

August 25, 1994
JAG/elm Maury Island Acq

Introduced by: GN, LP, CV, BL
RS, CS, LM, JH
Proposed No.: 94-509

ORDINANCE NO. **11467**

AN ORDINANCE providing for the acquisition of Maury Island Marine Park by authorizing the Executive to sign a purchase and sale agreement providing for such purchase and by issuing a limited tax general obligation note of the county in the aggregate principal amount not to exceed \$2,707,000 and declaring an emergency.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings.

A. King County has heretofore, by Ordinance 11068, authorized the acquisition of approximately 300 acres of undeveloped waterfront property on Vashon/Maury Island to be known as the Maury Island Marine Park and has appropriated \$4.1 million therefor.

B. The fair market value of the 300 acre parcel has been appraised by a M.A.I. certified real estate appraiser at \$9 million.

C. The owner has agreed to sell the entire property to King County through a bargain sale, accepting \$6.807 million in payment and donating the balance of the property's value to King County, provided that King County can complete the transaction by September 1, 1994.

D. Ordinance 11068 imposed a special condition upon this project that the parks division "attempt to purchase the entire 300 acre site by pursuing additional matching funds." The parks division has pursued such additional funding, including having applied to the state Inter-Agency Committee for Outdoor Recreation for additional funds. King County will not realize such additional funds this year.

1 E. It is in the best interest of the people of King
2 County to issue a note to the owner of the property
3 allowing the balance of the purchase price, \$2.707 million,
4 to be paid over five years thereby allowing King County to
5 seize an opportunity to acquire through negotiation this
6 outstanding property for its park and open space system.

7 F. A 26-acre portion of the property is currently used
8 for a gravel mining operation. The county recognizes the
9 importance to the Vashon/Maury Island community of this 26-
10 acre site as the only current operating gravel site on the
11 islands. The county finds that the 26-acre site is not
12 currently suitable for park purposes and will not be
13 suitable for park purposes until the mining operations on
14 that portion of the property have ceased. However, once the
15 county determines that it is no longer appropriate to use
16 the site for gravel mining, it should be reclaimed and
17 dedicated for park purposes.

18 G. This park acquisition will become an integral part
19 of the county park system. It has been represented to the
20 county by the owner that the purchase and sale agreement
21 must be executed by Septemeber 1, 1994. It is therefore
22 necessary for the support of the county park system to
23 enact this emergency ordinance prior to September 1, 1994.

24 SECTION 2. Purchase and Sale Agreement. The executive is
25 authorized to execute a Purchase and Sale Agreement
26 substantially in the form attached hereto and to carry out all
27 obligations of King County described therein in order to
28 accomplish the acquisition of Maury Island Marine Park.

29 SECTION 3. The Note.

30 A. Authorization and Form. Pursuant to the Purchase and
31 Sale Agreement described in Section 1, the county shall issue a
32 Note, substantially in the form contained in the attached

1 Purchase and Sale Agreement, in the principal amount of not to
2 exceed two million seven hundred and seven thousand dollars
3 (\$2,707,000) for the purpose of purchasing property for Maury
4 Island Marine Park.

5 B. Note Redemption Fund. There has heretofore been created
6 in the office of financial management of the county a special
7 fund to be drawn upon for the purpose of paying the principal
8 of and interest on the limited tax general obligation bonds of
9 the county. There is hereby created within said fund a special
10 account of the county to be known as the "1994 Maury Island
11 Limited Tax General Obligation Note Redemption Account" (the
12 "Note Fund"). The taxes hereafter levied for the purpose of
13 paying principal of and interest on the Note and other funds to
14 be used to pay the Note shall be deposited in the Note Fund no
15 later than the date such funds are required for the payment of
16 principal of and interest on the Note; provided, that if the
17 payment of principal of and interest on the Note is required
18 prior to the receipt of such levied taxes, the county may make
19 an interfund loan to the Note Fund pending actual receipt of
20 such taxes. The Note Fund shall be drawn upon for the purpose
21 of paying the principal of and interest on the Note. Moneys in
22 the Note Fund not needed to pay the interest or principal next
23 coming due may temporarily be deposited in such institutions or
24 invested in such obligations as may be lawful for the
25 investment of county moneys. The Note Fund shall be a second
26 tier fund in accordance with Ordinance No. 7112 and K.C.C.
27 4.10.

