattle, WA 98104-3856

RE: TPSS design and management costs

Dear Randy,

LMN has assembled the design cost estimate (approved by Ron Moattar) to replace the Olive TPSS on Convention Place Station with a new TPSS in the cut and cover. With Pine Street Group L.L.C. management costs, we estimate the total design and management costs will range between \$1.4mm to \$1.9mm.

Important notes:

- Costs are time and material reimbursements up to a maximum allowable amount.
- The scope assumes a prefabricated TPSS located in the cut and cover tunnel.
- The estimate is based on a 21 month schedule (ending December 2016).
- The estimate does not include the purchase of the TPSS, infrastructure, or installation costs.
- The Metro team agrees that LTK is an appropriate choice for the TPSS work.

Roles and responsibilities by both parties will follow the TPSS MOU (under review).

Please sign authorizing approval of the design and management costs.

Sincerely,



Matt Rosauer  
Principal

Signed:

\_\_\_\_\_  
Randy Witt                      date  
Manager

cc: Matt Griffin

MRKR: \\PINEST\Projects\WSSCC\Project Administration\Early Work - Meeting Minutes\TPSS\PSG cover letter for TPSS costs 15-06-17.docx, 6/16/2015 4:05 PM



Washington State Convention Center Addition Project  
Pine Street Group L.L.C.  
Metro - 2015 billable hourly rates

Annual  
Increase  
3.0%

Person	Title	Hourly Rate	2015 Rate
Matt Rosauer	Principal Project Manager	\$ 250 *	\$ 265 **
Matt Griffin	Manager's Representative	\$ 500 *	\$ 530 **
Ryan Keane	Project Manager	\$ 150	\$ 159 **
Chris Bischoff	Project Manager	\$ 150	\$ 159 **
Jason Foley	Project Manager	\$ 150 *	\$ 159 **
Andy Bench	Project Engineer	\$ 100 *	\$ 100
Alana Schutt	Project Coordinator	\$ 60 *	\$ 64 **
Crystal Ng	Project Assistant	\$ 60	\$ 60

\* Billing rates to WSCC

\*\* Adjusted rates from April 2013 original agreement date

ALL: 6/16/2015\\PINEST\Projects\WSCC\Land\CPS\KC - Metro\Early Work including TPSS relocation\Cost proposal for TPSS relocation\TPSS Cost Summary for Randy Wilk\Metro hourly rates

801 Second Avenue, Suite 501

Seattle, Washington 98104

T 206 682 3460

F 206 343 9388

www.lmnarchitect.com

Architecture  
Urban Design  
Interiors

June 10, 2015

Matt Rosauer, Project Manager  
Pine Street Group L.L.C  
1500 Fourth Avenue, Suite 2912  
Seattle, WA 98101

Re: TPSS Fee Proposal

Dear Matt:

This proposal is for design services regarding the TPSS (Traction Power Sub-Station) for King County Metro and is to be located adjacent to the Convention Center Place Station in the Cut and Cover tunnel. A detailed scope of work may be referenced in the attached proposals from LTK, MKA (Civil) and ARUP for the design and engineering of the new TPSS. The general scope assumptions are based on a pre-fabricated TPSS with primary power feeds from the existing Metro 26KV lines and auxiliary service from the existing SCL vault in Ninth Avenue. Our proposal assumes that any emergency power will be provided by Metro as desired.

LMN will be providing overall design coordination with the project stake holders and the sub-consultant team outlined above and in the attached proposals. To simplify the contracting for this aspect of the work LTK will be a direct sub-consultant to LMN in lieu of the previous structure where LTK was a sub-consultant to ARUP. This new contract structure will initiate with June Invoicing, any invoicing from LTK thru May 31 services will be billed under the ARUP interim agreement. The basis of compensation for this effort is hourly to a maximum and mirrors our contract agreement with Washington State Convention Center and is summarized below:

<b>LMN Architects:</b>	
Overall project coordination of project team, extending from preliminary design through construction.	\$98,000
<b>LTK:</b>	
Design and Engineering of TPSS and Power feeds *Services from May onward under LMN contract ** Includes Ground Testing Services \$5,000	\$850,202
<b>MKA (Civil):</b>	
Design and Engineering of TPSS grounding pad/foundation. Preparation of site construction documents and Utility Major Permit Drawings (if required)	\$45,000
<b>ARUP:</b>	
Design and Engineering of lighting and auxiliary systems described in attached proposal. *** Includes LTK effort and mark-up thru May 31, 2015	\$257,590

**LMN**



Sub-Total Consultants	\$1,152,792
LMN Mark-Up (6%) per contract	\$69,168
<b>Total Fee Estimate</b>	<b>\$1,319,960</b>

LMN and the consultant team will need to coordinate this work with multiple city agency's including, Seattle City Light, Seattle Department of Transportation and the Fire Department. As a result there may be requirements placed on the installation of this unique piece of equipment in this unique location, the scope of which is not known.

Thru May 31, 2015 LMN has expended approximately 299hrs and \$53,660 of the above LMN fee total. LMN proposes to expend the remaining 344,340 thru August 2016, tracking the schedule of the TPSS design by LTK. Our effort will consist of coordinating the process and documents:

- TPSS procurement
- Bid Support and Site Engineering (Including project specifications)
- Construction Administration (Incl. RFI and Submittal process)
- Expenses will be invoiced per our contract agreement with Washington State Convention Center
- Insurance coverages are per our contract agreement with Washington State Convention Center

The following items are assumptions and qualifications for this proposal:

- Proposal includes assisting Metro with providing more convenient and secure access to the existing 9<sup>th</sup> Avenue access. However, the proposal does not include design and documentation associated with a "dog-house" enclosure of existing 9<sup>th</sup> Avenue access.
- Proposal includes location and coordination of an emergency power demark in the cut and cover tunnel adjacent to the TPSS unit (with Metro/Sound Transit). However, the proposal does not include design and documentation of emergency power generator.
- Proposal includes slab remediation in the tunnel where trenching and connections are made to the existing services. However, the proposal does not include structural analysis or retrofitting of the DTSS tunnel structure if it is determined these required connections impact the structure.

