



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**December 12, 2000**

**Ordinance 14001**

**Proposed No.** 2000-0637.1

**Sponsors** Gossett

1                   AN ORDINANCE authorizing the sale of county-owned  
2                   surplus properties located at 300 South Washington Street  
3                   and 119 Prefontaine Place South, in council district ten.  
4

5                   **STATEMENT OF FACTS:**

6                   1. The subject properties are contiguous to each other and are  
7                   commonly known as the Tashiro/Kaplan Buildings. The  
8                   Tashiro Building, built in 1907, is located at 300 South  
9                   Washington Street and the Kaplan Building, built in 1906, is  
10                  located at 119 Prefontaine Place South. The properties are  
11                  located on the eastern fringe of the Pioneer Square Preservation  
12                  District-Seattle's oldest neighborhood.

13                  2. The department of transportation, formerly Metro, acquired  
14                  the buildings in 1985 to mitigate construction and operation  
15                  impacts from Metro's downtown Seattle bus tunnel.

16                  3. The buildings are located on a twenty-five-thousand-square-  
17                  foot triangular shape site and are sited directly over the bus

18 tunnel. The buildings were not needed after the bus tunnel was  
19 completed. In 1993, Metro determined that it had no further use  
20 for the property, except for retention of subterranean easements  
21 for the bus tunnel and it was declared surplus to the needs of the  
22 county.

23 4. Subsequently, the county conducted several studies for  
24 alternative uses of the buildings including office space for King  
25 County. In August 1999, the property services division once  
26 again declared the property surplus to the needs of the county  
27 and offered the property for sale under Ordinance 12394, which  
28 among other things provides for the sale of surplus property if it  
29 is suitable for affordable housing.

30 5. On December 1, 1999, a request for proposal (RFP) was  
31 issued to sell competitively the surplus property, for affordable  
32 artist live workspace including workforce housing. The county  
33 required the proposers to reserve at least fifty percent of all units  
34 for this purpose. The county received two proposals. The  
35 proposals contained different purchase terms and plans for the  
36 property.

37 6. A proposal review board evaluated and rated each of the two  
38 proposals and on April 19, 2000, based on the RFP selection  
39 criteria, recommended the proposal from Artspace Projects,  
40 Inc., and the Pioneer Square Development Organization,

41 nonprofit organizations with the development to be undertaken  
42 under a jointly formed limited liability company. In the board's  
43 opinion, the Artspace proposal was the most responsive to the  
44 RFP and presented the highest and best offer.

45 7. The Artspace proposal includes plans for the historic  
46 restoration of the Tashiro/Kaplan properties into fifty all  
47 affordable live/work homes with rents ranging from four  
48 hundred twenty-five dollars for a one-bedroom to five hundred  
49 seventy-five dollars for a three-bedroom, all for artists making  
50 less than median household income. In addition, commercial  
51 space for arts organizations, galleries and community-related  
52 arts activities would encourage pedestrian activity during day  
53 and evening hours.

54 8. To create a true center for artist activities and to increase the  
55 offer price for the buildings, Artspace has proposed discounted  
56 rent for a 30-year lease term to the county's cultural resources  
57 office and its art gallery. Adjusted for the time value of money,  
58 the rent savings accruing to the county under this proposal is  
59 valued at approximately one million five hundred thousand  
60 dollars.

61 9. Artspace proposes to purchase the property for a fair market  
62 value of two million five hundred eighty thousand dollars (one  
63 million eighty thousand dollars cash at closing and one million

64 five hundred thousand dollars in present value of abated rents).

65 This price takes into account the costs of necessary seismic  
66 structural changes to the property, environmental cleanup,  
67 restrictions due to existing tunnels and the renovations of  
68 existing airways that surround the buildings.

69 10. Artspace plans to spend another nine million three hundred  
70 thousand dollars for redevelopment of the property.

71 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

72 SECTION 1. The King County executive is hereby authorized to execute a  
73 purchase and sale agreement, substantially in the form attached hereto as Attachment A,  
74 and the necessary documents to complete the sale of the following described property to  
75 Artspace Projects, Inc., and the Pioneer Square Community Development Organization  
76 both not-for-profit organizations, for two million five hundred eighty thousand dollars, of  
77 which one million eighty thousand dollars will be paid in cash at closing and one million  
78 five hundred thousand dollars will be provided in the form of reduced rent for a thirty  
79 year lease to King County of approximately ten thousand square feet of space in the  
80 newly constructed development, all subject to the retention by King County of  
81 subterranean transit tunnel easements.

82 The site is legally described as:

83 Lots 1,2,3,4,and 6, Block 17, Town of Seattle as laid out by D.F. Maynard commonly  
84 known as D.F. Maynard's plat to Seattle, according to the Plat recorded in Volume I of  
85 Plats, page 23, in King County, Washington Together with the vacated alley, except any

Ordinance 14001

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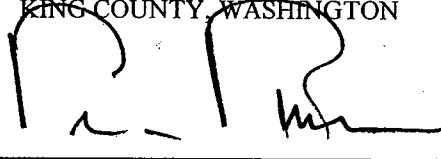
86 portion thereof lying northeasterly line of Prefontaine Place; Subject to conditions,  
87 covenants, encumbrances, restrictions and other matters of record.

88

Ordinance 14001 was introduced on 11/13/00 and passed by the Metropolitan King  
County Council on 12/11/00, by the following vote:

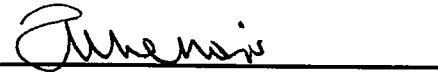
Yes: 10 - Mr. von Reichbauer, Ms. Miller, Mr. Phillips, Mr. Pelz, Mr.  
McKenna, Ms. Sullivan, Mr. Nickels, Mr. Gossett, Mr. Vance and Mr. Irons  
No: 2 - Ms. Fimia and Mr. Pullen  
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 13 day of December, 2000.



