

**EXH. DSL-9  
DOCKETS UE-190529/UG-190530  
2019 PSE GENERAL RATE CASE  
WITNESS: DOUGLAS S. LOREEN**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-190529  
Docket UG-190530**

**FIRST EXHIBIT (NONCONFIDENTIAL) TO THE PREFILED  
SUPPLEMENTAL DIRECT TESTIMONY OF**

**DOUGLAS S. LOREEN**

**ON BEHALF OF PUGET SOUND ENERGY**

**SEPTEMBER 17, 2019**

**AGREEMENT OF PURCHASE AND SALE**

**between**

**PUGET SOUND ENERGY, INC.,  
a Washington corporation,**

**as SELLER,**

**and**

**SOUTHPORT WEST LLC,  
a Washington limited liability company,**

**as BUYER**

**Dated: November 27, 2018**

**900 Lake Washington Boulevard North, Renton, Washington**

Table of Contents

Page

**[TABLE TO BE UPDATED BEFORE FINALIZING]**

ARTICLE I PURCHASE AND SALE OF PROPERTY .....	1
Section 1.1 <b>Sale</b> .....	1
Section 1.2 <b>Purchase Price</b> .....	2
Section 1.3 <b>Buyer's Remedies</b> .....	3
Section 1.4 <b>Seller Remedies</b> .....	3
Section 1.5 <b>Notice and Opportunity to Cure</b> .....	3
ARTICLE II CONDITIONS.....	4
Section 2.1 <b>Buyer's Conditions Precedent</b> .....	4
Section 2.2 <b>Buyer's Contingency Period</b> .....	5
ARTICLE III BUYER'S EXAMINATION .....	6
Section 3.1 <b>Representations and Warranties of Seller</b> .....	6
Section 3.2 <b>Groundwater Remediation</b> .....	7
Section 3.3 <b>No Liability for Exception Matters</b> .....	8
Section 3.4 <b>Survival of Representations and Warranties of Sale</b> .....	8
Section 3.5 <b>Seller's Knowledge</b> .....	9
Section 3.6 <b>Representations and Warranties of Buyer</b> .....	9
Section 3.7 <b>Buyer's Independent Investigation</b> .....	10
Section 3.8 <b>Release</b> .....	12
Section 3.9 <b>Survival</b> .....	12
ARTICLE IV TITLE .....	13
Section 4.1 <b>Conditions of Title</b> .....	13
Section 4.2 <b>Evidence of Title</b> .....	14
ARTICLE V RISK OF LOSS AND INSURANCE PROCEEDS .....	15
Section 5.1 <b>Minor Loss</b> .....	15
Section 5.2 <b>Major Loss</b> .....	15
ARTICLE VI BROKERS AND EXPENSES .....	16
Section 6.1 <b>Brokers</b> .....	16
Section 6.2 <b>Expenses</b> .....	16

Table of Contents  
(continued)

	<u>Page</u>
ARTICLE VII LEASES AND OTHER AGREEMENTS.....	16
Section 7.1 <b>Buyer’s Approval of New Leases and Agreements Affecting the Property</b> .....	16
Section 7.2 <b>Tenant Improvement Costs, Leasing Commissions and Concessions</b> .....	17
Section 7.3 <b>Tenant Notices</b> .....	17
Section 7.4 <b>Maintenance of Improvements and Operation of Property; Removal of Tangible Personal Property</b> .....	17
Section 7.5 <b>Service Contracts</b> .....	17
Section 7.6 <b>Seller's Cooperation and Execution of Documentation and Applications</b> .....	18
ARTICLE VIII CLOSING AND ESCROW .....	18
Section 8.1 <b>Escrow Instructions</b> .....	18
Section 8.2 <b>Closing</b> .....	19
Section 8.3 <b>Deposit of Documents</b> .....	19
Section 8.4 <b>Prorations</b> .....	20
ARTICLE IX MISCELLANEOUS .....	22
Section 9.1 <b>Notices</b> .....	22
Section 9.2 <b>Entire Agreement</b> .....	23
Section 9.3 <b>Entry and Indemnity</b> .....	23
Section 9.4 <b>Time</b> .....	24
Section 9.5 <b>Attorneys’ Fees</b> .....	24
Section 9.6 <b>Assignment</b> .....	24
Section 9.7 <b>Counterparts</b> .....	25
Section 9.8 <b>Governing Law</b> .....	25
Section 9.9 <b>Confidentiality and Return of Documents</b> .....	25
Section 9.10 <b>Interpretation of Agreement</b> .....	25
Section 9.11 <b>Limited Liability</b> .....	26
Section 9.12 <b>Amendments</b> .....	26
Section 9.13 <b>No Recording</b> .....	26
Section 9.14 <b>Drafts Not an Offer to Enter into a Legally Binding Contract</b> .....	26
Section 9.15 <b>ERISA; Counterparty Identification Form</b> .....	26
Section 9.16 <b>No Partnership</b> .....	26

Table of Contents  
(continued)

	<u>Page</u>
Section 9.17 <b>No Third Party Beneficiary</b> .....	27
Section 9.18 <b>Limitation on Liability</b> .....	27
Section 9.19 <b>Survival</b> .....	27
Section 9.20 <b>1031 Exchange</b> .....	27
Section 9.22 <b>Guaranty</b> .....	28
Section 9.23 <b>Survival of Article IX</b> .....	28

Table of Contents  
(continued)

Page

**LIST OF EXHIBITS AND SCHEDULES**

**Exhibits**

Exhibit A	Real Property Description
Exhibit A-1	Depiction of Easement(s)
Exhibit A-2	Location of Ground Water Sampling Wells
Exhibit B	Form 17 (Section 6 only)
Exhibit C	Form of Deed
Exhibit D	Form of Bill of Sale
Exhibit E	Form of Assignment of Service Contracts, Warranties and Other Intangible Property
Exhibit F	Form of PSE Lease
Exhibit G	Letter of Authority
Exhibit H	Guaranty

**Schedules**

Schedule 1	Disclosure Items
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## AGREEMENT OF PURCHASE AND SALE

This Agreement, dated as of November 27, 2018, is between PUGET SOUND ENERGY, INC., a Washington corporation (“Seller”), and SOUTHPORT WEST LLC, a Washington limited liability company (“Buyer”).

### ARTICLE I

#### PURCHASE AND SALE OF PROPERTY

##### Section 1.1 Sale.

Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, subject to the terms, covenants and conditions set forth herein, all of Seller’s right, title and interest in and to the following property (collectively, the “Property”):

(a) Real Property. That certain real property commonly known as “Shuffleton,” located at 900 Lake Washington Boulevard North, in the City of Renton, State of Washington, as more particularly described in Exhibit A attached hereto and made a part hereof (the “Land”), together with (1) all improvements located thereon (the “Improvements”), (2) all rights, benefits, privileges, easements, tenements, hereditaments, rights-of-way and other appurtenances thereon or in any way appertaining thereto, including all mineral rights, development rights, air and water rights, and (3) all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such Land (collectively, the “Real Property”);

(b) Tangible Personal Property. All of the equipment, machinery, furniture, furnishings, supplies and other tangible personal property, if any, owned by Seller and now or hereafter located on and used exclusively in the operation, ownership or maintenance of the Real Property (collectively, the “Tangible Personal Property”), but specifically excluding from the Tangible Personal Property (1) any items of personal property owned by tenants of the Property, (2) any items of personal property in Seller’s office, if any, located on the Real Property, (3) any items of personal property owned by third parties and leased to Seller, and (4) proprietary computer software, systems and equipment and related licenses used in connection with the operation or management of the Property. Seller will provide to Buyer any list which is in Seller’s possession of such Tangible Personal Property within the Delivery Period as defined in Section 2.1 below; and

(c) Intangible Personal Property. To the extent assignable at no cost to Seller, all intangible personal property, if any, owned by Seller and related to the Real Property and the Improvements, including, without limitation: any plans and specifications and other architectural and engineering drawings for the Improvements in Seller’s possession; any warranties in Seller’s possession; any Service Contracts (as defined in Section 2.1(b) below) and other contract rights related to the Property (but only to the extent Seller’s obligations thereunder are expressly assumed by Buyer pursuant to the Assignment of Contracts as defined in Section 8.3(a)(4) below); all surveys, studies and reports, including without limitation soils, traffic and environmental reports; and any governmental permits, approvals and licenses (including any pending applications) (collectively, the “Intangible Personal Property”).

The Land currently consists of two tax parcels, one of which includes land that is not included in the sale of the Land to Buyer. The area that is not included in this sale is the approximately 2.39 acres shown as the "New Lot 2" on the drawing set forth in Exhibit A (the "Switch Area"). During the Contingency Period, Seller shall prepare the form of lot line adjustment application to be submitted to the City of Renton (the "Lot Line Adjustment"), and Buyer shall have the opportunity to review the application. Seller shall use reasonable efforts to cooperate with Buyer in the preparation of the Lot Line Adjustment application, and will incorporate Buyer's reasonable comments on the application to the extent not inconsistent with the terms of this Agreement or the Easements defined below. Prior to Closing, Seller shall use good faith efforts to cause to be recorded, at Seller's expense, the Lot Line Adjustment consistent with the form last reviewed by Buyer prior to the expiration of the Contingency Period, to create separate tax parcels for the Land and the Switch Area. It is the intent of the parties that, at Closing, Seller and Buyer will enter into certain easement agreement(s) to provide vehicular and pedestrian access from and between the Real Property, public streets, and the Switch Area. The easements that the parties intend to execute at or prior to Closing are described on Exhibit A-1 attached hereto and made a part hereof (the "Easement(s)"). Prior to the end of the Contingency Period, Buyer and Seller shall negotiate in good faith to agree upon complete, mutually acceptable forms of the Easements, which shall be recorded at Closing. The Easements shall include provisions allowing for the relocation of the Easements in the future at Buyer's expense, provided that such relocation does not have an adverse effect upon the function or utility of the Easement rights benefitting Seller. In the event Buyer and Seller do not agree on the form of the Easements prior to expiration of the Contingency Period, Seller and Buyer may terminate this Agreement and in the event of termination the Deposit shall be returned to Buyer.