28 C. Pledge of Taxation and Credit. The county hereby
29 irrevocably covenants and agrees for as long as the Note is
30 outstanding and unpaid, that each year it will include in its
31 budget and levy an ad valorem tax upon all the property within
32 the county subject to taxation in an amount which will be

1 sufficient, together with all other revenues and moneys of the
2 county legally available for such purposes, to pay the
3 principal of and interest on the Note as the same shall become
4 due. All of such taxes so collected and any other moneys to be
5 used for such purpose shall be paid into the Note Fund.

6 The county hereby irrevocably pledges that the annual tax
7 provided for herein to be levied for the payment of such
8 principal and interest shall be within and as a part of the tax
9 levy permitted to counties without a vote of the people, and
10 that a sufficient portion of each annual levy to be levied and
11 collected by the county prior to the full payment of the
12 principal of and interest on the Note will be and is hereby
13 irrevocably set aside, pledged and appropriated for the payment
14 of the principal of and interest on the Note.

15 The full faith, credit and resources of the county are
16 hereby irrevocably pledged for the annual levy and collection
17 of said taxes and for the prompt payment of the principal of
18 and interest on the Note as the same shall become due.

19 D. Tax Exemption. The county shall comply with the
20 provisions of sub-section 3.D. unless, in the written opinion
21 of nationally-recognized bond counsel to the county, such
22 compliance is not required in order to maintain the exemption
23 of the interest on the Note from federal income taxation.

24 The county hereby covenants that it will not make any use
25 of the proceeds of the Note or any other funds of the county
26 which may be deemed to be proceeds of such Note pursuant to
27 Section 148 of the Internal Revenue Code and the applicable
28 regulations thereunder which will cause the Note to be
29 "arbitrage bonds" within the meaning of said Section and said
30 regulations. The county will comply with the applicable
31 requirements of Section 148 of the Internal Revenue Code (or
32 any successor provision thereof applicable to the Note) and the

1 applicable regulations thereunder throughout the term of the
2 Note.

3 The county further covenants that it will not take any
4 action or permit any action to be taken that would cause the
5 Note to constitute "private activity bonds" under Section 141
6 of the Internal Revenue Code.

7 E. Arbitrage Rebate. The county will pay any and all
8 amounts determined to be payable with respect to the Note, if
9 any, to the United states of America at the times and in the
10 amounts necessary to meet the requirements of the Internal
11 Revenue Code to maintain the federal income tax exemption for
12 interest payments on the Note.

SECTION 4. Separation of funds for purchase of mining site.

No conservation futures tax levy proceeds shall be used to purchase the 26-acre site in which the seller has retained an estate for 10 years for the purpose of gravel mining. The county presently intends to dedicate that 26-acre portion of the site to park purposes, no later than September 1, 2020, or such earlier time as the county determines that it is either no longer practicable or appropriate to be used for gravel mining.

SECTION 5. Declaring an emergency.

For the reasons set forth in finding G of section one of this ordinance, the county council finds as a fact and declares that an emergency exists and that this ordinance is necessary for the immediate preservation of public peace, health, or safety or for the support of county government and existing public institutions.

INTRODUCED AND READ for the first time this 8th day of August, 1994.

PASSED by a vote of 12 to 0 this 29th day of August, 1994.

KING COUNTY COUNCIL,
KING COUNTY, WASHINGTON

Kent Pullen
Chair

ATTEST:

Gerald A. Peterson
Clerk of the Council

APPROVED this 2nd day of September, 1994

Gary Fisher
King County Executive

Attachments: Purchase and Sale Agreement

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KING COUNTY OPEN SPACE BOND PROGRAM
MAURY ISLAND MARINE PARK PROJECT
PARCEL #1

REAL ESTATE PURCHASE AND SALE AGREEMENT

This Agreement is made as of _____, 1994 by and between MAURY ISLAND LAND COMPANY, a Washington corporation ("Seller"), and KING COUNTY, a political subdivision of the State of Washington ("Buyer"), for purchase and sale of that certain property situated in King County, Washington, described on Exhibit "A", and all rights appurtenant thereto (the "Property").