Ron Sims, County Executive

**Attachments** A. Draft Subject to King County Prosecuting Attorney Final Review and Revision as  
Necessary

**DRAFT**  
**SUBJECT TO KING COUNTY PROSECUTING ATTORNEY FINAL**  
**REVIEW AND REVISION AS NECESSARY**

**PURCHASE AND SALE AGREEMENT**

**BY AND BETWEEN**

**KING COUNTY**  
**AS SELLER**

**AND**

**Artspace Projects, Inc. and Pioneer Square Development Organization**

**AS PURCHASER**

**DATED AS OF NOVEMBER \_\_, 2000**

## PURCHASE AND SALE AGREEMENT

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into as of November \_\_\_\_, 2000 by and between KING COUNTY, a municipal corporation and political subdivision of the State of Washington (the "Seller") and Artspace Projects, Inc., a Minnesota not for profit corporation and Pioneer Square Development Organization, a Washington not for profit corporation (the "Purchaser").

WITNESSETH

WHEREAS, Seller is the owner of certain buildings in Seattle, Washington that are located contiguous to each other and are commonly known as the Kaplan and Tashiro buildings. The Tashiro building is located at 300 South Washington Street and the Kaplan building is located at 119 Prefontaine Place South (the "Buildings"). The real property on which the Buildings are located is more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Real Property"); the Buildings and Real Property are hereinafter, collectively, the "Premises"; and

WHEREAS, the Premises contain approximately 25,000 square feet of land sited directly over a "Metro" Downtown bus tunnel; and

WHEREAS, the Buildings contain approximately 43,728 total square feet of space with limited parking; and

WHEREAS, Seller's predecessor first took possession of the Premises in 1985 to mitigate construction and operation impacts from Metro's downtown Seattle bus tunnel and to provide subterranean easements for the tunnel; and

WHEREAS, Seller rents out portions of the Buildings space to businesses who are tenants on a month-to-month basis; and

WHEREAS, the Premises were declared surplus property by Seller in accordance with King County Code 4.56 which authorizes the sale of surplus King County property for use as affordable housing; and

WHEREAS, on December 1, 1999 a Request for Proposal (the "RFP") to sell the surplus property was issued along with a RFP Addendum, issued on January 24, 2000; and

WHEREAS, an independent Proposal Review Board reviewed each of the two proposals and on April 19, 2000, recommended sale of the Premises to Purchaser; and

WHEREAS, Seller wishes to transfer its rights, title and interest to the Premises to Purchaser, and Purchaser wishes to acquire said interests upon the terms and conditions contained herein, contingent on approval by the King County Council;

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

## ARTICLE I

### PURCHASE AND TRANSFER OF ASSETS

1.1 Property to be sold. Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell, convey, assign, transfer and deliver to Purchaser on the Closing Date (as hereinafter defined) and the Purchaser shall buy, assume and accept from Seller on the Closing Date the following assets and properties (the "Purchased Assets"):

(a) The Seller's entire right, title and interest in the Real Property described in Exhibit A, subject only to Permitted Exceptions.

(b) All of Seller's rights title and interest in the Building, and/or any improvements and structures located on the Real Property;

(c) all of Seller's right, title and interest in and to tangible personal property owned by Seller and attached, appurtenant to or used in connection with the Premises, including but not limited to all equipment, furniture, furnishings and fixtures (such items being purchased are referred to herein as the "Personal Property");

(d) all of Seller's right, title and interest in intangible personal property appurtenant to ownership or operation of the Premises, including leases and rental agreement granting use of any portion of the Premises, all contracts and equipment leases (if any) that have a term extending beyond the Closing Date and that relate to the maintenance, repair or operation of the Premises, any rental, security or other deposit, and all certificates of occupancy, conditional use permits and other governmental and quasi-governmental permits and approvals (collectively, the "Intangibles"); and

(e) all of Seller's tenements, hereditaments, easements and rights appurtenant to the Premises including but not limited to, all of Seller's right, title, and interest in and to streets, alleys or other public ways adjacent to the Premises, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress collectively, the "Miscellaneous Rights".

## ARTICLE II

## PURCHASE PRICE

2.1 Purchase Price and Payment. In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets, Purchaser shall, in full payment therefore:

(a). Payment to Seller: Pay to Seller on the Closing Date a total purchase price of Two Million Five Hundred Eighty Thousand and No/100 Dollars (\$2,580,000) consisting of One Million Eighty Thousand and No/100 Dollars (\$1,080,000.00) in cash or immediately available funds and One Million Five Hundred Thousand and No/100 Dollars in current value of abated rents (b). Delivery to the Seller on Closing Date a signed lease between the Purchaser and King County for no less than 10,000 square feet of office and gallery space located on the premises. The term of the lease shall commence upon completion of construction and occupancy and terminate 30 years hence. The fully serviced rental rate will be a "Base Rent" plus annual rental rate adjustments as described in Article 11, Section 11.2 of this agreement. per square foot for the full term.

2.2 Allocation of Purchase Price. Seller and Purchaser allocate all of Purchase Price to the Premises except \$100, which is allocated to the Personal Property.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1 Warranties and Representations of Seller. Seller represents and warrants to the best of its knowledge and belief as follows:

(a) Organization, Standing and Qualification of Seller. Seller is a Municipal Corporation and political subdivision of the State of Washington. Seller has the power to own its properties and assets and to carry on its businesses as now conducted in the place where such businesses are now conducted.

(b) Execution, Delivery and Performance of Agreement, Authority. The execution and delivery of this Agreement by Seller is made contingent upon approval by ordinance of this Purchase and Sale Agreement by the King County Council. Once said approval has been obtained, Seller warrants and represents that performance of the Agreement (i) is within the municipal powers of Seller, (ii) has been duly authorized by all necessary municipal action, and (iii) does not and will not (a) require any further consent or approval of the County Council or (b) violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which Seller is a party or which is presently in effect and applicable to Seller or the charter or authorizing legislation of Seller.

(c) Litigation. To the best of Seller's knowledge, which knowledge shall be supplemented as disclosure forms are received on or before the Closing Date, as evidenced in Exhibit D attached hereto and incorporated by this reference herein, there is no material claim or threatened lawsuit against or relating to Seller which shall impede or materially

affect Seller's ability to perform the terms of this Agreement except as provided as evidenced in Exhibit D attached hereto and incorporated by this reference herein.

(d) Full Disclosure. No representation or warranty by Seller in this Agreement or in any instrument, certificate or statement furnished to Purchaser pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

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

(f) Contracts. There are no contracts or other obligations outstanding for the sale, exchange, transfer, management or operation of the Premises or any portion thereof.