**Section 1.2 Purchase Price.**

(a) The purchase price of the Property is Thirteen Million Five Hundred Thousand and No/100 Dollars (\$13,500,000.00) (the "Purchase Price"). The entire Purchase Price is allocated to the Real Property.

(b) The Purchase Price shall be paid as follows:

(1) On or before 3:00 p.m. Pacific Time on the day following mutual execution of this Agreement, Buyer shall deposit in escrow with First American Title Insurance Company, 818 Stewart Street, Suite 800, Seattle, Washington 98101, Attn: Joseph Muriello, [jmuriello@firstam.com](mailto:jmuriello@firstam.com) (the "Title Company") cash or other immediately available funds in the amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00) (the "Deposit"). Upon expiration of the Contingency Period, the Deposit shall be non-refundable to Buyer except as expressly set forth in this Agreement.

(2) The Deposit shall be held in an interest-bearing account and all interest thereon, less investment fees, if any, shall be deemed a part of the Deposit. If the sale of the Property as contemplated hereunder is consummated, then the Deposit shall be paid to Seller at the Closing and credited against the Purchase Price. The balance of the Purchase Price (plus or minus the prorations pursuant to Section 8.4 hereof) shall be paid to Seller in cash or by wire transfer of other immediately available funds at the consummation of the purchase and sale contemplated hereunder (the "Closing").



**Section 1.3 Buyer's Remedies.**

If Seller is in default under the Agreement, Buyer's remedies shall be limited to the following:

(a) Enforce specific performance of this Agreement against Seller; provided, however, Buyer must file suit within sixty (60) days after the scheduled Closing Date or the date Seller has informed Buyer in writing that Seller will not proceed with Closing, whichever is earlier; or

(b) Terminate this Agreement by written notice delivered to Seller on or before the Closing Date, and obtain a refund of the Deposit. If Buyer elects the remedy under this clause (b), neither party shall have any further rights or obligations hereunder except as provided in Section 6.1, Section 9.3 and Section 9.9 below. Buyer shall not have any other rights or remedies hereunder as a result of any default by Seller prior to Closing, and Buyer hereby waives any other such remedy as a result of a default hereunder by Seller.

**Section 1.4 Seller Remedies.**

**IF THE SALE IS NOT CONSUMMATED DUE TO ANY DEFAULT BY BUYER HEREUNDER, THEN SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A FAILURE TO CONSUMMATE THIS SALE DUE TO BUYER'S DEFAULT PRIOR TO CLOSING, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. AFTER NEGOTIATION, THE PARTIES HAVE AGREED THAT, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE DAMAGES THAT SELLER WOULD INCUR IN SUCH EVENT. BY PLACING THEIR INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE FOREGOING IS NOT INTENDED TO LIMIT BUYER'S OBLIGATIONS UNDER SECTION 6.1, SECTION 9.3 AND SECTION 9.9.**

INITIALS: SELLER *JDM* BUYER *[Signature]*

**Section 1.5 Notice and Opportunity to Cure.**

Before either Seller or Buyer exercises any remedy, including without limitation, terminating this Agreement or making demand for the Deposit, as a result of a breach or default by the other party hereto, the non-defaulting party must provide the defaulting party with written notice specifying the default, and a cure period of five (5) business days following such notice in which to cure the default. If the defaulting party has not cured the default within such five (5) business day period, then the non-defaulting party may exercise remedies for default as described herein.

**ARTICLE II**  
**CONDITIONS**

**Section 2.1 Buyer's Conditions Precedent.**

Subject to the provisions of Section 9.3 hereof, Seller has provided and/or shall provide Buyer and its consultants and other agents and representatives with access to the Property to perform Buyer's inspections and review and determine the present condition of the Property. Seller has delivered or made available to Buyer, or shall within the Delivery Period (as defined below) deliver or make available to Buyer, copies of all Due Diligence Materials (as defined in Section 2.2 below) in Seller's possession, except as otherwise specifically provided herein. Notwithstanding anything to the contrary contained herein, the Due Diligence Materials shall expressly exclude (i) those portions of the Due Diligence Materials that would disclose Seller's cost of acquisition of the Real Property, or cost of construction of the Improvements and related soft costs, or any estimates of costs to repair, replace, or maintain the Real Property, excluding costs or estimates to evaluate and/or address groundwater contamination as outlined in Section 3.2, (ii) any reports, presentations, summaries and the like prepared for any of Seller's boards, committees, partners or investors in connection with its consideration of the acquisition of the Real Property, construction of the Improvements or sale of the Property, (iii) any proposals, letters of intent, draft contracts or the like prepared by or for other prospective purchasers of the Property or any part thereof, (iv) Seller's internal memoranda, attorney-client privileged materials, as well as internal appraisals, projections and budgets, excluding reports, costs or estimates to evaluate and/or address groundwater contamination as outlined in Section 3.2; and (v) any information which is the subject of a confidentiality agreement between Seller and a third party (the items described in clauses (i), (ii) (iii), (iv) and (v) being collectively referred to as the "**Confidential Information**"). The "**Delivery Period**" shall mean the period which ends five (5) days after the Effective Date. Buyer's obligation to purchase the Property is conditioned upon Buyer's review and approval of the following, within the applicable time periods described in Sections 2.2 and 4.1 hereof, such conditions being deemed satisfied as provided in Section 3.7, Section 4.1(e) and Section 4.2:

(a) Title to the Property and survey matters in accordance with Article IV below.

(b) The Due Diligence Materials, including, but not limited to, all contracts pertaining to the operation of the Property, including all management, leasing, service and maintenance agreements, and equipment leases (collectively, the "**Service Contracts**").

(c) The physical condition of the Property, including but not limited to condition of soil, soil gas, and groundwater on, beneath or potentially emanating from the Property.

(d) The zoning, land use, building, environmental and other statutes, rules, or regulations applicable to the Property.

(e) The operating statements and books and records pertaining to the Property for the current year (to the extent available), current real estate tax bills, any warranties, licenses,

permits, certificates of occupancy, plans and specifications, surveys, environmental reports, and any current accounts receivable schedule and list of Tangible Personal Property in such form as Seller shall have in its possession for the Property, all items of Intangible Personal Property, and other agreements or documents pertaining to the Property which will be binding on Buyer after Closing.

(f) Any other matters Buyer deems relevant to the Property, including without limitation the terms on which the City of Renton may agree to the extension of Park Avenue North to north of Logan Avenue North.

#### Section 2.2 Buyer's Contingency Period.

Buyer shall have until 5:00 PM Pacific Time on the date that is ninety (90) days from mutual execution of this Agreement (such period being referred to herein as the "Contingency Period") to review and approve the matters described in Section 2.1, paragraphs (b) through (f) above in Buyer's sole discretion (the "Feasibility Contingency") (title and survey review and approval shall be governed by the provisions of Section 4.1 below). If Buyer determines to proceed with the purchase of the Property, then Buyer shall, before the end of the Contingency Period, so notify Seller in writing, in which case Buyer shall be deemed to have approved all of the matters described in Section 2.1, paragraphs (b) through (f) above (subject to the provisions of Section 4.1 below as to title and survey matters), including, without limitation, all documents, Service Contracts and other contracts, agreements, reports, and other items and materials delivered to, prepared by or on behalf of, or made available to Buyer in connection with this Agreement (the "Due Diligence Materials"), and the Deposit shall become nonrefundable except as expressly provided herein. Seller shall provide Buyer with additions and supplements to the Due Diligence Materials as they become available to Seller during the term of this Agreement. During the term of this Agreement, Buyer may discuss the environmental history and condition of the Property with Seller's third party consultants, including without limitation GeoEngineers Inc., and Seller shall cooperate with Buyer's efforts in this regard. If before the end of the Contingency Period Buyer fails to give Seller such written notice, then Buyer shall be deemed to have elected to terminate this Agreement, the Deposit shall be returned to Buyer, and neither party shall have any further rights or obligations hereunder except as provided in Section 6.1, Section 9.3 and Section 9.9 below.

#### Section 2.3 Condition Precedent.

This Agreement is further contingent upon Seller (i) obtaining approval of the transaction contemplated herein from the Washington Utilities and Transportation Commission (the "UTC") and (ii) the City of Renton approving and recording the Lot Line Adjustment. Seller shall apply for UTC approval as soon as permitted by the UTC, but not later than thirty (30) days after Buyer's notice that it intends to proceed with the purchase of the Property pursuant to Section 2.2 above. Seller will advise Buyer of receipt of UTC approval within five (5) business days of the UTC's issuance of such approval. In the event that the UTC declines to approve the sale of the Property pursuant to this Agreement at least ten (10) days prior to the Closing Date or if the Lot Line Adjustment is not recorded at least ten (10) days prior to the Closing Date, as the Closing Date may be extended pursuant to the terms of this Agreement, then Seller shall notify Buyer of such fact, and this Agreement shall terminate as of the date of Seller's notice, the

Deposit shall be returned to Buyer, and Seller and Buyer will be released from all further liability or obligation hereunder, except as provided in Section 6.1, Section 9.3 and Section 9.9 below.