1. **PURCHASE PRICE:** The total purchase price for the Property is Six Million Eight Hundred Seven Thousand and No/100 Dollars (US \$6,807,000.00) ("Purchase Price"). The Purchase Price is payable as follows: Four Million One Hundred Thousand and No/100 Dollars (US \$4,100,000.00) in cash payable in cash at closing; and Two Million Seven Hundred Seven Thousand and No/100 Dollars (US \$2,707,000.00) payable in annual installments of Five Hundred Forty One Thousand Four Hundred and No/100 Dollars (US \$541,400.00) together with interest at the rate equal to the average five-year rates on the day prior to closing for tax-exempt notes from Bloomberg Financial Markets issuers rated "AAA" and the rate for issuers rated "AA". Said annual payments will be due on September 1, 1995 and on September 1 of each succeeding year until the balance of the purchase price is paid in full. Buyer shall execute a note substantially in the form attached hereto as Exhibit D and shall deliver such note to Seller at closing.

1.1 **Deferral of Payments:** The Buyer, at its option, may defer payment of up to one-half of any annual principal payment to a later year or to the end of the term of this contract. In any event the balance owing shall be paid in full no later than September 1, 1999.

1.2 **Prepayment Option:** The Buyer, at its option, may without penalty pay the remaining balance then owing on any annual payment date.

1.3 **Condition Precedent to Sale:** The sale is conditioned on prior adoption by King County of an ordinance approving the acquisition of the Property pursuant to the terms of this Agreement and obligating the County to the annual payments set forth in Paragraph 1, above.

2. **TITLE:**

2.1 **Deed:** At closing, Seller will execute and deliver to Buyer a Warranty Deed conveying and warranting good and marketable title to the Property, together with all improvements and fixtures thereon, including, but not limited to, the existing dock, and together with water rights appurtenant thereto, except those rights specifically reserved herein, free and clear of all defects or encumbrances except for the lien of real estate taxes and drainage service charges not yet due and payable and those defects and/or encumbrances (if any) identified on Exhibit "B" (collectively, "Permitted Exceptions").

2.2 **Seller's Reservations:**

a. **Term Estate to Mine the Local Gravel Site:** Seller reserves an estate for a term of ten (10) years for that approximately 26-acre portion of the Property known as the Local Gravel Site (the "Site"), which Site is more particularly described on Exhibit "C". The Seller's use of the Site during this term estate, however, shall be limited to gravel mining only. These reserved rights do not include the right to transport the extracted gravel over the remainder of the Property or to

use the remainder of the Property in any manner whatsoever. Prior to delivery of possession of the Site back to Buyer at the conclusion of the term, Seller shall restore the Site as required pursuant to Washington State Department of Natural Resources Reclamation Plan under permit number 70-010271 and remove any contaminants or hazardous materials which may then exist on the premises. No fewer than thirty (30) days prior to performing any such mining, Seller shall deliver a bond, in an amount and form acceptable to Buyer, securing Seller's obligation to perform such restoration. On or before September 1, 1996, Buyer may request Seller to modify its restoration plan so that the resulting topography of the Site better suits Buyer's open space and park purposes. Seller has established that the cost of performing the restoration required by the DNR permit will be \$229,500. Seller intends to perform this restoration continuously as it mines the Site. The amount equal to \$229,500 minus the amount of funds actually and reasonably expended by Seller on such restoration between September 1, 1994 and the date Buyer sends its request to modify the restoration plan shall hereinafter be referred to as the "Restoration Budget". The modified restoration plan that may be requested by Buyer (1) must meet all requirements of the Department of Natural Resources Permit, (2) must be able to be accomplished within the Restoration Budget, and (3) must not substantially interfere with Seller's normal mining and business practices. In determining whether or not the modified plan may be accomplished within the Restoration Budget, all costs shall be considered, including, without limitation, additional permits or bonds, lost mining opportunities and additional off-site material disposal costs. Buyer may make such request by sending Seller written notice thereof along with adequate engineering documents and a projected budget for accomplishing such modified plan. Seller shall review such documents and budget and shall approve such modified restoration plan unless Seller reasonably determines that the modified plan does not meet each of the three requirements set forth above. Seller shall send Buyer written notice of its approval of the modified plan or of its reasons for disapproval within 60 days of its receipt of Buyer's request. Failure to send such notice shall be deemed to be approval. If Seller disapproves of such plan it shall exercise its best efforts to suggest what changes should be made to the modified plan to allow the modified plan to meet the three conditions. Seller shall include these suggestions with its written notice of disapproval. Upon receipt of a notice of disapproval, Buyer may, within 60 days of receipt, accept Seller's suggested changes or, if Buyer believes Seller has not reasonably disapproved the modified plan, Buyer may request that the modified plan documents and budget be reviewed by a qualified engineering firm familiar with such mining and restoration activities. Buyer and Seller shall exercise good faith in mutually selecting such a firm. The cost of such review shall be borne equally by Buyer and Seller. Retention of such a reviewing engineer is intended to facilitate resolution of any disputes regarding the modified restoration plan but shall not limit the remedies otherwise available to the parties.