(g) Future Agreements. From and after the date hereof unless this Agreement is terminated in accordance with its terms, Seller shall not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed:

(i) enter into any agreement, contract, commitment, lease or other transaction that affects the Premises, or modify or terminate any existing lease or contract that affects the Premises with the exception that Seller has and may enter into service or maintenance contracts with the terms expiring on or prior to the Closing; or

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

(h) Maintenance of the Premises. Seller shall continue to maintain the Premises in compliance with all applicable laws and pay all costs of such maintenance with respect to the period prior to the Closing. Within twenty (20) days after the date hereof, Seller shall deliver to Purchaser a Certificate of Land Use and Local Assessments in form complying with Seattle City Ordinances.

(i) Disclosure. Seller has disclosed to Purchaser any and all material information regarding defects in the Premises which would affect Purchaser's intended development and use of the Premises which is in the possession of Seller.

(j) Warranties and Representations. EXCEPT FOR THE WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS AGREEMENT, SELLER DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PURCHASED ASSETS AND NO EMPLOYEE OR AGENT OF SELLER IS AUTHORIZED OTHERWISE. WITHOUT LIMITATION, THE FOREGOING SPECIFICALLY EXCLUDES WARRANTIES WITH RESPECT TO THE STRUCTURAL CONDITION OF THE PURCHASED ASSETS, THE EXISTENCE OR NON-EXISTENCE OF ANY

POLLUTANTS, CONTAMINANTS, HAZARDOUS WASTE, DANGEROUS WASTE, TOXIC WASTE, UNDERGROUND STORAGE TANKS OR CONTAMINATED SOIL, OR THE ACTUAL OR THREATENED RELEASE, DEPOSIT, SEEPAGE, MIGRATION OR ESCAPE OF SUCH SUBSTANCES AT, FROM OR INTO THE PURCHASED ASSETS, AND THE COMPLIANCE OR NONCOMPLIANCE OF THE PURCHASED ASSETS WITH APPLICABLE FEDERAL, STATE, COUNTY AND LOCAL LAWS AND REGULATIONS, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LAWS AND REGULATIONS AND SEISMIC/BUILDING CODES, LAWS AND REGULATIONS.

3.2 Representations and Warranties of Purchaser. Purchaser represents and warrants to the best of its knowledge and belief as follows:

(a) Organization. Purchaser are a non-profit organizations validly existing and in good standing under the laws of the State of Washington and Minnesota and Purchaser are qualified to do business in the State of Washington. Purchaser has all requisite company power and authority to carry on its business as it is now being conducted in the place where such businesses are now conducted.

(b) Execution, Delivery and Performance of Agreement, Authority. The execution, delivery and performance of this Agreement by Purchaser (i) is within the company powers of Purchaser, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary corporate action, and (iii) does not and will not (a) require consent or approval or (b) violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which Purchaser is a party or which is presently in effect and applicable to Purchaser or the Articles of Organization of Purchaser.

(c) Litigation. To the best of Purchaser's knowledge, there is no material claim or threatened lawsuit against or relating to Purchaser which shall impede or materially affect Purchaser's ability to perform the terms of this Agreement.

(d) Full Disclosure. No representation or warranty by Purchaser in this Agreement or in any instrument, document certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact.

(e) Condition of Property. Purchaser has inspected the Purchased Assets and hereby approves the physical condition of the Purchased Assets and agrees to accept and purchase the same "AS IS, WHERE IS." Purchaser acknowledges and agrees upon Closing, Seller shall have no liability for and that Purchaser shall have no recourse against Seller for any defect or deficiency of any kind whatsoever in the Purchased Assets, without regard to whether such defect or deficiency was discovered or discoverable by Purchaser or Seller.

(f) Purchase Price Representations. Purchaser acknowledges that the Purchase Price set forth in Article II, Section 2.1 of this Agreement is based on Purchaser's valuation of the Premises and not upon any representations by Seller. Purchaser's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Premises, shall not

affect the liabilities, obligations or duties of Purchaser under this Agreement, including but not limited to Purchaser's payment of the Purchase Price, nor be a basis for termination of this Agreement or for the return of any extension fees or earnest moneys paid to Seller under this Agreement.

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

## ARTICLE IV

### TITLE MATTERS

4.1 Title. Seller shall deliver to Purchaser good and marketable title, free and clear of all liens, defects and encumbrances except the Permitted Exceptions.

4.1.1 Title Commitment. Seller shall, as soon as possible and not later than ten (10) days from the date hereof, cause to be furnished to Purchaser a current ALTA form of commitment for an owner's extended coverage policy of title insurance (the "Title Commitment") issued by Pacific Northwest Title Company of Washington, Inc. (the "Title Company"), describing the Premises, listing Purchaser as the prospective named insured and showing as the policy amount the total Purchase Price for the Premises. At such time as Seller causes the Title Commitment to be furnished to Purchaser, Seller shall further cause to be furnished to Purchaser legible true copies of all instruments referred to in the Title Commitment as restrictions or exceptions to title to the Premises. 4.1.2 Survey. Purchaser shall cause to be prepared and furnished to the Title Company a survey (the "Survey") of the Premises prepared by a licensed public surveyor acceptable to Purchaser and to the Title Company. The Survey must be satisfactory to the Title Company so as to permit it to issue an owner extended coverage title policy.

4.1.3 Review of Title Commitment and Survey. Purchaser shall have fourteen (14) days after receipt of both the Title Commitment and the Survey (the "Review Period") in which to notify Seller of any objections Purchaser has to any matters shown or referred to in the Title Commitment or the Survey and of any title insurance endorsements required by Purchaser. Any exceptions or other items that are set forth in the Title Commitment or the Survey and to which Purchaser does not object within the Review Period shall be deemed to be permitted exceptions (the "Permitted Exceptions"). With regard to items to which Purchaser does object within the Review Period, Seller shall notify Purchaser within ten (10) days after Seller receives Purchaser's notice of objections of any exceptions to title which Seller is not able to remove or otherwise resolve, and Purchaser may, at Purchaser's option, either waive the objections not cured or Purchaser may terminate this Agreement by notice to Seller. Notwithstanding the foregoing, all monetary liens or encumbrances shall be paid by Seller at Closing.