### ARTICLE III

#### BUYER'S EXAMINATION

##### Section 3.1 Representations and Warranties of Seller.

Subject to the disclosures contained in Schedule 1 attached hereto and made a part hereof (the "Disclosure Items"), Seller hereby makes the following representations and warranties with respect to the Property. Notwithstanding anything to the contrary contained herein or in any document delivered in connection herewith, Seller shall have no liability with respect to the Disclosure Items.

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

(b) Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") and any related regulations.

(c) (i) this Agreement has been, and all documents executed by Seller which are to be delivered to Buyer at Closing will be, duly authorized, executed and delivered by Seller, and (ii) this Agreement does not and such other documents will not violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(d) Seller has the power and authority to enter into this Agreement and all documents executed by Seller which are to be delivered to Buyer at Closing and to perform its obligations hereunder and thereunder.

(e) To the best of Seller's knowledge, the only Service Contracts in effect for the Property are set forth in a list of Service Contracts which Seller shall deliver to Buyer within the Delivery Period.

(f) To the best of Seller's knowledge, there is no litigation or governmental proceeding (including, but not limited to any condemnation proceeding) pending or threatened with respect to the Property, or with respect to Seller which impairs Seller's ability to perform its obligations under this Agreement, except for any personal injury or property damage action for which there is adequate insurance coverage.

(g) To the best of Seller's knowledge, Seller has received no written notice from any governmental authority or third-party of any violation of any law applicable to the

Property (including, without limitation, any Environmental Law as defined in Section 3.7(a)(2) below) that has not been corrected.

(h) To the best of Seller's knowledge, all of the Due Diligence Materials delivered or made available by Seller to Buyer in connection with the Property are true and complete copies of such items in Seller's possession which are used by Seller in the operation of the Property, and the Due Diligence Materials include all environmental reports and notices of investigation or violation within Seller's possession or control relating to the presence, disposal or release of Hazardous Materials (as defined below) on, beneath or potentially emanating from the Property in any manner or quantity that would violate any Environmental Law (as defined below).

(i) Seller has been duly organized, is validly existing, and is in good standing in the state in which it was formed, and is qualified to do business in the state in which the Real Property is located.

(j) Each of the representations and warranties of Seller contained in this Section 3.1: (1) shall be true in all material respects as of the date of Closing, subject in each case to (A) any Exception Matters (as defined below), (B) the Disclosure Items, and (C) other matters expressly permitted in this Agreement or otherwise specifically approved by Buyer in writing; and (2) shall survive the Closing as provided in Section 3.4 below.

### Section 3.2 **Groundwater Remediation.**

Seller has disclosed to Buyer that elevated concentrations of chlorinated volatile organic compounds ("CVOCs") associated with Seller's historical operations on the Property have been detected in localized areas of groundwater on and beneath the Property (as shown on Exhibit A-2). Seller shall take such measures as necessary, in Seller's sole discretion, to characterize and reduce the concentration of CVOCs in groundwater and soil gas on and beneath the Property to less than applicable Method A cleanup levels and screening levels promulgated under the Model Toxics Control Act, Chapter 70.105D and Chapter 173-340 WAC (the "**Remediation**").

Buyer shall have the opportunity to review and comment on any plans, workplans, memos, or reports regarding the Remediation prior to submittal of such materials to the Washington Department of Ecology ("**Ecology**") or any other governmental entity with jurisdiction over the Remediation. Buyer shall be permitted to monitor the performance of the Remediation through Buyer's environmental consultant, who shall be permitted to communicate directly with Seller's environmental consultant. Seller shall have final authority on the content of plans, workplans, memos or reports prepared and submitted to Ecology in connection with the Remediation. Buyer shall not be permitted to engage in any independent communication with Ecology regarding the Remediation without Seller's prior written approval, provided that Seller shall keep Buyer fully informed of all submittals to and meetings and communications (written and oral) with Ecology regarding the Remediation. All of Buyer's efforts to review, comment or monitor the Remediation shall be performed at Buyer's sole expense.

The obligations of Seller to perform the Remediation shall terminate at such time as: (1) Seller has obtained four (4) consecutive quarters of groundwater samples from all CVOC-impacted monitoring wells on the Property with concentrations of CVOCs below MTCA Method

A cleanup levels, and (2) Seller has performed a soil gas study demonstrating no CVOCs above applicable screening levels in soil gas in the areas shown on Exhibit A-2. Upon completion of the Remediation and the soil gas study, Seller shall (1) submit a report with all relevant data regarding the Remediation and soil gas study to Ecology, and (2) transfer ownership and control over all installed monitoring wells and soil gas probes on the Property to Buyer.

### **Section 3.3 No Liability for Exception Matters.**

As used herein, the term "Exception Matter" shall refer to a matter which would make a representation or warranty of Seller contained in this Agreement untrue or incorrect and which is disclosed to Buyer in the Due Diligence Materials or discovered by Buyer before the Closing, including, without limitation, matters disclosed during the Contingency Period in any tenant estoppel certificate or from interviews with tenants, property managers or any other person. If Buyer first obtains knowledge of any Exception Matter after the close of the Contingency Period and prior to Closing and such Exception Matter was not contained in the Due Diligence Materials, Buyer's sole remedy shall be to terminate this Agreement on the basis thereof, upon written notice to Seller within ten (10) days following Buyer's discovery of such Exception Matter or the Closing, whichever occurs first, in which event the Deposit shall be returned to Buyer, unless within ten (10) days after receipt of such notice or the Closing, as the case may be, Seller notifies Buyer in writing that it elects to cure or remedy such Exception Matter, and, further provided, that Seller shall be entitled to extend the Closing Date (as defined in Section 8.2 below) for up to fifteen (15) business days in order to cure or remedy any such Exception Matter. Buyer agrees to give notice to Seller within ten (10) days after it has obtained knowledge of a material Exception Matter. Seller shall have no obligation to cure or remedy any Exception Matter, even if Seller has notified Buyer of Seller's election to cure or remedy any Exception Matter (except as specifically provided in Section 4.1(c) hereof), and, subject to Buyer's right to terminate, or unless the Exception Matter was created through Seller's breach of this Agreement as set forth above, Seller shall have no liability whatsoever to Buyer with respect to any Exception Matters. Upon any termination of this Agreement, neither party shall have any further rights nor obligations hereunder, except as provided in Section 6.1, Section 9.3 and Section 9.9 below. If Buyer obtains knowledge of any Exception Matter before the Closing, but nonetheless elects to proceed with the acquisition of the Property, Seller shall have no liability with respect to such Exception Matter, notwithstanding any contrary provision, covenant, representation or warranty contained in this Agreement or in any Other Documents (as defined in Section 9.18 below).

### **Section 3.4 Survival of Representations and Warranties of Sale.**

The representations and warranties of Seller contained herein or in any Other Documents shall survive for a period of twelve (12) months after the Closing. Any claim which Buyer may have at any time against Seller for a breach of any such representation or warranty, whether such breach is known or unknown, which is not specifically asserted by written notice to Seller within such twelve (12) month period shall not be valid or effective, and Seller shall have no liability with respect thereto.

### Section 3.5 Seller's Knowledge.

For purposes of this Agreement and any document delivered at Closing, whenever the phrase "to the best of Seller's knowledge" or the "knowledge" of Seller or words of similar import are used, they shall be deemed to mean and are limited to the current actual knowledge only of **John Rork, Rob Stewart and Randy Wall**, at the times indicated only, and not any implied, imputed or constructive knowledge of such individual(s) or of Seller or any Seller Related Parties (as defined in Section 3.8 below), and without any independent investigation or inquiry having been made or any implied duty to investigate, make any inquiries or review the Due Diligence Materials. Furthermore, it is understood and agreed that such individual(s) shall have no personal liability in any manner whatsoever hereunder or otherwise related to the transactions contemplated hereby.

### Section 3.6 Representations and Warranties of Buyer.

Buyer represents and warrants to Seller as follows:

(a) Buyer represents and warrants to Seller that this Agreement and all documents executed by Buyer which are to be delivered to Seller at Closing do not and at the time of Closing will not violate any provision of any agreement or judicial order to which Buyer is a party or to which Buyer is subject.

(b) Buyer represents and warrants to Seller that Buyer has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Buyer's creditors, (iii) suffered the appointment of a receiver to take possession of all, or substantially all, of Buyer's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

(c) Buyer has been duly organized and is validly existing in the state in which it was formed, and is qualified to do business in the state in which the Real Property is located. This Agreement has been, and all documents executed by Buyer which are to be delivered to Seller at Closing will be, duly authorized, executed and delivered by Buyer.

(d) Buyer hereby unconditionally waives any right to receive the disclosure statement commonly known as Form 17 set forth in RCW 64.06 other than the portion of such form attached hereto as Exhibit B.

(e) Buyer is not a party in interest with respect to any employee benefit or other plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of Section 4975(e)(1) of the Code, which is subject to ERISA or Section 4975 of the Code and which is an investor in Seller.

(f) Other than Seller's Broker and Buyer's Broker (both as defined in Section 6.1 below) Buyer has had no contact with any broker or finder with respect to the Property.

(g) Buyer represents and warrants that (i) Buyer and its affiliates (A) are not currently identified on the List, and (B) are not persons or entities with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (ii) none of the funds or other assets of Buyer constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person, and (iii) Buyer has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times.

Buyer also shall require, and shall take reasonable measures to ensure compliance with the requirement, that no person who owns any other direct interest in Buyer is or shall be listed on any of the Lists or is or shall be an Embargoed Person. This Section shall not apply to any person to the extent that such person's interest in the Buyer is through a U.S. Publicly-Traded Entity. As used in this Agreement, "U.S. Publicly-Traded Entity" means a Person (other than an individual) whose securities are listed on a national securities exchange, or quoted on an automated quotation system, in the United States, or a wholly-owned subsidiary of such a person.