If you have any questions regarding the scope, fee or schedule please contact me to review. We are eager to move this element of the project forward so if we can clarify any of our assumptions we would be happy to have a discussion.

Sincerely,

*For Pine Street Group L.L.C.:*

Chris Easeman  
Principal  
LMN Architects

\_\_\_\_\_  
Matt Rosauer  
Pine Street Group L.L.C.

\_\_\_\_\_  
Date

Enclosures:

Cc:

**LMN**





# Washington State Convention Center Addition Project

Olive Traction Power Substation Replacement

Scope of Work

May 26, 2015

## Project Background

Washington State Convention Center (WSCC) is currently planning a facility addition on the Convention Place Station (CPS) site which is owned by King County (KC). WSCC and KC are in negotiations to transfer the ownership of CPS to WSCC for their facility addition project. This County-owned property, located one block from the current WSCC facilities, is now an active transit station, that may undergo significant operational transformation. Some transit uses may remain on the site, including access to the Downtown Seattle Transit Tunnel and the Interstate-5 express lanes, bus layover space, and a small number of transit support functions.

The King County's Olive Traction Power Substation (TPSS) located at CPS, however, must be replaced to accommodate the WSCC facility addition and allow for continued electric trolley bus (ETB) service. This document identifies the scope which includes the design for the replacement Olive TPSS to be located on a nearby site to be determined during the design process.

## Scope of Work

The work for the Olive TPSS project is expected to begin in May 2015. The replacement TPSS will be a prefabricated TPSS suitable for providing power to KC's existing ETB system. Requirements of the Olive TPSS electrical design services include the following tasks:

### Task 1 – Project Management

The Consultant will coordinate with LMN, WSCC, Metro, other consultants, or contractors as necessary in the completion of this effort. Consultant shall provide project management and contract administration services to facilitate the efficient progress of the work. Project Management services include invoicing, progress reporting, scheduling, project and team management, coordination, and meeting attendance as needed.

### Deliverables:

- Monthly Invoices
- Monthly Progress Reports

Page 1 of 4

#### Task 2 – Design TPSS Procurement Documents

Consultant shall provide electrical design services for preparing drawings and technical specification for the procurement of a prefabricated TPSS to replace the existing Metro Olive TPSS. The consultant shall perform data collection and field investigations as needed of the proposed TPSS site in preparation of the design. The Consultant shall participate in a design review with stakeholders following the 85 percent milestone and continue the 85 percent design for development of the 100 percent submittal. The design shall assume one site plan for the TPS procurement which will be determined by others. The surveying and base mapping required for the TPSS drawings is assumed to be provided by others.

Consultant shall also provide permit support, SCL service request support, and bid support services for the TPS procurement contract. Consultant shall assist others in preparing final technical documents for advertisement of the procurement documents.

Consultant shall participate in a 100 percent design review with LMN and then with other stakeholders for the 100 percent milestone.

CAD drawings shall utilize KC Metro Standards.

Consultant shall provide bid support services and respond to RFIs by bidders and assist with bid selection during the bid period.

#### Deliverables:

- 85 Percent Design
  - Participate in Design Review
- 100 Percent Design
  - TPS Drawings
    - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list.
    - Electronic, PDF, plotted half size
  - TPS Specifications
    - Electronic, PDF, plotted letter
- Provide permit support by preparing drawings for plan review
- Bid Support – Respond to RFIs

#### Task 3 – Design Site Engineering

Consultant shall provide electrical design services for preparing drawings, technical specifications, and cost estimates for the civil related electrical infrastructure required to accommodate the installation of the TPSS and its tie in with the existing electric trolley bus (ETB) traction power system. The electrical design work shall include the TPSS grounding, manholes, underground raceways for the AC utility feeders, raceways for DC positive and negative feeders, feeder conductors, feeder disconnect switches, and other raceways for tying into the existing Metro dc feeder infrastructure.

Consultant shall support others with the design of civil/structural related TPSS site work, including the TPSS foundation design, site clearances, site accommodations (fencing, gates, and driveway access) by providing site requirements needed to accommodate the TPSS and feeder infrastructure.

Roadway/sidewalk demolition, excavation, restoration, utility locates, utility relocation, traffic control, drainage, architectural design, and other civil/structural design work is assumed to be by others.

Surveying and base mapping required for the TPSS drawings is assumed to be provided by others, and will be provided prior to the development of the design drawings.

Deliverables:

- 60 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Electronic, PDF, plotted half size
  - Site Specifications
    - Electronic, PDF, plotted letter
  - Cost Estimate
  - Participate In Design Review
- 90 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Electronic, PDF, plotted half size
  - Site Specifications
    - Electronic, PDF, plotted letter
  - Cost Estimate
  - Participate In Design Review
- 100 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Electronic, PDF, plotted half size
  - Site Specifications
    - Electronic, PDF, plotted letter
  - Participate In Design Review
- Issued for Construction IFC
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Hard Copy, half size bond, electronic sealed, 3 copies
    - Electronic, CAD files and xrefs
  - Site Specifications
    - Hard copy, letter size bond, electronic sealed, 3 copies
    - Electronic, PDF, plotted letter

#### Task 4 – Construction Administration TPS Procurement

Consultant shall provide construction administration support services for the TPS procurement. The services shall include reviewing RFIs, submittals, and final shop drawings by the manufacturer; performing factory inspections (two), witnessing the factory acceptance test, rain intrusion test, field acceptance test, and integrated testing; performing change order review and cost estimate preparation; and participating in weekly meetings with the Contractor.