4.1.4 Acknowledgment of Easements. Any provision of this Purchase and Sale Agreement to the contrary notwithstanding, Seller acknowledges that the Real Property within the Premises is burdened by and this purchase is made subject to existing easements for railroad and transit tunnel purposes as set forth in Exhibits \_\_\_ and \_\_\_. Said easements are deemed Permitted Exceptions and any title insurance endorsements arising therefrom shall be the sole responsibility of Purchaser.

4.2 Owner's Title Insurance Policy. At the Closing, Seller shall provide Purchaser at Purchaser's expense an ALTA extended coverage owner's policy of title insurance issued by the Title Company in the full amount of the Purchase Price, effective as of the Closing Date, insuring Purchaser that fee simple title to the Premises is vested in Purchaser, subject only to the usual printed exceptions contained in such title insurance policy, and to the Permitted Exceptions and to any other matters approved in writing by Purchaser. The obligation of Seller to provide the title policy called for herein shall be satisfied if, at the Closing, the Title Company has given a binding commitment to issue the policy in the form required by this section.

4.3 Conveyance. Seller shall convey to Purchaser the title to the Premises by statutory warranty deed in form and substance satisfactory to Purchaser, subject only to the Permitted Exceptions. Encumbrances to be discharged by Seller may be paid out of the Purchase Price at the Closing. The "Affordable Housing Covenant" attached to this Agreement as Exhibit J is incorporated herein by reference and shall be attached to the deed conveying the Premises to Purchaser.

## ARTICLE V

### CONTINGENCIES

5.1 Contingency Period. The obligations of Purchaser under this Agreement are subject to the satisfaction of the following contingencies. In the event any one or more of the contingencies herein set forth is not satisfied within the time limits and/or pursuant to the provisions set forth herein, Purchaser may terminate this Agreement upon written notice to Seller on or before the expiration of the applicable contingency period or extension thereof, and neither party shall have any further rights or obligations to the other hereunder. Purchaser shall be the sole judge as to whether the contingencies shall have been satisfied.

5.2 Inspections. The condition of the Purchased Assets for Purchaser's contemplated use shall meet the approval of Purchaser, in Purchaser's sole discretion and be approved or rejected by Purchaser within sixty (60) days from the date hereof (the "Inspection Period"). At the sole discretion of Seller, the Inspection Period may be extended up to another 30 days for a total of 90 days. During the Inspection Period, Purchaser, its designated representatives or agents, shall have the right at Purchaser's expense to (i) obtain a structural, mechanical and electrical inspection of the Building; (ii) obtain stress tests on the Building; and (iii) obtain an Environmental Assessment Report on the Purchased Assets; and (iv) inspect and investigate the other Purchased Assets



5.3 Permits and Approvals. Within two hundred forty (240) days of the date hereof (the "Permit Period"), Purchaser shall have obtained all final approvals, permits and variances for the following: (i) construction and/or renovation of the improvements located on the Premises, consistent with Purchaser's intended use as described in Purchaser's response to Seller's Request for Proposal dated December 1, 1999, as amended (the "Project"); (ii) demolition; (iii) signs; (iv) driveways and all vehicular and pedestrian access to the Project; (v) parking for the Project; and (vi) all other approvals, permits or variances necessary for Purchaser's proposed development of the Project on the Premises. Each must be satisfactory to Purchaser in Purchaser's sole discretion. Approvals, permits and variances shall not be deemed final until all appeal periods and/or periods during which said approvals, permits and/or variances could be set aside, if any, have expired. Purchaser shall have the right to extend the Permit Period for two (2) periods of sixty (60) days each by giving written notice thereof to Seller on or prior to the expiration of the then current Permit Period. As consideration for each extension of the Permit Period, Purchaser shall pay to Seller an extension fee of one-half of one percent (0.5%) of the unpaid portion of the Purchase Price ("Extension Fee"), which sum shall be applicable to the Purchase Price at Closing. The Permit Period shall expire; (1) at the end of the 360 day period or (2) sooner, if and when Purchaser has obtained all final approvals, permits and variances described in this Section 5.3. Purchaser may at its option, notify Seller in writing that Purchaser waives any time remaining in the Permit Period. In the event of such waiver, the Permit Period shall expire on the effective date of the waiver.

5.4 Financing. Within thirty (30) days after the expiration of the Permit Period (the "Financing Period"), Purchaser shall have obtained financing. Purchaser shall obtain funds sufficient to close the purchase and sale as provided herein, on terms and conditions acceptable to Purchaser in its sole discretion. Purchaser intends to develop the Property so that the Property will be operated as low income residential apartments for a substantial period of time. Purchaser currently expects to raise funds for the purchase of the Property from the following sources: (i) tax-exempt bond financing; (ii) private tax credit investors; (iii) commercial developers purchasing development bonus through Seattle's Housing Bonus Program; and (iv) taxable bond financing for the commercial portion of the mixed-use Project. Purchaser shall apply for funding as soon as practical after execution of this Agreement and shall thereafter diligently pursue such funding. **Not later than [to be determined before or at time of signing final form of this Agreement] Purchaser shall inform Seller by written notice whether or not it has obtained commitments for such funding.**

5.5 Right of Entry. Purchaser and Purchaser's designated representatives or agents shall have the right, upon reasonable notice to Seller and during reasonable hours, to enter the Premises and conduct the tests, investigations and studies set forth in this Article V.

## ARTICLE VI

### COVENANTS OF SELLER PENDING CLOSING

6.1 Conduct, Notice of Change. Seller covenants that, between the date hereof and the Closing, Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article III hereof will be true and complete as of the Closing Date, and all covenants and obligations of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Purchaser prompt written notice of any material change in any of the information contained in the representations and warranties made in Article III or elsewhere in this Agreement, or any failure by Seller to perform its covenants, which occurs prior to the Closing Date.

## ARTICLE VII

### COVENANTS OF PURCHASER PENDING CLOSING

7.1 Conduct, Notice of Change. Purchaser covenants that, between the date hereof and the Closing, Purchaser shall take all such actions as may be necessary to assure that the representations and warranties set forth in Article III hereof will be true and complete as of the Closing Date, and that all covenants of Purchaser set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided in this Agreement. Purchaser shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article III or elsewhere in this Agreement or any failure by Purchaser to perform its covenants, which occurs prior to the Closing Date.