Each of the representations and warranties of Buyer contained in this Section shall be deemed remade by Buyer as of the Closing and shall survive the Closing for a period of twelve (12) months after the Closing.

### Section 3.7 Buyer's Independent Investigation.

(a) By Buyer electing to proceed under Section 2.2, Buyer will be deemed to have acknowledged and agreed that it has been and will be given a full opportunity to inspect and investigate each and every aspect of the Property, either independently or through agents of Buyer's choosing, including, without limitation:

(1) All matters relating to title and survey, together with all governmental and other legal requirements such as taxes, assessments, zoning, use permit requirements and building codes.

(2) The physical condition and aspects of the Property, including, without limitation, the interior, the exterior, the square footage within the improvements on the Real Property and within each tenant space therein, the structure, seismic aspects of the Property, the foundation, roof, paving, parking facilities, utilities, and all other physical and functional aspects of the Property. Such examination of the physical condition of the Property may include an examination for the presence or absence of Hazardous Materials, as defined below, on, beneath or potentially emanating from the Property which shall be performed or arranged by Buyer (subject to Seller's representations and warranties under this Agreement and to the provisions of Section 9.3 hereof) at Buyer's sole expense. For purposes of this Agreement, "Hazardous Materials" shall mean inflammable explosives, radioactive materials, asbestos, asbestos-containing materials, polychlorinated biphenyls, lead, lead-based paint, radon, under and/or above ground tanks, hazardous materials, hazardous wastes, hazardous substances, oil, or related materials, which are listed or regulated in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), the Federal



Pollution Control Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (42 U.S.C. Section 300f, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 5101, et seq.), and the Toxic Substances Control Act (15 U.S.C. Section 2601, et seq.), the Model Toxics Control Act (Chapter 70.105D RCW) ("MTCA"), the Hazardous Waste Management Act (Chapter 70.105 RCW), and any other applicable federal, state or local laws (collectively, "Environmental Laws").

- (3) Any easements and/or access rights affecting the Property.
- (4) The matters referenced in Exhibit B.
- (5) The Service Contracts and any other documents or agreements of significance affecting the Property.
- (6) All other matters of material significance affecting the Property.

(b) Except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered by Seller to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that all materials, data and information delivered by Seller to Buyer in connection with the transaction contemplated hereby are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer shall be at the sole risk of Buyer, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, Buyer acknowledges and agrees that (a) any environmental or other report with respect to the Property which is delivered by Seller to Buyer shall be for general informational purposes only, (b) Buyer shall not have any right to rely on any such report delivered by Seller to Buyer, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Buyer with respect thereto, (c) neither Seller, any affiliate of Seller nor the person or entity which prepared any such report delivered by Seller to Buyer shall have any liability to Buyer for any inaccuracy in or omission from any such report and (d) the failure to deliver any report as to the environmental or other condition of the Property, including any proposal for work at the Property which was not performed by Seller, shall not be actionable by Buyer under this Agreement or otherwise.

(c) EXCEPT AS EXPRESSLY SET FORTH IN SECTION 3.1 ABOVE AND ELSEWHERE IN THIS AGREEMENT, BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ANY SELLER RELATED PARTIES, OR THEIR AGENTS OR BROKERS, OR ANY OTHER PERSON ACTING OR PURPORTING TO ACT ON BEHALF OF SELLER, AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (i) the quality, nature, adequacy and physical condition and aspects of the Property, including, but not limited to, the structural elements, seismic aspects of the Property, foundation, roof, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities and appliances, the square footage within the improvements on the Real Property and within each tenant space therein, (ii) the quality, nature, adequacy, and physical condition of

soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iv) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose, (v) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property, (vi) the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of Hazardous Materials on, beneath or potentially emanating from the Property, or the adjoining or neighboring property, (viii) the quality of any labor and materials used in any improvements on the Real Property, (ix) the condition of title to the Property, (x) the Service Contracts or other documents or agreements affecting the Property, or any information contained in any rent roll furnished to Buyer for the Property, (xi) the value, economics of the operation or income potential of the Property, or (x) any other fact or condition which may affect the Property, including without limitation, the physical condition, value, economics of operation or income potential of the Property. Seller agrees to apprise Buyer regarding any event or other matter involving the Property and to update the Due Diligence Items after the Effective Date if an event or other matter would cause Seller to be unable to remake any of its representations or warranties contained in this Agreement.

### Section 3.8 Release.

Subject to the representations and warranties of Seller contained in Section 3.1 hereof and Seller's Remediation obligation under the last paragraph of Section 3.2 above, Buyer and Guarantor (as defined in Section 9.22 below) on behalf of themselves and their successors and assigns waive their rights to recover from, and forever release and discharge, Seller, Seller's affiliates, the partners, trustees, beneficiaries, shareholders, members, managers, directors; officers, employees and agents and representatives of each of them, and their respective heirs, successors, personal representatives and assigns (collectively, the "Seller Related Parties"), from any and all Claims that may arise on account of or in any way be connected with (i) the physical condition of the Property including, without limitation, all structural and seismic elements, all mechanical, electrical, plumbing, sewage, heating, ventilating, air conditioning and other systems, the environmental condition of the Property and the presence of Hazardous Materials originating on and beneath the Property, or (ii) any law or regulation applicable to the Property, including, without limitation, any Environmental Law and any other federal, state or local law.

Upon Seller satisfying the Remediation pursuant to Section 3.2 above, Buyer and Guarantor, on behalf of themselves and their successors and assigns waive their rights to recover from, and forever release and discharge the Seller Related Parties from any and all Claims that may arise on account of or in any way be connected with the Remediation and/or presence, disposal or release of Hazardous Materials originating on and beneath the Property.

### Section 3.9 Survival.

The provisions of this Article III shall survive the Closing subject to the limitations and qualifications contained in such provisions and in Section 9.11 and Section 9.18 hereof.

## ARTICLE IV

### TITLE

#### Section 4.1 Conditions of Title.

(a) Upon execution of this Agreement, Seller shall order an updated preliminary title report or commitment (the "**Title Report**") from the Title Company, which shall be delivered to Buyer, together with copies of all underlying documents relating to title exceptions referred to therein, promptly upon Seller's receipt thereof. Seller shall also furnish to Buyer within the Delivery Period any existing survey of the Property in Seller's possession. Buyer shall order any plat or survey of the Property or any update thereto from a duly licensed surveyor (the "**Survey**") if desired by Buyer or if necessary to support the issuance of the Title Policy (as defined in Section 4.2 below). Buyer shall provide a copy of the Survey, which shall be certified to the Title Company, Buyer and Seller, to Seller. Buyer shall pay the entire cost of the Survey. If Closing does not occur, Buyer shall, if Seller so requests, assign to Seller all contract rights Buyer has with the surveyor and in such event Seller shall reimburse Buyer for the cost of the Survey.

(b) Within thirty (30) business days after Buyer receives the Title Report, Buyer shall furnish Seller with a written statement of objections, if any, to the title to the Property, including, without limitation, any objections to any matter shown on the Survey (collectively, "**Objections**"). In the event the Title Company amends or updates the Title Report after the Title Review Date (each, a "**Title Report Update**"), Buyer shall furnish Seller with a written statement of Objections to any matter first raised in a Title Report Update within five (5) business days after its receipt of such Title Report Update (each, a "**Title Update Review Period**"). Should Buyer fail to notify Seller in writing of any Objections in the Title Report prior to the Title Review Date, or to any matter first disclosed in a Title Report Update prior to the Title Update Review Period, as applicable, Buyer shall be deemed to have approved such matters which shall be considered to be "**Conditions of Title**" as defined in Section 4.1(e) below.

(c) If Seller receives a timely Objection in accordance with Section 4.1(b) ("**Buyer's Notice**"), Seller shall have the right, but not the obligation, within five (5) business days after receipt of Buyer's Notice ("**Seller's Response Period**"), to elect to cure any such matter upon written notice to Buyer ("**Seller's Response**"), and may extend the Closing Date for up to fifteen (15) business days to allow such cure. If Seller does not give any Seller's Response, Seller shall be deemed to have elected not to cure any such matters. Notwithstanding the foregoing, Seller shall in any event be obligated to cure all matters or items (i) that are mortgage or deed of trust liens or security interests against the Property, in each case granted by Seller (and not tenants of the Property or other third parties), (ii) real estate tax liens, other than liens for taxes and assessments not yet delinquent, (iii) that have been voluntarily placed against the Property by Seller (and not tenants of the Property or other third parties) after the date of this Agreement and that are not otherwise permitted pursuant to the provisions hereof; and (iv) that are liens and judgments (including, without limitation, mechanics' liens) caused solely by Seller that can be satisfied by the payment of money and the recordation of the applicable release instrument. Seller shall be entitled to apply the Purchase Price towards the payment or

satisfaction of such liens, and may cure any Objection by causing the Title Company to insure against collection of the same out of the Property.