b. Right of First Refusal to Mine Remainder: In the event that Buyer offers for sale the right to extract gravel from the remainder of the Property and receives a bid to purchase such right acceptable to Buyer, Seller reserves to itself the right to purchase such right on the same terms and conditions as contained in such bid. Buyer shall notify Seller in writing within fifteen (15) days of the terms and conditions of such bid and Seller shall have thirty (30) days to notify Buyer in writing that it is exercising such right.

c. Mining Water Rights: Seller shall also have the right to appropriate water in connection with said mining uses under existing water rights for the Property on file with the Washington State Department of Ecology.

2.3 Liability Insurance: The Seller and any of Seller's licensees each shall maintain comprehensive general liability insurance covering any liability resulting from the performance or failure to perform any activities undertaken pursuant to these reserved mining rights. Such policies shall be placed with an insurance company authorized by a

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certificate of authority issued by the Insurance Commissioner of Washington State and with a Best rating of AX and shall include the following insurance coverages:

a. Workers' compensation and Employer's Liability covering Seller's and any of Sellers' licensees employees; and

b. Comprehensive Commercial General Liability, including products liability and completed operations liability, broad form property coverage liability, blanket contractual liability and personal injury liability in an amount not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) in the aggregate.

c. Automobile Liability, including coverages for bodily injury and property damage liability for all owned, non-owned and hired vehicles in an amount not less than Three Hundred Thousand Dollars (\$300,000) per occurrence on a per occurrence basis.

Such insurance (except for Worker's Compensation) shall designate Buyer as an additional insured; shall provide that the insurer will pay on behalf of the additional insured; shall include employees within the definition of insured; shall provide primary insurance coverage; and shall be non-contributory with other Seller or Seller's licensee insurance policies. Seller shall deliver to Buyer certificates of insurance evidencing such coverages as a condition of closing or no fewer than thirty (30) days prior to commencing mining activities. All certificates shall provide at least sixty (60) days' written notice to Buyer in the event of cancellation or material change in coverage. In such event, Buyer may suspend Seller's reserved right to mine.

2.4 **Title Insurance:** At closing, Buyer shall receive (at Buyer's expense) an owner's Standard ALTA policy of title insurance, dated as of the closing date and insuring Buyer in the amount of the Purchase Price against loss or damage by reason of defect in Buyer's title to the Property subject only to the printed exclusions appearing in the policy form and any Permitted Exceptions.

3. **RISK OF LOSS:** Seller will bear the risk of loss of or damage to the Property prior to closing, Buyer may terminate this Agreement by giving notice of termination to the Seller.