## ARTICLE VIII

### CONDITIONS PRECEDENT TO PURCHASER'S OBLIGATIONS

All obligations of Purchaser hereunder are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Seller shall exert its best efforts to cause each such condition to be fulfilled:

8.1 Delivery of Documents. Seller shall have delivered to Purchaser at or prior to the Closing all documents required by the terms of this Agreement to be delivered to Purchaser.

8.2 Representations, Warranties and Covenants. All representations and warranties of Seller contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date, and Seller shall have fully performed all of its covenants contained herein.

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

8.4 Opinion of Counsel. Seller's counsel shall have approved this document as to form as evidenced by such counsel's signature on this Agreement.

8.5 Title. Any and all matters shown or referred to in the Title Commitment or the Survey to which Purchaser has objected within the time specified in Article IV, Section 4.1, shall have been cured by Seller, unless such objections have been waived by Purchaser. The Title Company is irrevocably committed to issue an owner's extended coverage policy of title insurance containing no exceptions other than the Permitted Exceptions and containing all endorsements requested by Purchaser or sources of financing.

9.5 Lease Termination. Seller shall have terminated all lease obligations and vacated all commercial spaces in the Premises.

## ARTICLE IX

### CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Purchaser shall exert its best efforts to cause each such condition to be so fulfilled:

9.1 Representations, Warranties and Covenants. All representations and warranties of Purchaser contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects when made and as of the Closing Date, and Purchaser shall have fully performed all of its covenants contained herein.

9.2 Obligations. All obligations required by the terms of this Agreement to be performed by Purchaser at or before the Closing shall have been properly performed in all material respects.

9.3 Permits. Purchaser shall have received all necessary permits, including, without limitation, a building permit from the City of Seattle for the development of the Project.

9.4 Financing. Purchaser shall have received the necessary commitments of funds for financing the acquisition and development of the Premises.

9.5 Delivery of Documents. Purchaser shall have delivered to Seller at or prior to the Closing all documents required by the terms of this Agreement to be delivered to Seller.

9.6 Current Tenants. Purchaser shall reimburse the seller for any relocation assistance required by financing sources selected including relocation assistance required by the Federal Department of Housing and Urban Development.

## ARTICLE X

### CLOSING

10.1 Closing/Closing Date. The closing of the purchase and sale transaction contemplated by this Agreement (the "Closing") shall take place on the third (3rd) business day following satisfaction (or waiver by the benefited party) of all stated conditions precedent to either party's obligation to close (the "Closing Date"), unless an extension of the Closing Date is granted by Seller pursuant to Section 10.2. In no event shall the Closing Date be later than 395 days after the execution of this Agreement (the "Closing Period"). For purposes for counting days, the date of execution will be excluded from the total day computation to arrive at the Closing Period. Upon execution of this Agreement, the parties agree to set up an escrow account with Pacific Northwest Title Company of Washington, Inc. (the Escrow Agent") and that the Escrow Agent shall serve as closing agent for the transaction contemplated herein. At the Closing, title, right and interest to the Purchased Assets shall pass to Purchaser and all risk of loss thereof shall be the responsibility of Purchaser. In the event the Closing does not occur on or before the Closing Date either party may give notice of its intention to terminate this Agreement, in which event the obligation of each party to close the purchase and sale transaction contemplated hereby shall expire on the date of the giving of such notice, unless the failure to complete the Closing was caused by the default under or breach of this Agreement by such party. No such notice shall relieve either party of any liability it may have incurred, or may incur, for its default under or breach of this Agreement.

10.2 Extensions Subsequent to Closing Date. Extensions of time to close the sale subsequent to the Closing Deadline are within Seller's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:

(a) A written request from Purchaser for an extension must be received by Seller, at Seller's office, within any extension period and must be accompanied by the payment of the required extension fee. The request must state the reason for Purchaser's inability to close the sale within the Closing Period or extension thereto.

(b) Purchaser shall, in the opinion of Seller, be making reasonable progress in (1) the planning of the improvements to be constructed by Purchaser as described in Article XI, Section 11.1 and (2) the acquisition of necessary permits and financing as described in Article V, Section 5.3 and Section 5.4.

(c) Extensions shall be for 30 days.

(d) For each 30-day period requested by Purchaser and approved by Seller, extension fees shall be one-half of one percent (.5%) of the unpaid portion of the purchase price.

(e) These fees shall be retained by Seller and shall not be credited to the amount due from Purchaser at the Closing. However, if Purchaser closes prior to the expiration of the extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Purchaser at the Closing.

(f) The granting of one or more extensions shall not obligate Seller to grant additional extensions.

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

10.3.1 Seller shall pay its share of Taxes as set forth below. Purchaser shall pay its proportionate share of the Taxes prorated as set forth below, the escrow fee charged by the Escrow Agent, the premium for any title insurance endorsements required by Purchaser, any real estate excise or other transfer tax due, the recording fee for the Statutory Warranty Deed, and its own attorneys' fees. Except as otherwise provided in this Section 10.3, all other expenses hereunder shall be paid by the party incurring such expenses.

10.3.2 Real property ad valorem taxes, current installments of LIDs and assessments ("Taxes") shall be prorated to Closing, based upon Taxes allocable to current assessed value (not to exceed the Purchase Price) and upon actual days involved. Seller shall be responsible for all ad valorem taxes for any period prior to Closing, and any Taxes attributable to an assessed value above the Purchase Price through 2000. To the extent that the amounts of such charges referred to in this subsection are unavailable at Closing or in the event of prorations made on the basis of erroneous information or clerical errors, a readjustment of these items shall be made within thirty (30) days after Closing, or as soon as practical after discovery of any erroneous information or clerical error. Seller shall, on or before Closing, furnish to Purchaser and the Escrow Agent all information necessary to compute the prorations provided for in this subsection 10.3.2.

10.3.3 All rent and other revenue receivable by Seller from the Lessees leases for a period in which the Closing occurs, and all landlord expenses paid by Seller pursuant to that lease for such period, shall be pro-rated between Seller and Purchaser as of the Closing. Three (3) business days before the anticipated Closing Date, Seller shall provide to Escrow Agent and Purchaser all information necessary to compute the foregoing prorations.