##### Deliverables:

- Responses to submittals and RFIs
- Prepare change order cost estimates as needed
- Summary trip reports for factory inspections, rain test, factory acceptance test, field acceptance test, integrated test.

#### Task 5 – Construction Administration Site Engineering

Consultant shall provide construction administration support services for the construction of the civil related electrical infrastructure. The services shall include reviewing RFIs, submittals, performing field inspections as needed for the installation of the ground grid, underground raceways, and conductors. The inspections shall also include witnessing the electrical tests performed on the cables and inspecting the final conductor terminations at the TPSS and feeder poles. Consultant shall participate in meetings with the Construction Manager.

##### Deliverables:

- Response to submittals and RFIs
- Prepare inspection reports
- Review as-built record documents prepared by the Contractor.

#### Projected Schedule

See attached schedule.

**Budget Sheets for WCCO Addition**  
**(PRELIMINARY)**  
 Last Revised - 09/10

LTR Operating Account

Task & Materials	Task 1 Project Requirements	Task 2 Design/Construct Quantity (Budget)	Task 2 Design/Construct Unit (Budget)	Task 4 Construction Adolescence TPR Requirement	Task 5 Construction Adolescence Unit Construction	Task 6 Construction Adolescence Unit Construction	DOCS/Insurance	Notes
<b>WCCO SERVICES (see Note below)</b>								
Design	0	27,718	0	83,888	0	264,204	0	108,454
Per Review (TEAM Misc)	0	27,718	0	83,888	0	264,204	0	108,454
Estimated Hours	284	838	1072	1000	817	0	0	4716

**Note:**

Update 6-26-10

Estimate is based on WCCO Class Budget of Week class 6-26-10

Travel EDG for TPR inspections are \$11,232 (8 hrs, 8 days each, air, lodging, rental per site)  
 General DOCS for construction services, design, construction are \$6,768

Ground Testing Services are \$1500.

M And B.com  
 XCC LTR to LTR Fee 8-8-10 with hours LTR Budget Summary (TEAM)

09/08



## Proposed Civil Engineering Traction Power Substation (TPSS) Design Approach

### Washington State Convention Center Addition Seattle, Washington

May 1, 2015

As part of the demolition of existing King County Transit operational equipment at the site of the Washington State Convention Center Addition (WSCCA) project, a TPSS unit is required to be installed to replace the function of the existing system. It is Magnusson Klemencic Associates' (MKA's) understanding that the yet-to-be-determined sequencing of King County's transit revisions at the site dictates which of two TPSS unit location options will be pursued (depicted on the next page as Figure 1):

- Option A: West of the WSCCA site within the existing transit tunnel approximately under Ninth Avenue
- Option B: Within a Sound Transit triangular parcel for short-term operation with relocation to the Option A site as a permanent location.

It is also MKA's understanding that the decision whether to pursue Option A or Option B is controlled by King County and that decision is imminent. MKA is pleased to provide this civil engineering TPSS design approach and timeline for Option A, as Option B is unlikely to be pursued due to the expense to the County. The actual TPSS unit is to be designed by others but based on a March 13, 2015 scoping meeting, the unit is assumed to:

- Consist of a prefabricated steel container-type box
- Extend approximately 45 feet in length and 14 to 15 feet in width
- Require the ability to move (but not necessarily be mobile/wheel mounted)
- Require 4 feet of clear access to adjacent walls and 10 feet of clearance on the primary access side of the unit
- Demand ducted electrical service consisting of eight 4-inch conduits (26kV) to an SCL-accepted vault

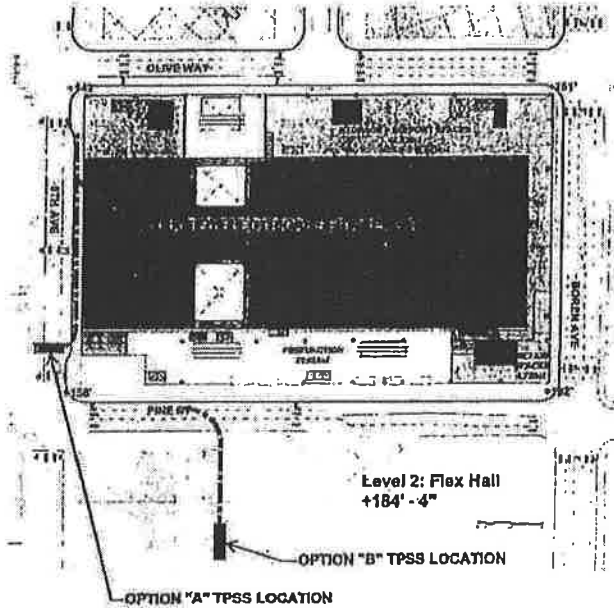


Figure 1: Option Layouts

For Option A, the TPSS unit would be installed on a widened sidewalk section south of the transit bus lanes within the existing transit tunnel west of the WSCCA portal. MKA would include in our scope of services the following efforts:

- Site visit.
- Investigation of adjacent buildings, City utilities, and King County Transit Tunnel as-built drawings.
- Coordination with TPSS specialty design firm, MEP, Architect, and Structural on the location and precise placement of the unit, considering proposed service access points and assuming this location is permanent.

- Coordination with SCL for service vault selection and duct bank penetration position. Early design indicates that the acceptable service vault will be SCL vault #M31, which exists on Ninth Avenue just south of Olive Way.
- Preparation of site construction drawings to include demolition, pad design and trenching for TPSS ground grid (with input from specialty design firm team and manufacturers), curb, gutter, sidewalk, vehicle pavement, fencing, driveway, security feature/gate, grounding restorations within the tunnel, utility relocations if needed, and in-ground utility structures required to convey service within the tunnel.
- Preparation of traffic control, phasing diagrams, and installation plans if needed for construction phase duration and transit re-routes (with input from Contractor).
- Preparation of Utility Major Permit drawings for team review and comment and submittal to the Seattle Department of Transportation, to include electrical service duct bank design and sidewalk and roadway feature restoration. It is anticipated that UMPs will be required at 30, 90, and 100 percent design completion for permitting.