(d) If Seller elects (or is deemed to have elected) not to cure any Objections raised in any Buyer's Notice timely delivered by Buyer to Seller pursuant to Section 4.1(b), or if Seller notifies Buyer that it elects to cure any such Objection but then does not for any reason effect such cure on or before the Closing Date as it may be extended hereunder, then Buyer, as its sole and exclusive remedy, shall have the option of terminating this Agreement by delivering written notice thereof to Seller within five (5) business days after (as applicable) (i) its receipt of Seller's Response stating that Seller will not cure any such Objection or (ii) the expiration of Seller's Response Period if Seller does not deliver a Seller's Response or (iii) Seller's failure to cure by the Closing Date (as it may be extended hereunder) any Objection which Seller has previously elected to cure pursuant to a Seller's Response. In the event of such a termination, the Deposit shall be returned to Buyer, and neither party shall have any further rights or obligations hereunder except as provided in Section 6.1, Section 9.3 and Section 9.9 below. If no such termination notice is timely received by Seller hereunder, Buyer shall be deemed to have waived all such Objections in which event those Objections shall become "Conditions of Title" under Section 4.1(e). If the Closing is not consummated for any reason other than Seller's default hereunder, Buyer shall be responsible for any title or escrow cancellation charges.

(e) At the Closing, Seller shall convey title to the Property to Buyer by bargain and sale deed in the form of Exhibit C attached hereto (the "Deed").

Subject to the terms and conditions contained elsewhere in this Agreement, by acceptance of the Deed and the Closing of the purchase and sale of the Property, (x) Buyer agrees it is assuming for the benefit of Seller all of the obligations of Seller with respect to the Conditions of Title from and after the Closing, and (y) Buyer agrees that Seller shall have conclusively satisfied its obligations with respect to title to the Property. The provisions of this Section shall survive the Closing.

#### Section 4.2 Evidence of Title.

Delivery of title in accordance with the foregoing shall be evidenced by the willingness of the Title Company to issue, at Closing, its Owner's ALTA Policy of Title Insurance in the amount of the Purchase Price showing title to the Real Property vested in Buyer, subject to the Conditions of Title (the "Title Policy"). The Title Policy may contain such endorsements as required by Buyer provided that the issuance of such endorsements shall not be a condition to Buyer's obligations hereunder. Buyer shall pay the costs for all such endorsements. Seller shall execute a commercially reasonable owner's affidavit as may be required by the Title Company as a condition to the issuance of an extended coverage title policy.

## ARTICLE V

### RISK OF LOSS AND INSURANCE PROCEEDS

#### Section 5.1 Minor Loss.

Buyer shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any improvements thereon or condemnation of any portion of the Property, provided that: (a) the cost to repair any such damage or destruction does not exceed Six Hundred Seventy-Five Thousand and No/100 Dollars (\$675,000.00) in the estimate of an architect or contractor selected by Seller and reasonably acceptable to Buyer or in the case of a condemnation, the diminution in the value of the remaining Property as a result of a partial condemnation is not material (as hereinafter defined) and (b) upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by Seller toward the collection of such proceeds or awards and the restoration or repair of the Property (the nature of which restoration or repairs, but not the right of Seller to effect such restoration or repairs, shall be subject to the approval of Buyer, which approval shall not be unreasonably withheld, conditioned or delayed). If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended to collect such proceeds or awards or to repair or restore the Property, and Seller shall retain the rights to such proceeds and awards to such extent.

#### Section 5.2 Major Loss.

If the cost to repair the damage or destruction as specified above exceeds Six Hundred Seventy-Five Thousand and No/100 Dollars (\$675,000.00) in the estimate of an architect or contractor selected by Seller and reasonably acceptable to Buyer or the diminution in the value of the remaining Property as a result of a condemnation is material, then Buyer may, at its option to be exercised within fifteen (15) days of Seller's notice of the occurrence of the damage or destruction or the commencement of condemnation proceedings, either terminate this Agreement or consummate the purchase for the full Purchase Price as required by the terms hereof. If Buyer elects to terminate this Agreement by delivering written notice thereof to Seller or fails to give Seller notice within such fifteen (15) day period that Buyer will proceed with the purchase, then this Agreement shall terminate, the Deposit shall be returned to Buyer and neither party shall have any further rights or obligations hereunder except as provided in Section 6.1, Section 9.3 and Section 9.9 below. If Buyer elects to proceed with the purchase, then upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by Seller toward the collection of such proceeds or awards or to restoration or repair of the Property (the nature of which restoration or repairs, but not the right of Seller to effect such restoration or repairs, shall be subject to the approval of Buyer, which approval shall not be unreasonably withheld, conditioned or delayed). If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended to collect such proceeds or awards or to

repair or restore the Property, and Seller shall retain the rights to such proceeds and awards to such extent. A condemnation shall be deemed material if any portion of any net rentable area of the Property is taken, or the existing access to the Property is materially and adversely affected, permanently.

## ARTICLE VI

### BROKERS AND EXPENSES

#### Section 6.1 Brokers.

The parties represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about this transaction except for Kip Durrell of CBRE (“**Seller’s Broker**”), and Dwight Newell of CBRE (“**Buyer’s Broker**”). At Closing, Seller shall pay the commission due, if any, to Seller’s Broker pursuant to a separate agreement, and Buyer shall pay the commission due, if any, to Buyer’s Broker pursuant to a separate agreement. If any other person brings a claim for a commission or finder’s fee based upon any contact, dealings or communication with Buyer or Seller, then the party through whom such person makes his claim shall defend the other party (the “**Indemnified Party**”) from such claim, and shall indemnify the Indemnified Party and hold the Indemnified Party harmless from any and all costs, damages, claims, liabilities or expenses (including without limitation, court costs and reasonable attorneys’ fees and disbursements) incurred by the Indemnified Party in defending against the claim. The provisions of this Section 6.1 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement.

#### Section 6.2 Expenses.

Except as expressly provided in this Agreement, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby.

## ARTICLE VII

### LEASES AND OTHER AGREEMENTS

#### Section 7.1 Buyer’s Approval of New Leases and Agreements Affecting the Property.

Between the Effective Date and the Closing, Seller shall continue to operate the Property in the same manner as before the making of this Agreement, the same as though Seller were retaining the Property provided that Seller shall not enter into any new lease or other agreement affecting the Property, or modify or terminate any existing lease or other agreement affecting the Property, which will be binding on the Property after Closing, except for the PSE Lease (as defined in Section 8.5 below), the extension of Park Avenue North (as described in Section 2.1 above) and any commercially standard agreements that are terminable on no more than thirty (30) days’ notice without payment of any penalty or fee or other cost to Seller and/or Buyer, without first obtaining Buyer’s approval of the proposed action, which will not be unreasonably withheld, conditioned or delayed. In such case Buyer shall specify in detail the reasons for its disapproval of any such proposed action. If Buyer fails to give Seller notice of its approval or

disapproval of any such proposed action requiring its approval under this Section 7.1 within ten (10) business days after Seller notifies Buyer of Seller's desire to take such action, then Buyer shall be deemed to have given its approval. Any new lease or other agreement or amendment shall be on Seller's standard forms for such documents. Buyer agrees to cooperate with Seller in enabling Seller to complete any such proposed transaction requiring Buyer's approval.

#### **Section 7.2 Tenant Improvement Costs, Leasing Commissions and Concessions.**

With respect to any new lease, all tenant improvement work, leasing commissions, legal fees or other expenses or grants of any free rent period or other concessions shall be prorated over the term of the lease, renewal or extension. Seller's share of such costs shall be based on the portion of the lease term, renewal or extension, as the case may be, occurring prior to Closing, which amount shall be a credit against the Purchase Price, and Buyer shall be responsible for the remainder of such costs. Buyer shall reimburse Seller for all such costs incurred by Seller to the extent Buyer is obligated therefor pursuant to the provisions hereof. Buyer shall assume any then outstanding obligations with respect to such tenant improvements, leasing commissions and concessions. The provisions of this Section shall survive the Closing.

#### **Section 7.3 Tenant Notices.**

At the Closing, Seller shall furnish Buyer with a signed notice to be given to each tenant of the Property (if any). The notice shall disclose that the Property has been sold to Buyer, that, after the Closing, all rents should be paid to Buyer and that Buyer shall be responsible for the tenant's security deposit. The form of the notice shall be otherwise reasonably acceptable to the parties.

#### **Section 7.4 Maintenance of Improvements and Operation of Property; Removal of Tangible Personal Property.**

Seller agrees to keep its customary property insurance covering the Property in effect until the Closing (provided, however, that the terms of any such coverage maintained in blanket form may be modified as Seller deems necessary). Seller shall maintain all Improvements substantially in their present condition (ordinary wear and tear and casualty excepted), and shall operate and manage the Property in a manner consistent with Seller's practices in effect prior to the Effective Date, provided that Seller shall in no event be obligated to make any capital expenditures or repairs. Seller shall not remove any Tangible Personal Property, except as may be required for necessary repair or replacement, and replacement shall be of approximately equal quality and quantity as the removed item of Tangible Personal Property. Without Buyer's prior consent, Seller shall not initiate, consent to, approve or otherwise take any action with respect to zoning or other governmental rules or regulations presently applicable to all or any part of the Property, or consent to the foregoing.

#### **Section 7.5 Service Contracts.**

Within ten (10) days prior to the expiration of the Contingency Period, Buyer will advise Seller in writing which Service Contracts Buyer will assume and which Service Contracts Buyer requests be terminated at Closing, provided Seller shall have no obligation to terminate, and Buyer shall be obligated to assume, any Service Contracts which by their terms cannot be

terminated without penalty or payment of a fee or other cost to Seller. Seller shall deliver at Closing notices of termination of all Service Contracts that are not so assumed and Buyer shall be responsible for any charges applicable to periods commencing with the Closing. Notwithstanding the foregoing, Seller shall terminate, as of the Closing Date, all existing management and leasing brokerage agreements with respect to the Property.