10.4 Seller's Delivery of Documents at Closing. At the Closing, Seller will deliver to Purchaser the following properly executed documents:

- (a) Statutory Warranty Deed conveying the Premises, delivered through recordation in King County, Washington;
- (b) A Bill of Sale duly executed by Seller in the form of Exhibit E, attached hereto for the Personal Property at or in the Building;
- (c) Seller's Certificate of Non-Foreign status substantially in the form of Exhibit G, attached hereto;
- (d) ALTA extended coverage owner's title insurance policy for the Real Property naming Purchaser as insured as required by Section 8.5.

10.5 Purchaser's Delivery of Documents and Purchase Price at Closing. At the Closing, Purchaser will deliver to Seller the following properly executed documents:

- (a) Cash or immediately available funds in the amount of One Million Eighty Thousand and No/100 Dollars (\$1,080,000.00).
- (b) An Affordable Housing Covenant executed by Purchaser in favor of Seller in the form attached hereto as Exhibit J, delivered through recordation in King County, WA;
- (c) Copies of all necessary permits, including, without limitation, a building permit from the City of Seattle for the development of the Project.
- (c) Verification reasonably acceptable to Seller that Purchaser has obtained the necessary commitment of funds for the development of the Project.
- (d) A Rent Abatement Covenant executed by Purchaser in favor of Seller in the form attached hereto as Exhibit K, delivered through recordation in King County, WA.
- (e) A signed lease as provided in Article 11, Subsection 2.1(b).

## ARTICLE XI

### ADDITIONAL COMMITMENTS, COVENANTS, AGREEMENTS AND ARRANGEMENTS BETWEEN THE PARTIES

11.1 Improvements To Be Constructed By Purchaser. Purchaser shall cause the Project to be designed, constructed, and installed within the Premises at no cost to Seller, to include appropriate improvements for not less than fifty units for affordable housing for persons at or below sixty percent of median household income. In the event this Agreement is terminated before the Closing through no default or breach by Purchaser, this covenant shall expire, and Purchaser shall have no liability to Seller for having failed to complete the Project.

11.2 Lease Agreement. The Purchaser shall prepare or cause to prepare a Lease Agreement whereby the Purchaser will lease to King County a portion of the premises to be built by the Purchaser consisting of approximately ten thousand (10,000) square feet of space located at the corner of Prefontaine and Third Avenue, Seattle, Washington. The term of the Lease Agreement will be for thirty years commencing on a mutually agreeable date between the King County and the Purchaser but in no event no later than six months after the Purchaser receives a Project Certificate of Occupancy from the City of Seattle. The annual rental rate will be Ten and No/00 Dollars (\$10.00) per square foot adjusted for tenant improvements and utility costs (the "Base Rate"). The annual rent adjustment to the Base Rate will be two percent.

11.3 Plans, Specifications and Time Schedule. Purchaser shall prepare or cause to be prepared the plans, specifications and time schedule for constructing improvements. Such plans, specifications, and time schedule shall be provided to Seller at Seller's request no later than five-(5) workdays after such request is made. The Seller shall have no approval authority over the plans, specifications and time schedule and will use those documents only

to validate progress made to reconstruct space at the Building and to verify and document Purchaser's request for extensions of time and progress being made as described in Section 10.2 (b).

11.4 Destruction or Damage. Prior to Closing, Seller shall continue to maintain in effect all existing fire and other casualty insurance regarding the Premises. If prior to the Closing, all or any portion of the Premises is damaged by one or more incidents of vandalism, fire and/or other casualty, Seller shall immediately give Purchaser notice of such occurrence, and, so long as Purchaser is not in default hereunder, upon written notice to Seller, Purchaser shall have the right to participate in the adjustment and settlement of any insurance claims relating to said damage, and Seller shall assign and/or pay to Purchaser at closing all Seller's interest in and to such property insurance proceeds collected or claimed with respect to said loss or damage to the extent such relate to damage to the Premises. In any event, the parties shall close the transaction contemplated hereby as scheduled. Seller shall not be obligated to repair or rebuild the Premises.

11.5 Condemnation. As used herein, the term "condemnation" refers to a partial taking by public or governmental authority under power of eminent domain or a transfer in lieu thereof. If, subsequent to the date hereof and prior to the Closing, any portion of the Premises becomes the subject of any actual or threatened action or proceeding in the nature of condemnation or eminent domain, Seller shall immediately notify Purchaser upon learning of the pendency of a condemnation proceeding or the likelihood thereof. Upon receipt thereof, Purchaser shall have the longer of thirty (30) days or until the scheduled expiration of the term hereof to determine whether it wishes to (a) proceed to close; or (b) terminate this Agreement. If Purchaser elects to proceed to close, Purchaser, as Seller's agent and at Purchaser's cost, shall handle all pre-closing condemnation proceedings and any pre-closing condemnation proceeds shall be applied to reduce the cash portion of the Purchase Price due at Closing.

## ARTICLE XII

### SELLER'S ASSISTANCE

12.1 Seller's Assistance. Seller hereby agrees to cooperate fully with Purchaser in all its efforts to obtain permits, variances, and approvals for the Project as the contemplated use of the Premises. Seller also agrees to cooperate fully with Purchaser in all efforts to secure any permits, variances, or approvals as Purchaser shall deem useful or convenient, including, without limitation, obtaining a parking variance, and at the request of Purchaser will send a representative to attend public hearings.

## ARTICLE XIII

### TERMINATION

13.1 Termination by Either Party. Either party may terminate this Agreement if a condition to its obligation to consummate the transactions contemplated by this Agreement as set forth in Articles VIII and IX has not been satisfied by the Closing Date, as it may have been extended pursuant to Section 10.2. In that event, if neither party is in default under this Agreement, the parties shall have no further obligations nor liabilities to one another and all documents delivered into escrow shall be returned to the appropriate party.

13.2 Purchaser's standing in the RFP Process after Termination. Purchaser shall have no further rights, obligations and recourse to the Premises and shall have been deemed to have failed to perform under this Agreement, Ordinance No. 00000 and the Request for Proposal dated December 1, 1999 as amended for the sale of the Premises. Seller may proceed under the guidelines outlined in the Request for Proposal—"Proposal Selection" which provides for the right but not the obligation of the King County Executive to seek King County Council's approval of the next highest ranked proposal.