Notable work items required by others include TPSS unit design, including access portals and structure; preparation and submittal of electrical service application to SCL; application for building permitting for tunnel modifications; design of fire suppression, smoke exhaust, or other life safety systems; and design of Ninth Avenue grating or ventilation systems.

#### CIVIL TPSS DESIGN TIMELINE

- May 2015: Data Gathering, Site Visit, and Early Coordination
- June – July 2015: 30% Construction Drawing and Utility Major Permit Prep with Team Review
- August 2015: Submit 30% UMP to SDOT (6+ week review)
- October 2015: Revise and Submit 90% UMP to SDOT (4+ week review)
- December 2015: Revise and Submit Final (100%) UMP to SDOT (4+ week review)
- January 2016: Permitting

MKA involvement beyond permitting to be determined by Owner, GC, and MKA based on bid and build approach.

#### CIVIL TPSS DESIGN FEE

MKA anticipates that the Utility Major Permit drawing preparation provides an opportunity for a MWBE firm to participate under MKA's guidance and supervision.

The hours and fee breakdowns for the MKA-specific tasks noted above were not specifically included in the previous MKA fee proposals, as the TPSS scope has only recently become known, although MKA civil

Proposed Approach – Civil TPSS Design  
Washington State Convention Center Addition  
Seattle, Washington  
May 1, 2015  
Page 4



MAGNUSSON  
KLEMENCIC  
ASSOCIATES

did provide a general allowance for Early Work that assumed a limited amount of King County Transit relocation scope. It is anticipated that an effort of approximately 370 hours will be required in order for MKA to complete this scope of work, which translates to an estimated fee of roughly \$45,000. If this proposal is accepted, MKA's Early Work fee estimates would be partially reduced to offset the transfer of effort to the TPSS allocated fee. Additionally, if it is determined that the services for the TPSS unit do not trigger streetwork or ducting in a manner that requires a Utility Major Permit, the anticipated fee would be reduced to \$30,000.

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**LMN Architects  
Washington State Convention  
Center Addition  
Traction Power Sub-Station Support  
Engineering**

Rev B | June 4, 2015

*This report takes into account the particular  
instructions and requirements of our client.  
It is not intended for use and should not be relied  
upon by any third party and no responsibility  
is undertaken to any third party.*


Job number 242684

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Seattle, WA 98104  
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**ARUP**

**Document Verification**

**ARUP**

<b>Job title</b>		Washington State Convention Center Addition		<b>Job number</b>	
				242684	
<b>Document title</b>		Traction Power Sub-Station Support Engineering		<b>File reference</b>	
<b>Document ref</b>					
<b>Revision</b>	<b>Date</b>	<b>Filename</b>	2015-05-11 WSCCE TPSS fee proposal wo LTK.docx		
Draft 1	May 11, 2015	<b>Description</b>	First draft		
			<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
		<b>Name</b>	Peter Alspach	Cormac Deavy	Cormac Deavy
		<b>Signature</b>			
Issue	May 26, 2015	<b>Filename</b>	2015-05-26 WSCCE TPSS fee proposal wo LTK - Issue.docx		
		<b>Description</b>	Issue		
			<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
		<b>Name</b>	Peter Alspach	Cormac Deavy	Cormac Deavy
		<b>Signature</b>			
Rev A	Jun 3, 2015	<b>Filename</b>	2015-06-03 WSCCE TPSS fee proposal wo LTK - Rev A.docx		
		<b>Description</b>	Revised LTK fee cap, electrical scope revision		
			<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
		<b>Name</b>	Peter Alspach	Peter Alspach	Peter Alspach
		<b>Signature</b>			
Rev B	Jun 4, 2015	<b>Filename</b>	2015-06-04 WSCCE TPSS fee proposal wo LTK - Rev B.docx		
		<b>Description</b>	Fee updates		
			<b>Prepared by</b>	<b>Checked by</b>	<b>Approved by</b>
		<b>Name</b>	Peter Alspach	Peter Alspach	Peter Alspach
		<b>Signature</b>			

1 Rev B | June 4, 2015 | Arup North America Ltd  
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Issue Document Verification with Document



[Redacted]  
[Redacted]  
[Redacted]

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### Appendices

#### Appendix A

#### Scope of Work



## 1 Overview

Arup North America, Ltd. (Arup) is pleased to provide this fee proposal for the performance of engineering design and consulting services for the proposed Washington State Convention Center Addition project in Seattle, WA.

Our scope of work in this proposal includes the following:

- Mechanical, Electrical and Plumbing (MEP) Design Engineering
- Fire Protection Engineering
- Code consulting services
- Traction Power Sub-station Design Engineering (limited scope and duration)

Our MEP scope of work extends from the Preliminary Design phase through Construction Administration for the overall development.

Our Traction Power Sub-station scope of work extends from 3/13/2015 through May 31, 2015 under the terms of Arup's interim agreement with LMN and includes project management and design engineering services provided by LTK Engineering. Post May 31, 2015 our Traction Power Sub-station scope of work will be terminated and LTK Engineering will be re-assigned as a direct sub-consultant to LMN Architects.

Details of our Scope of Work, including key tasks and deliverables for each discipline, are listed in Appendix A.

## 2 Project Scope

The project consists of the design engineering of a replacement traction power substation (TPSS) for King County metro at the Convention Place Station site. The existing TPSS is located within the Convention Place Station site and needs to be removed in advance of construction of the new Washington State Convention Center Addition.