4. **SELLERS REPRESENTATIONS, WARRANTIES AND COVENANTS:** Seller represents, warrants and covenants to the Buyer at the date of execution of this Agreement and the date of closing that:

4.1 **Authority:** Seller, and the person(s) signing on behalf of Seller, have full power and authority to execute this Agreement and perform Seller's obligations, and if Seller is a corporation, all necessary corporate action to authorize this transaction has been taken;

4.2 **No Leases:** The Property is not subject to any leases, tenancies or rights of persons in possession except for that lease of the Site to Vashon Sand and Gravel Company and listed on Exhibit B, Paragraph ___;

4.3 **No Material Defect:** Seller is unaware of any material defect in the Property;

4.4 **Debris and Personal Property:** Seller will remove all debris and personal property located on the Property as set forth on Exhibit E at Seller's cost and expense, and Seller will indemnify and hold Buyer harmless from all claims and expenses arising from such removal. Seller represents and warrants that there is no debris on the Property that has not been identified and discussed with Buyer. Seller will perform items numbered ___ on Exhibit E prior to closing and will perform all other items within 60 days of closing. Seller will retain \$30,000 from the purchase price in escrow until Seller satisfies its obligation to perform all such items.

4.5 Contamination: Seller represents and warrants that it has not caused or allowed the generation, treatment, storage, or disposal of hazardous substances on the property, except in accordance with local, state, and federal statutes and regulations, nor caused or allowed the release of any hazardous substance onto, at, or near the Property. Seller is in compliance with all applicable laws, rules, and regulations regarding the handling of hazardous substances, has secured all necessary permits, licenses and approvals necessary to its operation on the Property, and is in compliance with such permits. Seller has not received notice of any proceedings, claims, or lawsuits arising out of its operations on the Property and, to the Seller's knowledge, the property is not, nor has it ever been subject to the release of hazardous substances.

4.6 Removal of Contingencies: Buyer shall have a period of 90 days from the date all parties have signed this Agreement to remove all contingencies. Buyer may remove such contingencies by sending written notice thereof to Seller. If the contingencies are not removed within this period, this Agreement shall be null and void.

4.7 Fees and Commissions: Seller shall pay for any broker's or other commissions or fees incurred by Seller in connection with the sale of the Property and Seller shall indemnify and hold Buyer harmless from all such claims for commission and/or fees.

4.8 Seller's Indemnification: Seller agrees to indemnify, defend, and hold harmless Buyer, its employees, agents, heirs and assigns, from and against any and all damage, claim, liability, or loss, including reasonable attorney's and other fees, arising out of or existing as of the date of closing or arising out of or in any way connected to the breach of any representation or warranty contained herein or arising out of or in any way connected to any activities of Seller or Seller's licensees pursuant to Seller's reserved rights set forth in Section 2.2. herein. Such duty of indemnification shall include, but not be limited to damage, liability, or loss pursuant to all federal environmental laws, Washington State environmental laws, strict liability and common law.

5. CLOSING:

5.1 Date of Closing: This sale will be closed in the office of the Closing Agent on the sooner of September 1, 1994 or as soon thereafter as practicable.

Buyer and Seller deposit in escrow with Closing Agent all instruments, documents, and monies necessary to complete the sale in accordance with this Agreement. As used in this Agreement, "closing" or "date of closing" means the date on which all appropriate documents are recorded and proceeds of the sale are available for disbursement to Seller. The Closing Agent shall be:

Stewart Title Company of Washington, Inc.
1201 Third Avenue, Suite 3800
Seattle, WA 98101

5.2 Prorations; Closing Costs: Seller will pay real estate excise taxes (if any are due). Buyer will pay the premium for its owners title insurance policy, the cost of recording the Statutory Warranty Deed from the Seller, and the Closing Agents escrow fees.

5.3 Possession: Buyer shall be entitled to possession of the Property upon Buyer's deposit of funds into escrow in an amount equal to the initial payment plus any escrow fees, title insurance premiums or other fee, charge or proration which it is required to pay under the terms of this Agreement.

6. ACCESS: Seller agrees to provide access, at all reasonable times after execution of this Agreement, to Buyer, its employees,

agents and contractors for the purpose of planning or conducting site investigations.