## ARTICLE XIV

### MISCELLANEOUS PROVISIONS

14.1 Nature and Survival of Representations and Warranties. Each statement, representation, warranty, indemnity, covenant, and agreement made by Seller and Purchaser in this Agreement or in any document, certificate or other instrument delivered by or on behalf of Seller or Purchaser pursuant to this Agreement or in connection herewith shall be deemed the representation, warranty, indemnity, covenant and agreement of Seller and Purchaser and shall survive the Closing Date unless a different time period is expressly provided for in this Agreement and all such statements are made only to and for the benefit of the parties hereto, and shall not create any rights in other persons.

14.2 Default and Attorneys Fees. In the event of default by either party to this Agreement, the non-defaulting party shall have the right to bring an action for specific performance, damages and any other remedies available to such party at law or in equity. In the event of any litigation hereunder, the Superior Court of King County, Washington shall have the exclusive jurisdiction and venue. In the event either party brings an action to enforce this Agreement, the prevailing party of such action shall be entitled to recover from the other party all costs incurred in connection therewith, including reasonable attorneys' fees.

14.3 Time is Of the Essence. Time is of the essence in the performance of this Agreement.

14.4 Notices. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by



overnight courier or two days after deposit in the United States Mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the parties at the addresses set forth below or at such other addresses as any parties may specify by notice to all other parties and given as provided herein:

If to Purchaser:  
TO BE DETERMINED

With a copy to:  
TO BE DETERMINED

If to Seller: King County Property Services Division  
King County Administration Building  
500 Fourth Avenue Room 500  
Seattle, Washington 98101

With a copy to: King County Prosecuting Attorney  
Civil Division  
King County Administration Building  
500 Fourth Avenue Room 900  
Seattle, Washington 98101

14.5 Integration; Amendment. This writing constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all parties hereto.

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

14.7 Binding Effect. The Agreement shall be binding upon and inure to the benefit of each party hereto, its successors and assigns.

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

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

14.10 Governing Law. This Agreement and all amendments thereof shall be governed by and construed in accordance with the laws of the State of Washington

applicable to contracts made and to be performed therein, without giving effect to its conflicts of law provisions.

14.11 Non merger. The terms and provisions of this Agreement will not merge in, but will survive, the closing of the transaction contemplated under this Agreement.

14.12 Assignment. Purchaser shall not assign this Agreement without Seller's prior written consent.

14.13 Earnest Money Deposit. The earnest money deposit is Fifty Thousand and No/100 Dollars (\$50,000.00). Five Thousand and No/100 Dollars was deposited at the time Purchaser's proposal and bid was accepted by King County. The remaining earnest money requirement of Forty Five Thousand and No/100 Dollars (\$45,000.00), together with the initial \$5,000, and all interest earned of such sums hereafter, the "Earnest Money Deposit", shall be deposited by Purchaser with the Escrow Agent upon opening of the escrow account described in Section 10.1. (Seller shall also deposit the initial \$5,000 with Escrow Agent at that time.) The Escrow Agent shall invest the deposited sums in a Federally insured interest-bearing account. The Earnest Money Deposit shall be applied to payment of the Purchase Price at Closing. In the event the Closing fails to occur when specified herein for any reason other than a default under or breach of this Agreement by Purchaser, including but not limited a failure to satisfy any of Purchaser's purchase contingencies, the Earnest Money Deposit shall be fully refundable and promptly transferred by the Escrow Agent to Purchaser. In the event the Closing fails to occur when specified herein because of a default under or breach of this Agreement by Purchaser, if Seller terminates this Agreement the Earnest Money Deposit shall be forfeited to Seller as liquidated damages and Seller's sole and exclusive remedy. In such event, the Escrow Agent shall promptly transfer the Earnest Money deposit to Seller. PURCHASER AND SELLER HEREBY ACKNOWLEDGE AND AGREE THAT, IN THE EVENT OF A DEFAULT UNDER OR BREACH OF THIS AGREEMENT BY PURCHASER, SELLER WILL SUFFER DAMAGES IN AN AMOUNT WHICH WILL BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ASCERTAIN; AND THAT, AFTER NEGOTIATION, THE EARNEST MONEY DEPOSIT REPRESENTS A REASONABLE ESTIMATE OF SUCH DAMAGES, AND RETENTION OF THE EARNEST MONEY DEPOSIT BY SELLER UNDER THOSE CIRCUMSTANCES CONSTITUTES A LIQUIDATED DAMAGES REMEDY AND SELLER'S SOLE AND EXCLUSIVE REMEDY

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

14.15 Riders to this Agreement. The riders referenced below and initialed by the parties are attached to an incorporated into this Agreement and will be placed in the Deed to run with the land.

- Rider 1. Enforcement
- Rider 2. Use and Affordability
- Rider 3. Lease Agreement

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

- Exhibit A. Legal Description
- Exhibit B. King County Ordinance No. 00000
- Exhibit C. [Intentionally Omitted]
- Exhibit D. Seller's Litigation Schedule
- Exhibit E. Bill of Sale
- Exhibit F. Assignment of Assumption Agreement
- Exhibit G. Seller's Certificate of Non-Foreign Status
- Exhibit H. [Intentionally Omitted]
- Exhibit I. Affordable Housing Covenant
- Exhibit J. Purchaser Estoppel – Affordable Housing
- Exhibit K. Purchaser Estoppel – Rent Abatement

This Space Intentionally Left Blank

IN WITNESS WHEREOF, Purchaser and Seller have executed this Agreement on the last date written below:

PURCHASER:

SELLER:

a Political Subdivision  
of the State of Washington

By: Pioneer Square Development Organization By: \_\_\_\_\_

a Washington nonprofit corporation,  
Manager

Dave Preugschat  
Manager, Property Services Division

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

Date:

By: Artspace Projects, Inc.  
A Minnesota nonprofit corporation  
Member

APPROVED AS TO FORM:

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

Robert Stier  
Senior Deputy Prosecuting  
Attorney

ACKNOWLEDGMENTS

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this \_\_\_\_ day of November , 2000, before me, the undersigned Notary Public, duly commissioned and qualified in and for the said State and County, personally came and appeared NAME - President of the Pioneer Square Development Organization a Washington non-profit corporation, and acknowledged to me that the foregoing instrument was signed by him on behalf of the Pioneer Square Development Organization, and acknowledged the foregoing instrument to be the free act and deed of that public body.

Dated this \_\_\_\_ day of November , 2000.