The new TPSS will be located within the cut and cover tunnel underneath 9<sup>th</sup> Avenue. The TPSS re-location will occur in three phases of operation:

- Phase 1: Under initial operating conditions the TPSS site will be open to the current CPS site. Arup's scope of work relates to MEP modifications to existing systems required by the TPSS re-location.
- Phase 2: Once the TTCA is constructed and fully enclosed as a tunnel the TPSS will be only connected to open air via the TTCA. Arup's scope of work relates to modifications of existing systems and review of code requirements under this operating configuration.

- Phase 3: When the TTCA is demolished and removed, the TPSS will be enclosed within a rated enclosure underneath 9<sup>th</sup> Avenue. Arup's scope of work relates to changes to the existing and addition of required new lighting, fire protection, plumbing, and ventilation systems to accommodate that change to a sealed location.

The details of the Arup project scope are outlined in Appendix A.

## 2.1 Team Members

LMN is the architect for this project, and Arup will be a sub-consultant to LMN. LTK Engineering will perform the traction power sub-station design engineering. LTK was jointly selected by LMN, Arup, the Pine Street Group and King County Metro after the issuance of a public RFQ.

LTK Engineering is a sub-consultant to Arup through May 31, 2015. After that date LTK Engineering is a direct sub-consultant to LMN Architects and Arup has no further role in traction power sub-station design engineering.

Arup has engaged Pielow Consulting as a sub-consultant for Code Consulting as they are also performing the main WSCC code consulting scope of work.

Arup may engage FSI Engineers to perform some or all of the fire protection/suppression engineering work at our discretion. In that event, we understand that our maximum allowable fee will not be adjusted as a result of their project involvement.

We assume that other consultants who may form part of the team will be appointed at an appropriate time to enable overall team coordination with those scopes to occur in a timely manner in accordance with the project schedule. This will help the team achieve the overall project goals. It is our understanding that the following consultants are on the team:

- Magnusson Klemencic Associates – Civil Engineer
- Magnusson Klemencic Associates – Structural Engineer
- LTK Engineering: Traction Power Sub-station design engineering
- Gustafson Guthrie Nichol – Landscape Architect

## 3 Fees & Schedule

We reserve the right to adjust our fees should the scope of project, schedule, or services change significantly from that described in this proposal.

### 3.1 Fees

These fees are based on the scope of the project described above, with our services as detailed in Appendix A.

Fees are on a Time and Materials basis with a maximum as stipulated below.

Arup staff labor hourly rates are based on actual staff hourly salary times a 3.3 multiplier. Labor rates shall be adjusted based on annual or other salary adjustments as they occur; at which time Arup shall inform LMN of new rates.

LTK Engineering staff labor hourly rates are based on actual staff hourly salary times a 2.76111 multiplier. Labor rates shall be adjusted based on annual or other salary adjustments as they occur; at which time Arup shall inform LMN of new rates. LTK's total labor cost listed is based on the maximum allowable expenditure under Arup's current interim agreement with LTK.

Pielow Consulting rates are reviewed and revised on January 1 of each year and are not based on a labor multiplier due to the sole proprietorship nature of the business.

Arup sub-consultants shall be invoiced at cost plus 6% (i.e. multiplier of 1.06). Arup sub-consultants invoices will be time and materials based.

Invoices will be issued monthly in accordance with LMN's invoicing schedule for the main Washington State Convention Center Addition project.

Arup Labor	Fee
Arup Labor Total	\$171,631
Pielow Consulting Labor	Fee**
Pielow Labor Total	\$15,133
LTK Engineering Labor	Fee*
LTK Labor Total	\$70,826
LTK Engineering Expenses	Fee*
LTK Expense Total	\$0
<b>Total Fee, T&amp;M Maximum</b>	<b>\$257,590</b>

\* Estimated fee through May 31, 2015; includes Arup 1.06 mark-up

\*\* Includes Arup 1.06 mark-up

### 3.2 Reimbursable Expenses

Reimbursable expenses are invoiced at cost plus 6%, and include:

- Messenger service and overnight mail.
- Travel outside of the Seattle metropolitan area
- Printing of formal submissions

At this time Arup does not expect to incur any reimbursable expenses for this scope of work.

LTK's expense allowance is based on assumed scope of work through May 31, 2015.

Should circumstances change to indicate that we anticipate reimbursable expenses for Arup or our sub-consultants, we will notify LMN Architects ahead of incurring them.

### 3.3 Schedule

This proposal is based on the project schedule defined below:

Authorization to proceed	March 13, 2015
85% Design Issue	May 29, 2015
85% Design Review Complete	June 12, 2015
100% Design Issue	July 10, 2015
Bid Period	July 13, 2015 - August 10, 2015
Manufacturing/Construction Administration	August 10, 2015 - August 29, 2016

Conceptual Design Issue	May 22, 2015 - no Arup issue
Conceptual Design Review Complete	June 5, 2015
60% Design Issue	July 31, 2015
60% Design Review Complete	August 14, 2015
90% Design Issue	October 9, 2015
90% Design Review Complete	October 30, 2015
100% Design Issue	November 20, 2015
Site Bid Period	November 23, 2015 - December 11, 2015
Construction Administration	December 11, 2015 - July 29, 2016

Schematic Design	October 2015
Design Development	April 2016
Construction Documents	March 2017
Construction Administration	March 2017 - March 2018 (estimated duration for TPSS related work)

Arup and its sub-consultants shall not be responsible for schedule delays outside of our control, including delays resulting from delayed reviews, bidding, equipment procurement, site preparation, permitting, construction delays or other causes not directly due to the performance of the scope of work included herein.

#### 4 Terms and Conditions

Terms and Conditions will be per Arup's existing Interim Agreement with LMN Architects until such time as a subsequent agreement is reached.

Arup shall not be held responsible for LTK Engineering work completed after May 31, 2015 as our contractual relationship with them shall terminate on that date.

#### 5 Agreement

If you are in agreement with our proposal, please sign below and return a copy to us as our authorization to proceed.

Agreed and accepted by LMN Architects.