**Section 7.6 Seller's Cooperation and Execution of Documentation and Applications.**

Following the Contingency Period Buyer may pursue issuance of entitlements and permits with the City of Renton, and seek all other necessary governmental approvals to permit Buyer to construct its desired improvements on the Property. Seller shall use reasonable efforts in cooperating with Buyer to allow Buyer to obtain all approvals, entitlements and permits deemed necessary by Buyer, such as signing application documents (the "**Approval Documents**"). Seller further agrees to execute Approval Documents within ten (10) days following written notice from Buyer that Buyer deems to be necessary or appropriate, at Buyer's sole discretion, for the purposes of applying for and furthering the processing of approvals, entitlements and permits required for Buyer's proposed use of the Property. Seller shall coordinate and cooperate with Buyer in every reasonable respect in connection with Buyer's efforts to obtain approvals, entitlements and permits that the Buyer determines necessary in Buyer's sole discretion; provided, however, that without Seller's prior written consent, no action by Buyer taken under this Section 7.6 may be binding upon the Property or Seller until Buyer closes its purchase of the Property, nor shall any Approval Document obligate Seller to incur any present or future cost or liability. Following the Contingency Period and upon Buyer's written request, Seller shall execute and deliver to Buyer a letter of authority in the form of Exhibit G. Notwithstanding anything to the contrary contained herein, Seller's cooperation required by this Section 7.6 shall be at Buyer's sole cost and expense, and Buyer shall indemnify, defend and hold Seller harmless from any cost or liability associated with entitlements, approvals or permits pursued by Buyer, and Buyer shall promptly reimburse Seller for any and all costs and expenses (including, but not limited to, reasonable attorneys' fees associated with reviewing Approval Documents) incurred by Seller relating to such cooperation. Buyer will provide Seller with copies of or electronic access to any application or submittal regarding Buyer's development of the Property that Buyer makes to any governmental authority.

**ARTICLE VIII**

**CLOSING AND ESCROW**

**Section 8.1 Escrow Instructions.**

Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.



**Section 8.2 Closing.**

The Closing hereunder shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the office of the Title Company specified in Section 1.2(b), or as otherwise mutually agreed by Seller and Buyer in writing, on June 21, 2019, or such other earlier date and time as Buyer and Seller may mutually agree upon in writing (the "**Closing Date**"). Buyer shall have the right to extend the Closing Date to and including December 21, 2019, by giving Seller written notice of the extension by no later than June 10, 2019, and by paying an additional \$700,000 to the Title Company within two business days after Buyer gives the Closing Date extension notice, which sum shall become part of the Deposit. This additional \$700,000 payment shall be applicable to the Purchase Price, and shall be refundable to Buyer only under the instance in which the Deposit is refundable to Buyer hereunder. Except as expressly provided herein, such date and time may not be extended without the prior written approval of both Seller and Buyer.

**Section 8.3 Deposit of Documents.**

(a) At or before the Closing, Seller shall deposit into escrow the following items:

(1) the duly executed and acknowledged Deed substantially in the form attached hereto as Exhibit C conveying the Real Property to Buyer subject to the Conditions of Title;

(2) two (2) duly executed and acknowledged counterparts of (each of) the Easement(s);

(3) four (4) duly executed counterparts of the Bill of Sale substantially in the form attached hereto as Exhibit D (the "**Bill of Sale**");

(4) four (4) duly executed counterparts of an Assignment and Assumption of Service Contracts, Warranties and Other Intangible Property substantially in the form attached hereto as Exhibit E pursuant to the terms of which Buyer shall assume all of Seller's obligations under the Service Contracts and other documents and agreements affecting the Property (the "**Assignment of Contracts**");

(5) two (2) duly executed and acknowledged counterparts of the PSE Lease;

(6) an affidavit pursuant to Section 1445(b)(2) of the Code, and on which Buyer is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code; and

(7) All other documents reasonably requested by Title Company to be necessary to effectuate the transfer of the Property to Buyer, including, without limitation, such organizational and authorizing documents of Seller as shall be reasonably required by the Title Company to evidence Seller's authority to consummate the transactions contemplated by this Agreement.

At or before Closing, Buyer shall deposit into escrow the following items:

(1) immediately available funds necessary to close this transaction, including, without limitation, the Purchase Price (less the Deposit and interest thereon net of investment fees, if any) and funds sufficient to pay Buyer's closing costs and share of prorations hereunder;

(2) two (2) duly executed and acknowledged counterparts of (each of) the Easement(s);

(3) four (4) duly executed counterparts of the Bill of Sale;

(4) four (4) duly executed counterparts of the Assignment of Contracts; and

(5) two (2) duly executed and acknowledged counterparts of the PSE Lease.

(b) Seller and Buyer shall each execute and deposit a closing statement, such transfer tax declarations and such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the acquisition of the Property in accordance with the terms hereof. Seller and Buyer hereby designate Title Company as the "**Reporting Person**" for the transaction pursuant to Section 6045(e) of the Code and the regulations promulgated thereunder and agree to execute such documentation as is reasonably necessary to effectuate such designation.

(c) On or before the Closing Date, Seller shall deliver or make available at the Property to Buyer: originals of any items which Seller was required to furnish Buyer copies of or make available at the Property pursuant to Sections 2.1(b) or (e) above, to the extent in Seller's possession, except for Seller's general ledger and other internal books or records which shall be retained by Seller. Seller shall deliver possession of the Property to Buyer as required hereunder.

#### Section 8.4 Prorations.

(a) Rents, including, without limitation, percentage rents, if any, and any additional charges and expenses payable by tenants under leases, if any, all as and when actually collected; real property taxes and assessments; water, sewer and utility charges; amounts payable under any Service Contracts or other agreements or documents; annual permits and/or inspection fees (calculated on the basis of the period covered); and any other expenses of the operation and maintenance of the Property (including, without limitation, expenses prepaid by Seller and expenses already paid by Seller but which are being amortized over time by Seller and with respect to which Seller shall receive a credit at Closing in the amount of the prepaid or unamortized portion thereof), shall all be prorated as of 12:01 a.m. on the date of Closing (i.e., Buyer is entitled to the income and responsible for the expenses of the day of Closing), on the basis of a 365-day year. Buyer shall reimburse Seller for the tenant improvement costs, leasing commissions, legal fees and other expenses, and free rent and other concessions, as provided in Section 7.2.

All prepaid rent in respect of any period after the Closing Date, any free rent under the leases (other than the PSE Lease) and all security and any other refundable deposits shall be credited to Buyer at Closing. Seller shall receive credits at Closing for the amount of any utility or other deposits with respect to the Property. Buyer shall cause all utilities to be transferred into Buyer's name and account at the time of Closing.

Seller and Buyer hereby agree that if any of the aforesaid proration and credits cannot be calculated accurately on the Closing Date, then the same shall be calculated as soon as reasonably practicable after the Closing Date or the date such amounts have been collected, and either party owing the other party a sum of money based on such subsequent proration(s) or credits shall pay said sum to the other party within thirty (30) days thereafter. Any amounts not paid within such thirty (30) day period shall bear interest from the date actually received by the payor until paid at the greater of (i) the rate of ten percent (10%) per annum or (ii) the prime rate (or base rate) reported from time to time in the "Money Rates" column or section of The Wall Street Journal as being the base rate on corporate loans at larger United States money center commercial banks plus two (2) percent.

(b) Buyer shall pay the following costs: (i) 100% of the cost of all premiums and charges of the Title Company for any extended Owner's Title Policy above the cost of the WLTA standard coverage policy (including, without limitation, any endorsements requested by Buyer), (ii) the cost of any surveys of the Property prepared at Buyer's request, and any updates thereto, (iii) recording and filing charges in connection with the instruments by which Seller conveys the Property and any mortgages or financing statements pertaining to any Buyer financing, (iv) 50% of all escrow and/or closing charges, (v) 50% of the cost of recording the Easement(s), and (vi) all fees due its attorneys (including, but not limited to, the cost of negotiating this Agreement and the PSE Lease) and all costs of Buyer's due diligence, including fees due its consultants.

(c) Seller shall pay the following costs: (i) the base cost of a WLTA standard title coverage policy of title insurance plus the cost of curative endorsements requested by Seller, if any, (ii) all fees due its attorneys (including, but not limited to, the cost of negotiating this Agreement and the PSE Lease), (iii) 50% of all escrow or closing charges, (iv) 50% of the cost of recording the Easement(s), and (v) all transfer real estate excise and documentary taxes, if any, applicable to the transfer of the Property to Buyer.

(d) The provisions of this Section 8.4 shall survive the Closing.

#### **8.5 Possession.**

Seller shall retain possession of the Property after the Closing pursuant to the terms of a Lease Agreement (dated contemporaneously with the Closing) in which Seller, as tenant, leases the property from Buyer, as landlord (the "PSE Lease"). The form of the PSE Lease shall be negotiated in good faith by Buyer and Seller during the Contingency Period. If Buyer and Seller are able to negotiate mutually acceptable terms for the PSE Lease, that Lease shall be attached hereto as Exhibit F. Buyer and Seller shall each execute and deliver two (2) original, acknowledged counterparts of the PSE Lease to the Escrow Agent at or prior to Closing.