7. **GENERAL:** This is the entire agreement of the Buyer and Seller with respect to the Property and supersedes all prior or contemporaneous agreements between them, written or oral. This Agreement may be modified only in writing, signed by Buyer and Seller. Any waivers under this Agreement must be in writing. A waiver of any right or remedy in the event of a default will not constitute a waiver of such right or remedy in the event of any subsequent default. This Agreement is for the benefit of, and binding upon, Buyer and Seller, their heirs, personal representatives, successors and assigns. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision. Time is of the essence in this agreement.

8. **SURVIVAL OF WARRANTIES:** The terms, covenants, representations and warranties shall not merge in the deed of conveyance, but shall survive closing.

9. **BARGAIN SALE:** Seller believes that the purchase price for the Property is below the fair market value. The fair market value of the 300 acre parcel has been estimated by a M.A.I. certified real estate appraiser to be \$9 million. Seller intends that the difference between the purchase price and fair market value shall be a charitable contribution to Buyer. However, Buyer makes no representation as to the tax consequences of the transaction contemplated by this Agreement. Seller will obtain independent tax counsel and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code of 1986. To the extent that the purchase price is below the fair market value, the parties agree that it does not reflect the existence of defects in the Property, such as environmental conditions requiring remediation, known to Seller or Buyer.

Signed in duplicate original.

BUYER: King County, a political subdivision of the State of Washington.

SELLER: Maury Island Land Company

BY: _____
Gary Locke

BY: _____
Name _____

BY: _____
Name _____
Secretary

APPROVED AS TO FORM

NORM MALENG,
King County Prosecuting Attorney

BY: _____

EXHIBITS: Exhibit A, Legal Description
Exhibit B, Permitted Exception/Title Report
Exhibit C, Local Gravel Site

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STATE OF WASHINGTON)
) SS
County of King)

On this _____ day of _____, 1994, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared Gary Locke, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington, residing

at _____
City and State

My appointment expires _____

STATE OF WASHINGTON)
) SS
COUNTY OF KING)

On this _____ day of _____, 1994, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn personally appeared _____ to me known to be the _____, of Maury Island Land Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the
State of Washington
Residing at _____

EXHIBIT A

LEGAL DESCRIPTION

PARCEL A:

Government Lot 3 of Section 21, Township 22 North, Range 3 East, W.M., in King County, Washington;

TOGETHER WITH second class tidelands situate in front of adjacent to or abutting thereon.

PARCEL B:

That portion of Government Lot 1 of Section 28, Township 22 North, Range 3 East, W.M., in King County, Washington, described as follows:

Beginning at a point on the North line of said Government Lot 1 a distance of 500 feet East of the Northwest corner thereof;
thence South at right angles to said North line to the shoreline of Puget Sound;
thence Northeasterly along said shoreline to its intersection with the North line of said Government Lot 1;
thence Westerly along said North line to the point of beginning;

TOGETHER WITH second class tidelands situate in front of adjacent to or abutting thereon.

PARCEL C:

The East half of the East half of the Northeast quarter of the Southeast quarter of Section 21, Township 22 North, Range 3 East, W.M., in King County, Washington.

PARCEL D:

The Southwest quarter of the Northwest quarter of Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

PARCEL E:

The North half of the Northwest quarter of the Southwest quarter of Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

PARCEL F:

Government Lot 4 of Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

PARCEL G:

The South half of the Northwest quarter of the Southwest quarter of Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

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PARCEL H:

The Southwest quarter of the Northeast quarter;

EXCEPT the West 330 feet of the North 660 feet thereof;

AND EXCEPT that portion, if any, lying within 59th Avenue Southwest;

ALSO all of Government Lots 1, 2 and 3;

TOGETHER WITH second class tidelands situate in front of adjacent to or abutting thereon

ALL in Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

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MAURY ISLAND MARINE PARK
PARCEL #1

EXHIBIT B

PERMITTED EXCEPTIONS/TITLE REPORT

Those special exceptions listed on Stewart Title Company of Washington, Inc. Title Report #220059 dated August 20, 1993, and any supplements thereto (which Title Report and Supplement are incorporated into this Agreement by this reference) numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.

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MAURY ISLAND MARINE PARK
PARCEL #1

EXHIBIT C

LOCAL GRAVEL SITE

LEGAL DESCRIPTION

The East half of the East half of the Northeast quarter of the Southeast quarter of Section 21, Township 22 North, Range 3 East, W.M., in King County, Washington.