Signature

Name

Date

**Appendix A**  
**Scope of Work**

## A1 Arup

### A1.1 Mechanical, Electrical and Plumbing and Fire Protection Engineering

#### A1.1.1 Mechanical Engineering

##### Phase 1

- No scope of work is anticipated

##### Phase 2

- No scope of work is anticipated

##### Phase 3

- Design of ventilation system for enclosed TPSS room under 9<sup>th</sup> Avenue that considers thermal and air quality requirements of the space and TPSS. For this proposal we assume that the TPSS room is treated as an electrical room by the code with commensurate ventilation requirements.
- Cooling requirements will be coordinated with the TPSS design and shop drawings. Heating requirements will be coordinated with other systems as required.

#### A1.1.2 Plumbing and Fire Protection Engineering

Fire suppression design will include the sprinkler and fire standpipe system design, excluding the design of systems within the TPSS itself. The location and specification of fire extinguishers is excluded from our scope.

Fire suppression system and sprinkler design will be to a performance base specification and schematic drawings only. It is assumed that the contractor will be responsible for final design of the system and will be the engineer of record for the fire suppression/protection systems.

No plumbing engineering scope of work is anticipated.

##### Phase 1

- Review of existing conditions and surveys relative to fire protection water service and routing within the cut and cover tunnel area of the TPSS
- Design of fire suppression system modifications required due to installation of the TPSS, including head relocation. This design assumes that the existing

deluge system serving the cut and cover tunnel remains as is from a functionality and zoning perspective.

- Design and coordination of new fire water service, if required. We assume that the civil engineer will be responsible for coordination and work outside the TPSS cut and cover site boundary (work in streets and right of ways or otherwise outside the cut and cover area).

#### Phase 2

- No scope of work is anticipated

#### Phase 3

- Design of fire suppression system modifications to support the final TPSS room, including an anticipated re-zoning of the deluge system to remove the TPSS room area from that system, fire suppression control revisions, and design of new fire suppression system for the TPSS room area.

### A1.1.3 Electrical Engineering

#### Phase 1

- Lighting changes required by the installation of the TPSS within the cut and cover system

#### Phase 2

- No scope of work is anticipated

#### Phase 3

- Design of electrical systems to serve new mechanical and other loads added as a result of enclosure of TPSS room.

### A1.1.4 Deliverables

For the noted scope of work, Arup will provide design drawings and/or narratives at the noted design stages. Construction administration support is based on the construction administration schedules noted above.

Specifications are assumed to be on the drawings given the limited scope of the project. Full three part specifications are excluded from this proposal.

#### Phase 1

- Design deliverables to be provided at 60%, 90% and 100% milestones. We assume the 100% documents will be used for permitting, if required.

#### Phase 2 and 3



- Design deliverables for TPSS scope of work are to be provided at each milestone in alignment with main WSCC project schedule. Drawings, narratives, and deliverables will be separated from main WSCC deliverables (separate drawing sheets, etc). Deliverables will commence in Schematic Design.
- Our fee and scope assume that TPSS scope of work will not be broken out into multiple bid packages within itself, but recognize that final TPSS construction documents schedule may differ from main WSCC schedule to facilitate construction scheduling.

#### A1.1.5 Construction Administration

We assume that the WSCC general contractor and MEP/FP sub-contractors will be utilized for this work and will be engaged in typical GCCM/ECCM/MCCM pre-construction support for the TPSS work.

Our scope of work includes the following:

- Answer pre bid questions from bidders.
- Review shop drawings and submittals
- Respond to RFIs
- Carry out site visits to observe general compliance with design intent. We have anticipated the following site visits:
  - o Phase 1: 4 electrical and 4 plumbing/fire protection
  - o Phase 2: No site visits anticipated
  - o Phase 3: 4 visits each, mechanical, electrical, and plumbing/fire protection
- Review contractor's as-built drawings and operating manuals

#### A1.1.6 Record Drawings

At the completion of Phase 3, Arup will prepare a set of Record Drawings based on contractor mark-ups for the owner encompassing the final built condition.

#### A1.1.7 Meetings

##### Phase 1

- Weekly meetings through 60% site design. Bi-weekly through 100% site design.

##### Phase 2/3

- We assume that the Phase 1 TPSS meetings will include Phase 2 and 3 work through their duration (November 2015).

- From December 2015 through the end of construction documents we assume monthly TPSS meetings.
- We assume that OAC meeting participation will not be regularly required as part of the TPSS scope of work during any construction phase.

#### A1.1.8 Exclusions

- Demolition drawings/plans
- Contractor phasing drawings
- Engineering or provision of temporary services
- Preparation of record drawings for interim conditions
- Removal/salvage pop-up barriers and control cabinets.
- Roadway/sidewalk demolition, excavation, restoration for new electrical conduits and manholes for ac and dc feeders between replacement TPSS and interface points.
- Utility locates/potholes, utility relocation for drainage, water, sewer, steam, gas if needed.
- Permit acquisition (responsibility of the contractor)
- Bid administration (by the general contractor)
- Phasing plans/documents/scheduling for switch over from existing to new.
- Plans/documents/scheduling for de-construction and/or de-commissioning of existing TPS or other CPS site works or equipment

## A2 Pielow Consulting

Pielow Consulting will provide the following services for the TPSS site, with guidance provided for each phase of operation noted above.

- Identification of main occupancy group and accessory use groups
- Construction classification
- Means of egress requirements (occupant loading, types and locations of means of egress, egress component capacity requirements, number of exit requirements, interior finish criteria, emergency lighting), excluding performance-based egress analysis
- Internal and external fire-resistive construction and fire separation requirements of different occupancies
- Occupancy and use separations
- Vertical opening protection

- Emergency power criteria
- Fire detection and occupant notification design criteria (not plans and specs)
- Automatic sprinkler criteria (not plans and specs)

### A2.1 Exclusions

- Demolition drawings/plans/input
- Contractor phasing drawings, input or code review
- Evaluation of temporary services
- Evaluation of interim conditions except noted Phases
- Permit acquisition (responsibility of the contractor).