**ARTICLE IX**

**MISCELLANEOUS**

**Section 9.1 Notices.**

Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile with confirmation of receipt, (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, or (e) by e-mail if followed by one of the other methods, and such notices shall be addressed as follows:

To Seller: Puget Sound Energy  
355 110<sup>th</sup> Avenue N.E.  
Bellevue, Washington 98004  
Attention: Douglas Loreen  
  
E-Mail: [doug.loreen@pse.com](mailto:doug.loreen@pse.com)

with a copy to: Kyle L. Branum  
c/o Summit Law Group PLLC  
315 5<sup>th</sup> Avenue S., Suite 1000  
Seattle, WA 98104-2682  
Fax No.: (206) 676-7001  
E-Mail: [kyleb@summitlaw.com](mailto:kyleb@summitlaw.com)

To Buyer: c/o SECO Development, Inc.  
1133 Lake Washington Blvd. N., Suite 90  
Renton, WA 98056  
Attention: Michael Christ  
Phone No.: (425) 282-5833  
Fax No.: (425) 282-5838  
email: [mchrist@secodev.com](mailto:mchrist@secodev.com)

with a copy to: Alston, Courtnage & Bassetti LLP  
1420 Fifth Avenue, Suite 3650  
Seattle, WA 98101-4011  
Attention: Tom Read  
Phone No.: (206) 386-5220  
Fax No.: (206) 623-1752  
email: [tread@alcourt.com](mailto:tread@alcourt.com)

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be effective only upon receipt or the date of written evidence that acceptance of delivery has been refused.

## Section 9.2 Entire Agreement.

This Agreement, together with the Exhibits and schedules hereto, contains all representations, warranties and covenants made by Buyer and Seller and constitutes the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement together with the Exhibits and schedules hereto.

## Section 9.3 Entry and Indemnity.

In connection with any entry by Buyer, or its agents, employees or contractors onto the Property, Buyer shall give Seller reasonable advance notice of such entry and shall conduct such entry and any inspections in connection therewith (a) during normal business hours, (b) so as to minimize, to the greatest extent possible, interference with Seller's business and the business of Seller's tenants, (c) in compliance with all applicable laws, and (d) otherwise in a manner reasonably acceptable to Seller. Without limiting the foregoing, prior to any entry to perform any testing on the Property, including but not limited to any borings, drillings or samplings, Buyer shall give Seller written notice thereof, including the identity of the company or persons who will perform such testing and the proposed scope and methodology of the testing. Seller shall approve or disapprove, in Seller's sole discretion, the proposed testing, including vendors used to perform such testing, within three (3) business days after receipt of such notice. If Seller fails to respond within such three (3) business day period, Seller shall be deemed to have disapproved the proposed testing. If Buyer or its agents, employees or contractors take any sample from the Property in connection with any such approved testing, Buyer shall provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing. Buyer shall permit Seller or its representative to be present to observe any testing or other inspection or due diligence review performed on or at the Property. Upon the request of Seller, Buyer shall promptly deliver to Seller copies of any reports relating to any testing or other inspection of the Property performed by Buyer or its agents, representatives, employees, contractors or consultants. Notwithstanding anything to the contrary contained herein, Buyer shall not contact any governmental authority or any tenant without first obtaining the prior written consent of Seller thereto in Seller's sole discretion, and Seller, at Seller's election, shall be entitled to have a representative participate in any telephone or other contact made by Buyer to a governmental authority or tenant and present at any meeting by Buyer with a governmental authority or tenant. Buyer shall maintain, and shall assure that its contractors maintain, public liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of Buyer and its agents, employees or contractors, arising out of any entry or inspections of the Property pursuant to the provisions hereof, and Buyer shall provide Seller with evidence of such insurance coverage upon request by Seller. Buyer shall indemnify and hold Seller harmless from and against any costs, damages, liabilities, losses, expenses, liens or claims (including, without limitation, court costs and reasonable attorneys' fees and disbursements) arising out of or relating to any entry on the Property by Buyer, its agents, employees or contractors in the course of performing the inspections, testings or inquiries provided for in this Agreement, including, without limitation, any release of Hazardous Materials or any damage to the Property; provided that Buyer shall not be liable to Seller solely as a result of the discovery by Buyer of a pre-existing condition on the Property to the extent the activities of Buyer, its agents, representatives, employees, contractors or consultants do not exacerbate the condition.

The provisions of this Section 9.3 shall be in addition to any access or indemnity agreement previously executed by Buyer in connection with the Property; provided that in the event of any inconsistency between this Section 9.3 and such other agreement, the provisions of this Section 9.3 shall govern. The foregoing indemnity shall survive beyond the Closing, or, if the sale is not consummated, beyond the termination of this Agreement. Buyer's right of entry, as provided in this Section 9.3, shall continue up through the date of Closing.

**Section 9.4 Time.**

Time is of the essence in the performance of each of the parties' respective obligations contained herein.

**Section 9.5 Attorneys' Fees.**

If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, whether prior to or after Closing, or if any party defaults in payment of its post-Closing financial obligations under this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

**Section 9.6 Assignment.**

Buyer's rights and obligations hereunder shall not be assignable without the prior written consent of Seller in Seller's sole discretion. Notwithstanding the foregoing, Buyer shall have the right, without the necessity of obtaining Seller's consent but with prior written notice to Seller, to assign its right, title and interest in and to this Agreement to an entity under common control with Buyer at any time before the Closing Date, provided that in the event of any such assignment the Guaranty will remain in place and Guarantor will not be released from its obligations under the Guaranty unless replaced by a guarantor acceptable to Seller in Seller's sole discretion.. As used in the preceding sentence, the term "**control**" shall mean Buyer or an affiliate of Buyer has an ownership interest in, and as a managing member, general partner or in a similar capacity, of the assignee entity. Buyer shall in no event be released from any of its obligations or liabilities hereunder in connection with any assignment. Without limiting and notwithstanding the above, in no event shall Buyer have the right to assign its rights or obligations hereunder to any party which could not make the representation and warranty contained in Section 3.5(e) above, and in connection with any assignment pursuant to the terms hereof, the assignee shall reconfirm in a written instrument acceptable to Seller and delivered to Seller prior to the effective date of the assignment said representation and warranty as applied to the assignee and that all other terms and conditions of this Agreement shall apply to such assignee. Subject to the provisions of this Section, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**Section 9.7 Counterparts.**

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

**Section 9.8 Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State in which the Real Property is located.

**Section 9.9 Confidentiality and Return of Documents.**

Buyer and Seller shall each maintain as confidential any and all material obtained about the other or, in the case of Buyer, about the Property, this Agreement or the transactions contemplated hereby, and shall not disclose such information to any third party. Notwithstanding the foregoing, following Closing the parties may disclose information about the transaction, excluding financial terms. Except as may be required by law, Buyer will not divulge any such information to other persons or entities including, without limitation, appraisers, real estate brokers, or competitors of Seller. Notwithstanding the foregoing, Buyer shall have the right to disclose information with respect to the Property to its officers, directors, employees, appraisers, attorneys, accountants, environmental auditors, engineers, potential lenders, potential investors, potential tenants, the City of Renton and other permitting authorities and utility providers with jurisdiction over the Property, and permitted assignees under this Agreement and other consultants to the extent necessary for Buyer to evaluate its acquisition of the Property provided that all such persons are told that such information is confidential and agree (in writing for any third party engineers, environmental auditors or other consultants) to keep such information confidential. Seller and Buyer shall have the right, prior to the Closing of such acquisition, to publicize the transaction (other than the parties to or the specific economics of the transaction) in whatever manner it deems appropriate; provided that any press release or other public disclosure regarding this Agreement or the transactions contemplated herein, and the wording of same, must be approved in advance by both parties. The provisions of this paragraph shall survive the Closing or any termination of this Agreement. In the event the transaction contemplated by this Agreement does not close as provided herein, upon the request of Seller, Buyer shall promptly return to Seller all Due Diligence Materials and other documents and copies obtained by Buyer in connection with the purchase of the Property hereunder.

**Section 9.10 Interpretation of Agreement.**

The article, section and other headings of this Agreement are for convenience of reference only and shall not be construed to affect the meaning of any provision contained herein. Where the context so requires, the use of the singular shall include the plural and vice versa and the use of the masculine shall include the feminine and the neuter. The term "person" shall include any individual, partnership, joint venture, corporation, trust, unincorporated association, any other entity and any government or any department or agency thereof, whether acting in an individual, fiduciary or other capacity.

**Section 9.11 Limited Liability.**

The obligations of Seller under this Agreement and under all of the Other Documents are intended to be binding only on the property of Seller and shall not be personally binding upon, nor shall any resort be had to, the private properties of any Seller Related Parties.

**Section 9.12 Amendments.**

This Agreement may be amended or modified only by a written instrument signed by Buyer and Seller.

**Section 9.13 No Recording.**

Neither this Agreement or any memorandum or short form thereof may be recorded by Buyer.

**Section 9.14 Drafts Not an Offer to Enter into a Legally Binding Contract.**

The parties hereto agree that the submission of a draft of this Agreement by one party to another is not intended by either party to be an offer to enter into a legally binding contract with respect to the purchase and sale of the Property. The parties shall be legally bound with respect to the purchase and sale of the Property pursuant to the terms of this Agreement only if and when the parties have been able to negotiate all of the terms and provisions of this Agreement in a manner acceptable to each of the parties in their respective sole discretion, and both Seller and Buyer have fully executed and delivered to each other a counterpart of this Agreement (or a copy by facsimile transmission) (the "Effective Date").

**Section 9.15 ERISA; Counterparty Identification Form.**

Without limiting Buyer's representation and warranty in Section 3.5(e) above, within twenty (20) days after the Effective Date, Buyer shall furnish to Seller all information regarding Buyer, as Seller reasonably requests in order to enable Seller to determine to Seller's reasonable satisfaction that Buyer's representation and warranty contained in Section 3.5(e) of this Agreement is true and correct. Buyer represents and warrants and covenants to Seller that there will not be any change in any such information regarding Buyer prior to or on the Closing. In the event any such information or change in Seller's reasonable judgment makes this transaction a sale to a party-in-interest, Seller may, within thirty (30) days after the Effective Date, terminate this Agreement without liability on the part of Seller or Buyer (provided such change did not occur as a result of a default by Buyer), other than Buyer's indemnity contained in Section 9.3 hereof and the obligations of Buyer contained in Section 6.1 and Section 9.9 hereof, and the Deposit will be returned to Buyer.