The West half of the West half and the West 200 feet of the East half of the West half, ALL in the Northwest quarter of the Southwest quarter of Section 22, Township 22 North, Range 3 East, W.M., in King County, Washington.

EXHIBIT D

PROMISSORY NOTE

FOR VALUE RECEIVED, KING COUNTY, a political subdivision of the State of Washington, (the "Maker"), hereby promises to pay to the order of MAURY ISLAND LAND COMPANY ("MILC"), a Washington corporation, the principal sum of Two Million Seven Hundred and Seven Thousand and No/100 Dollars (US \$2,707,000.00) payable in annual installments of Five Hundred Forty One Thousand Four Hundred and No/100 Dollars (US \$541,400.00) together with interest at the rate of ___ % per annum (the average of the five-year rates on the day prior to closing for tax-exempt notes from Bloomberg Financial Markets for issuers rated "AAA" and for issuers rated "AA"). Said annual payments will be due on September 1, 1995 and on September 1 of each succeeding year until the balance of the purchase price and outstanding interest thereon is paid in full, all as provided for in that certain Real Estate Purchase and Sale Agreement (the "PSA"), dated as of _____, by and among the Maker and MILC, pursuant to which this Note is issued, executed and delivered to MILC.

Interest on the Note shall be computed based on a 360-day year consisting of twelve thirty-day months. All payments on this Note shall be made in lawful money of the United States of America in immediately-available funds at the principal corporate office of MILC.

The Maker, at its option, may defer payment of up to one-half of any annual principal payment to a later year or to the end of the term of this contract. In any event, the balance owing shall be paid in full no later than September 1, 1999.

The Maker, at its option, may without penalty pay the remaining balance then owing on any annual payment date.

This Note is secured by the full faith and credit of the Maker.

If the Maker fails to pay when due, the principal of, or interest on the Note, the principal balance and all accrued unpaid interest on this Note shall, at the option of the holder of this Note, be due and payable in full. If this Note is placed in the hands of an attorney for collection, if suit is filed hereon, if proceedings are held in bankruptcy, probate, receivership, reorganization, arrangement or other judicial proceedings for the establishment or collection of any amount called for hereunder, the Maker shall pay to the holder hereof all reasonable costs of collection, including attorneys fees. All past-due installments of the principal of or interest on this Note shall bear interest from and after maturity until paid at the interest rate applicable to the Note.

The Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking any action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith.

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This Note has been issued, executed and delivered in the State of Washington and shall be governed by and construed in accordance with the laws of the State of Washington, except to the extent that the laws of the United States or America may prevail.

KING COUNTY, a political subdivision
of the State of Washington.

BY: _____
Gary Locke
King County Executive

EXHIBIT E

Debris to be Removed by Seller Prior to Closing

<u>Item</u>	<u>Location</u>
1. Mobile home (residence)	Landing
2. Woodshed	Landing behind residence
3. Garage/workshop	Landing east of residence
4. Conveyor parts	Landing west of bunkers
5. Fuel oil tank with some spillage	Landing west of bunkers
6. Gasoline cans	Landing west of bunkers
7. Assorted large timbers and logs	Landing west of bunkers
8. Conveyor frame	Near bunkers
9. Jeep	In garage/workshop
10. Cable, paint cans, stain cans	In garage/workshop
11. Auto transmission fluid in cans	In garage/workshop
12. Stripper and adhesive cans	In garage/workshop
13. Other debris	In garage/workshop
14. Quonset hut	Landing west of residence
15. Quonset hut, spilled can of grease	Upper gravel pit
16. Conveyor parts	Upper gravel pit
17. Outhouse	Upper gravel pit
18. Pipe and hose	By pump house
19. Telephone poles, wiring	Upper gravel pit and landing
20. Transformers (at least 8)	Upper gravel pit and landing
21. Refrigerator	Beach near east property line
22. Sink	Beach west of dock
23. Food wrappers and lost boat equipment	Beach
24. Assorted debris and food packaging	Throughout site
25. Fill Tunnels	Near dock