## A3 LTK Engineering

LTK's scope of work has been amended from their full proposal to only include work anticipated through May 31, 2015. Work outside this period has been noted by ~~strikethrough~~.

### A3.1 Scope of Services

#### A3.1.1 Task 1 – Project Management

LTK will coordinate with Arup, LMN, WSCC, KC Metro, other consultants, or contractors as necessary in the completion of this effort. Consultant shall provide project management and contract administration services to facilitate the efficient progress of the work. Project Management services include invoicing, progress reporting, scheduling, project and team management, coordination, and meeting attendance as needed.

#### Deliverables:

- Monthly invoices
- Monthly Progress Reports

#### A3.1.2 Task 2 – Design TPSS Procurement Documents

LTK shall provide electrical design services for preparing drawings, and technical specification for the procurement of a prefabricated TPSS to replace the existing Metro Olive TPSS.

The Owner shall provide all necessary King County Metro performance requirements prior to the start of the work. LTK shall perform data collection and

field investigations as needed of the proposed TPSS site in preparation of the design. Once complete, the final design requirements shall be reviewed and approved by the Owner and King County Metro prior to commencing final design.

The TPSS design shall have two milestones (85 percent and 100 percent). The design shall assume one site plan for the TPSS procurement which will be determined by others. LTK shall provide site selection support during the design process. Final site selection and determination of connecting SCL feed shall be complete at least four weeks prior to the issuance of the 85% design milestone. The surveying and base mapping required for the TPSS drawings is assumed to be provided by others. All survey information and base mapping shall be provided at least four weeks prior to the issuance of the 85% design milestone. The LTK shall participate in a design review with stakeholders following the 85 percent milestone.

LTK shall also provide permit support, SCL service request support, and bid support services for the TPSS procurement contract. LTK shall assist others in preparing final technical documents for advertisement of the procurement documents. LTK shall support Aup as required and as necessary in responding to RFIs by bidders and assist with bid selection during the bid period.

CAD drawings shall utilize KC Metro Standards.

#### Deliverables:

- 85 Percent Design
  - TPSS Drawings
    - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list
    - Electronic, PDF, plotted half size
  - TPSS Specifications
    - Electronic, PDF, plotted letter
- Participate in Design Review
- 100 Percent Design
  - TPSS Drawings
    - Site layout plan, one line diagram, sectionalizing diagram, equipment layout, equipment elevation, communication block diagram, SCADA points list
    - Electronic, PDF, plotted half size
  - TPSS Specifications
    - Electronic, PDF, plotted letter
- Provide permit support by preparing drawings for plan review
- Bid Support—Respond to RFIs, attend a single pre-bid meeting

### A3.1.3 Task 3 – Design Site Engineering

LTK shall provide electrical design services for preparing drawings, technical specifications, and cost estimates for the site related electrical infrastructure required to accommodate the permitting, installation of the TPSS and its tie in with the existing electric trolley bus (ETB) traction power system. The electrical design work shall include the TPSS ground grid, grounding, manholes, underground raceways for the AC utility feeders, raceways for DC positive and negative feeders, feeder conductors, and other raceways for tying into the existing Metro DC feeder infrastructure.

LTK shall support others in their design of civil/structural related TPSS site work, including the TPSS foundation design, site clearances, site accommodations (fencing, gates, and driveway access) by providing site requirements needed to accommodate the TPSS and feeder infrastructure.

Roadway/sidewalk demolition, excavation, restoration, utility locates, utility relocation, traffic control, drainage, architectural design, and other civil/structural design work is assumed to be by others.

Surveying and base mapping required for the TPSS drawings is assumed to be provided by others, and will be provided prior to the development of the design drawings in a timely fashion as required above.

#### Deliverables:

- Conceptual Design
  - Site Drawings
    - Site layout plans
    - Electronic, PDF, plotted half size
  - Site Specifications Outline
    - Electronic, PDF, plotted letter
  - Participate in Design Review
- 60 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Electronic, PDF, plotted half size
  - Site Specifications
    - Electronic, PDF, plotted letter
  - Provide Cost Estimate for LTK scope of work
  - Participate in Design Review
- 90 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid

- Electronic, PDF, plotted half size
- Site Specifications
  - Electronic, PDF, plotted letter
- Provide Cost Estimate for LTK scope of work
- Participate in Design Review
- 100 Percent Design
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Electronic, PDF, plotted half size
  - Site Specifications
    - Electronic, PDF, plotted letter
  - Participate in Design Review
- Issued for Construction IFG
  - Site Drawings
    - Conduit layout plan, conductor schedule, conduit and raceway detail, manhole detail, grounding detail, and ground grid
    - Hard Copy, half size bond, electronic sealed, 3 copies
    - Electronic, CAD files and xrefs
  - Site Specifications
    - Hard copy, letter size bond, electronic sealed, 3 copies
    - Electronic, PDF, plotted letter

#### A3.1.4 Task 4 Construction Administration-TPSS Procurement

LTK shall provide construction administration support services for the TPSS procurement. The services shall include reviewing and responding to RFIs, reviewing submittals, and final shop drawings by the manufacturer; performing factory inspections (two); witnessing the factory acceptance test, rain intrusion test, field acceptance test, and integrated testing; performing change order review and cost estimate preparation; and participating in weekly meetings with the Contractor.