\_\_\_\_\_  
\_\_\_\_\_  
Notary public in and for the State of  
Washington, residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

On this \_\_\_\_ day of November, 2000, before me, the undersigned Notary Public, duly commissioned and qualified in and for the said State and County, personally came and appeared Dave Preguschat, Manager of the Property Services Division of King County, a political subdivision of the State of Washington, and acknowledged to me that the foregoing instrument was signed by him on behalf of King County, and acknowledged the foregoing instrument to be the free act and deed of that public body.

Dated this \_\_\_\_ day of November, 2000.

\_\_\_\_\_  
\_\_\_\_\_  
Notary public in and for the State of  
Washington, residing at \_\_\_\_\_

**Exhibit E**

**BILL OF SALE**

THIS BILL OF SALE is made as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by KING COUNTY, a political subdivision of the State of Washington ("Seller"), in favor of TO Be Determined, a Washington limited liability company ("Buyer"), with reference to the following facts.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Seller does hereby absolutely and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Buyer all of Seller's right, title and interest in and to any and all equipment, furniture, furnishings, fixtures and other tangible personal property owned by Seller that is attached, appurtenant to or used in connection with the real property legally described on the attached Exhibit A.

Seller represents and warrants that it is the sole owner of, and has good title to, such personal property, and has full right and authority to transfer and deliver the same, and will defend the sale hereby against each and every person claiming otherwise.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the date first above written.

SELLER:

King County,  
a political subdivision of the State of Washington

By: \_\_\_\_\_  
Dave Preugschat  
Manager, Property Services Division

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Robert Stier  
Senior Deputy Prosecuting Attorney

SCHEDULE A

ATTACH LEGAL DESCRIPTION

**Exhibit F**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**ASSIGNOR:**

King County,  
a political subdivision of the State of Washington

By: \_\_\_\_\_  
Dave Preugschat  
Manager, Property Services Division

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Robert Stier  
Senior Deputy Prosecuting Attorney

**ASSIGNEE:**



SCHEDULE A

ATTACH RENT ROLL

Exhibit I

**When Recorded Return To:**

King County Property Services Division  
King County Administration Building  
500 Fourth Avenue, Room 500  
Seattle, WA 98101

Attention: \_\_\_\_\_

---

**AFFORDABLE HOUSING COVENANT**

Grantor:

Grantee:

Assessor's Tax Parcel ID#:      Legal Description (abbreviated):

This Affordable Housing Covenant ("Covenant Agreement") is made This Covenant Agreement will be filed and recorded in the official public land records of King County, Washington and shall constitute a restriction upon the use of the property described herein, subject to and in accordance with the terms of this Covenant Agreement, for 30 years following the date of initial residential occupancy of the Property after redevelopment as described in the Agreement.

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Purchaser, its successors and assigns heirs, grantees, or lessees of the Property, beginning on the date of initial residential occupancy after the acquisition of the Property and redevelopment contemplated by the Agreement. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, or other instruments.

NOW, THEREFORE, it is hereby covenanted, for the thirty- (30) years following the date of initial residential occupancy of the Property after the acquisition and redevelopment of the Property contemplated by the Agreement, as follows:

1. Use Restriction. The Property will be used for retail, commercial and at least 50 units of affordable housing (the "Restricted Use").
2. Affordable Housing. Of the total number of housing units, fifty (50) of the housing units will be affordable to people at or below sixty percent (60%) of median household income (the "Restricted Number"). Furthermore, fifty percent (50%) of the units will be provided to individuals who are artists and who earn a portion of family income from sources other than art.

3. Change in Restricted Use or Restricted Number. Any change in either the Restricted Use or the Restricted Number from the use or number specified in Sections 1 and 2 above must receive prior written approval of Seller.

4. Definition of Affordable Housing. For the purpose of this Agreement, "affordable housing" means:

Affordable housing as defined by King County Ordinance No.12394, Section 2.E. which is residential housing that is rented or owned by a person who is from a special needs population or who qualifies as a very low, low, or moderate income household as those terms are defined in RCW 43.63A.510. For the purpose of this Agreement, the Purchaser's commitment in response to the Request for Proposal to develop units of housing affordable to people not exceeding sixty percent (60%) of King County median household income as described in paragraph 6 herein, adjusted for family size, is consistent with this definition and shall be binding upon the Purchaser.

5. Calculation of Median Household Income. The data used to compute the King County median household income, adjusted by household size, is updated annually by the United States Department of Housing and Urban Development ("HUD"). If HUD ceases to provide such data or estimates of median household income, then median household income shall mean comparable figure for King County, Washington published or reported by a Federal, state or local agency that shall be selected by King County.

6. Certification Period. Purchaser shall certify to Seller annually on April 1<sup>st</sup> for each year for the duration of the Restrictive Period that the requirements in the preceding sections have been fulfilled. Seller acknowledges that, under the proposed financing of the Project, the Project will be subject to an annual tenant income certification process administered by the Washington State Housing Finance Commission ("the Commission"). As a condition of tax exempt bond financing and the allocation of Low Income Housing Tax Credits, the Commission will require that a Regulatory Agreement be recorded against the title of the Property requiring compliance with the tenant income requirements agreed to by the Purchaser, which shall be at least as restrictive as those set forth in Section 2 above. So long as the Commission's Regulatory Agreement remains in force, the Seller agrees to accept the Commission's certification of tenant incomes as evidence of Purchaser's compliance with the use restrictions set forth above.

7. Default. If a violation of any of the foregoing covenant occurs, Seller may, after thirty days notice to Purchaser, institute and prosecute any proceeding at law or equity to abate, default the loan, prevent, or enjoin any such violation or to compel specific performance by Purchaser of its obligations hereunder; provided that, Purchaser shall not be required by any provision herein to evict a residential tenant. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of the Grantor or any other party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

8. No Third Party Beneficiaries. The Grantor and Grantee do not hereby intend to create enforceable rights in any person or entities other than King County or its successors in interest. This covenant is not intended to benefit the residents of the building or the public at large.

IN WITNESS HEREOF, To Be Determined LLC has executed this Covenant Agreement on the \_\_\_\_\_, 2000.

WITNESS:



Exhibit J

Seller will provide **Tenant Estoppel** within 50 days of the date of execution of the Purchase and Sale Agreement.