##### Deliverables:

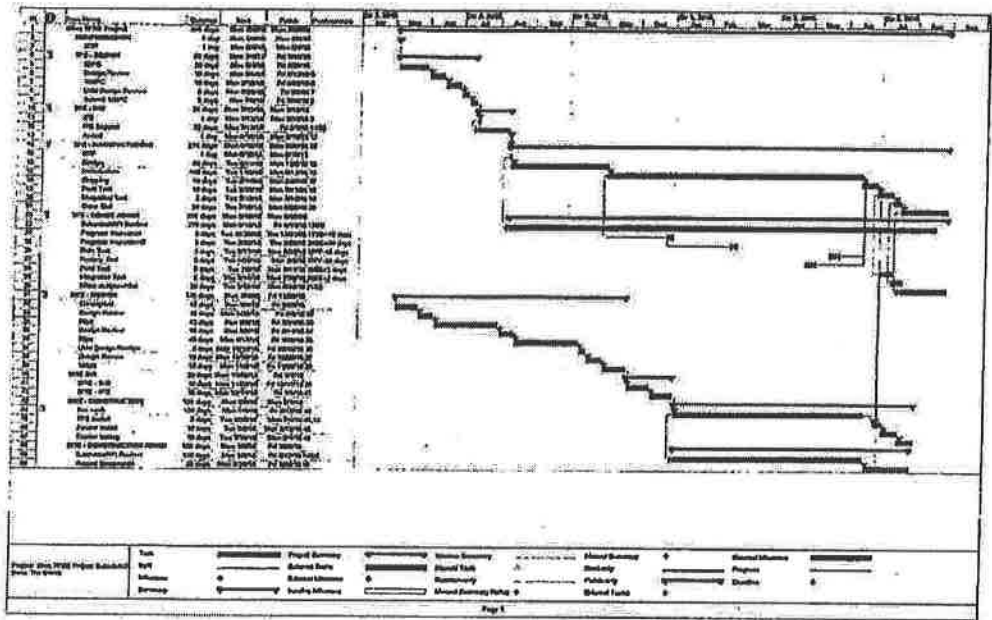
- Responses to submittals and RFIs
- Prepare change order cost estimates as needed
- Summary trip reports for factory inspection, rain test, factory acceptance test, field acceptance test, integrated test.

**A3.1.5 Task 5 Construction Administration Site Engineering**

LTK shall provide construction administration support services for the construction of the civil related electrical infrastructure. The services shall include reviewing and responding to RFIs, submittals, performing field inspections as needed for the installation of the ground grid, underground raceways, and conductors. The inspections shall also include witnessing the electrical tests performed on the cables and inspecting the final conductor terminations at the TPSS and feeder poles. LTK shall participate in meetings with the Construction Manager.

**Deliverables:**

- Response to submittals and RFIs
- Prepare inspection reports
- Review as-built record documents prepared by the Contractor.





- 4 1781 - 1820
- 5 Accounts, 1787 and 1815 Minutes to present in 1797
- 6 1781 - 1820
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**King County**

Department of Transportation  
Metro Transit Division  
General Manager's Office  
201 S. Jackson Street  
KSC-TR-0416  
Seattle, WA 98104-3856

July 10, 2015

Matt Rosauer, Principal  
Pine Street Group L.L.C.  
1500 Fourth Avenue, Suite 600  
Seattle, WA 98101

**Replacement TPSS Design and Management Costs**

Dear Mr. Rosauer:

Your proposal dated June 16, 2015 for services to be provided by the WSCC team which includes PSG, LMN, LTK, MKA and ARUP, has been reviewed.

King County Metro Transit (KCM) accepts your proposal with the following clarifications and/or exceptions:

1. The scope and costs are based on commencement of work May 1, 2015 and completion of all work by December 31, 2016.
2. You have stipulated a range of cost between \$1,400,000 and \$1,900,000, including a \$250,000 contingency. KCM expects the WSCC team to execute the work efficiently. Ryan Keane, PSG Project Manager, shall serve as project lead to manage the work.
3. The maximum allowable reimbursement of design and management costs is \$1,650,000, excluding the specifically proposed \$250,000 contingency and estimated as follows:

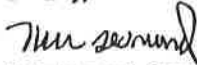
Design	\$1,320,000 maximum
Management	\$ 280,000 maximum
Permits	\$ 50,000 maximum
Total	\$1,650,000 maximum

4. KCM as the Client will hold a \$250,000 contingency to cover costs exceeding the maximum allowable reimbursement if the parties both agree to expend any portion of such contingency funds and how such funds would be allocated to consultants.

Replacement TPSS Design and Management Costs  
July 10, 2015  
Page 2

5. Construction Administration services will be provided by the WSCC team adequately to achieve successful project delivery and acceptance.
6. Reimbursements will be made to the WSCC team based on professional staff rates that are accepted by at least one other public agency and auditable as such.
7. This acceptance is contingent upon the parties' full execution of the referenced TPSS MOU.

Sincerely,



Kevin Desmond, General Manager  
KC Metro Transit

EXHIBIT H  
TO  
PURCHASE AND SALE AGREEMENT  
  
KING COUNTY SITE WORK

King County Site Work is early site work on and/or immediately adjacent to the Property that is necessary to prepare the Property for sale to Buyer. This work allows Buyer's contractor to proceed with commencement of its Project in a timely fashion after Closing while reducing impediments to the continued bus uses and transit operations on and through the Property after Closing.

The King County Site Work includes elements such as the following, which will be further defined in the Temporary Joint Use Agreement:

- a. Limited demolition of some existing structures along the 9<sup>th</sup> Avenue property line;
- b. Interim Access to DSTT;
- c. Temporary ramps between streets and the Property to provide bus operations on the Property during construction of the Interim Access to DSTT;
- d. Revised curb cuts for interim access to DSTT;
- c. Removal of overhead wires on the Property.

The cost for all such King County Site Work elements shall be reimbursed by Buyer to Seller except for the Interim Access to DSTT, the costs for which shall be paid pursuant to Section 18.2(a) of the Agreement.

The Temporary Joint Use Agreement will specify whether the passenger facility currently located on the Property is or is not an element of the King County Site Work.

EXHIBIT I  
TO  
PURCHASE AND SALE AGREEMENT

Example of Tree Grate



Example of Profile