**Section 9.16 No Partnership.**

The relationship of the parties hereto is solely that of Seller and Buyer with respect to the Property and no joint venture or other partnership exists between the parties hereto. Neither party has any fiduciary relationship hereunder to the other.



**Section 9.17 No Third Party Beneficiary.**

The provisions of this Agreement are not intended to benefit any third parties.

**Section 9.18 Limitation on Liability.**

Notwithstanding anything to the contrary contained herein, and excluding Seller's obligations under Section 3.2 above, after the Closing: (a) the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer (including, without limitation, for any breach of any representation, warranty and/or covenant by Seller) under this Agreement or any documents executed pursuant hereto or in connection herewith, including, without limitation, the Deed, the Bill of Sale, and the Assignment of Contracts (collectively, the "**Other Documents**"), shall under no circumstances whatsoever exceed Six Hundred Seventy-Five Thousand and No/100 Dollars (\$675,000.00); and (b) no claim by Buyer alleging a breach by Seller of any representation, warranty and/or covenant of Seller contained herein or in any of the Other Documents may be made, and Seller shall not be liable for any judgment in any action based upon any such claim, unless and until such claim, either alone or together with any other claims by Buyer alleging a breach by Seller of any such representation, warranty and/or covenant is for an aggregate amount in excess of Twenty-Five Thousand Dollars (\$25,000) (the "**Floor Amount**"), in which event Seller's liability respecting any final judgment concerning such claim or claims shall be for the entire amount thereof, subject to the limitation set forth in clause (a) above; provided, however, that if any such final judgment is for an amount that is less than or equal to the Floor Amount, then Seller shall have no liability with respect thereto.

**Section 9.19 Survival.**

Except as expressly set forth to the contrary herein, no representations, warranties, covenants or agreements of Seller contained herein shall survive the Closing.

**Section 9.20 1031 Exchange.**

Seller and Buyer each herein reserves the right to consummate this transaction as part of a deferred exchange of like kind property as provided by Section 1031 of the Internal Revenue Code, including the right to assign its rights, but not its obligations hereunder to a Qualified Intermediary as provided in the Internal Revenue Code on or before the Closing Date. Both Seller and Buyer agree to reasonably cooperate with each other in this regard at or prior to Closing and execute reasonably necessary documents as appropriate. Neither party shall not be obligated to execute any document in addition to an acknowledgment of the other party's assignment of this Agreement to the Qualified Intermediary. Should there be any costs associated with this deferred exchange they will be borne solely by the party exercising its rights hereunder. Such deferred exchange shall not delay the Closing of this transaction. Seller and Buyer each hereby indemnifies and holds the other party harmless in connection with any matter concerning or arising out of such deferred exchange which indemnification shall survive the Closing for which the other party would not have been responsible had this Section not been operative.

**Section 9.21 Switch Area Right of First Offer.**

Seller grants Buyer the right of first offer to purchase the Switch Area. This right of first offer shall commence upon recording of the Lot Line Adjustment described in Section 1.1 above to create the Switch Area as a separate legal parcel and shall continue thereafter for ten years after Closing. Before Seller markets the Switch Area for sale, or responds to any offer to purchase the Switch Area, Seller shall give Buyer written notice of Seller's intent to sell the Switch Area, and the terms on which Seller is proposing to sell the Switch Area. Buyer shall have fifteen (15) days from the date of Seller's notice in which to notify Seller that Buyer elects to negotiate with Seller for the purchase of the Switch Area; if Seller has not received such a notice from Buyer within such fifteen (15) day period, then Buyer shall be deemed to have elected not to negotiate for the purchase of the Switch Area, and this right of first offer shall expire. If Buyer timely elects to negotiate for the purchase of the Switch Area, then Seller and Buyer shall negotiate for a period of fifteen (15) days after the date of Buyer's election notice to Seller, and attempt during such time to agree on the terms of a mutually acceptable purchase and sale agreement for the purchase and sale of the Switch Area. If Buyer and Seller have not signed a mutually acceptable agreement for the purchase and sale of the Switch Area within this second fifteen (15) day period, then Seller is thereafter free to sell the Switch Area without further notice to Buyer, and this right of first offer shall expire.

**Section 9.22 Guaranty.**

Buyer's obligations under this Agreement shall be guaranteed by SECO Development, Inc. ("Guarantor") pursuant to the terms of that guaranty attached hereto as Exhibit H (the "Guaranty").

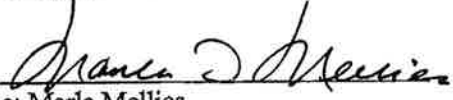
**Section 9.23 Survival of Article IX.**

The provisions of this Article IX shall survive the Closing.

*[Signatures appear on following page]*

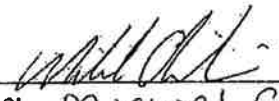
The parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

**Seller:** **PUGET SOUND ENERGY, INC.,**  
a Washington corporation

By:   
Name: Marla Mellies  
Its: Senior Vice President, Chief  
Administrative Officer

**Buyer:** **SOUTHPORT WEST LLC, a**  
Washington limited liability company

By: SECO DEVELOPMENT, INC., its  
manager

By:   
Name: Michael Christ  
Its: CEO

## **LIST OF EXHIBITS AND SCHEDULES**

### **Exhibits**

- Exhibit A Real Property Description
- Exhibit A-1 Description of Easement(s)
- Exhibit A-2 Location of Ground Water Sampling Wells
- Exhibit B Form 17 (Section 6 only)
- Exhibit C Form of Deed
- Exhibit D Form of Bill of Sale
- Exhibit E Form of Assignment of Service Contracts, Warranties and Other Intangible Property
- Exhibit F Form of PSE Lease
- Exhibit G Letter of Authority
- Exhibit H Guaranty

### **Schedules**

- Schedule 1 Disclosure Items

Exhibit A

**REAL PROPERTY DESCRIPTION**

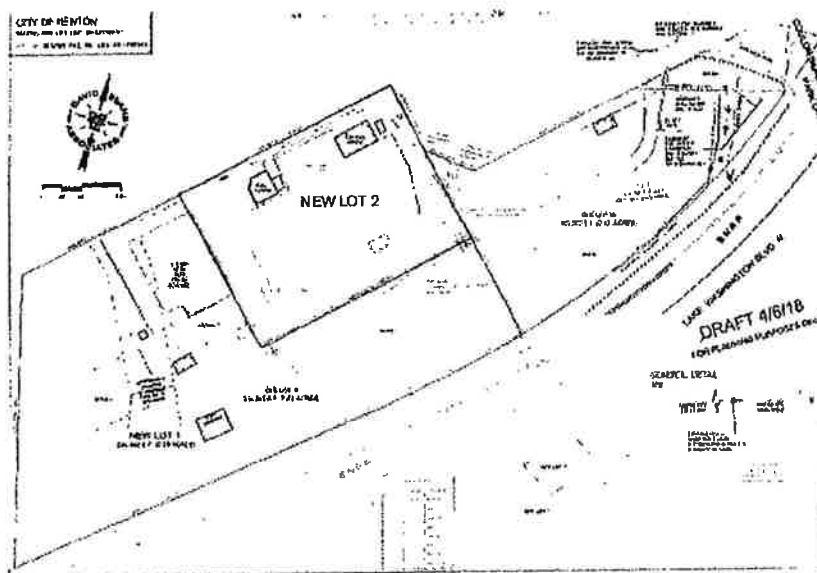
**(LEGAL DESCRIPTION TO BE ADDED AFTER LLA IS COMPLETE)**

LOT A OF CITY OF RENTON LOT LINE ADJUSTMENT NO LUA 98-176-LLA RECORDING NO 9902019014 BEING A PORTION OF GOV LOT 1 IN NW 1/4 OF SECTION 08-23-05 & PORTION LAKE WASH SHORELAND LY NLY & WLY OF BURLINGTON NORTHERN RAILROAD CO R/W TCO 17-1681

AND

LOT C OF CITY OF RENTON LOT LINE ADJUSTMENT NO LUA 98-176-LLA RECORDING NO 9902019014 BEING A PORTION OF GOV LOT 1 IN NW 1/4 OF SECTION 08-23-05 LY NLY & WLY OF BURLINGTON NORTHERN RAILROAD CO R/W TCO 17-1682

MINUS New Lot "2", AKA the Switch Area, as described in Section 1.1(c) of the Agreement



**Exhibit A-1**

**DESCRIPTION OF EASEMENT(S)**

1. **Transmission Line Easement.** Easement for existing transmission and distribution lines, which shall include the right to install additional transmission lines within the easement area. Buyer covenants that the Buyer will not protest or challenge, engage in any direct or indirect activities related to any proposed future improvements, construction of any electrical facilities, including but not limited to transmission lines on the Property.
2. **Road and Utility Easement.** Easement for roadway and utilities for the benefit of the Switch Area, including any future connection to the proposed Park Avenue N Extension, with the appropriate turning radius in order to accommodate a low-boy. Buyer shall, at Buyer's sole expense, extend water, sewer and storm water utility lines installed on the Land to the property line of the Switch Area, in a location reasonably acceptable to Seller, and shall permit Seller to connect to the water, sewer and storm water utility system installed in the Land at no cost to Seller. In the event Buyer is able to collect late comer fees for installation of utilities on the Land, Buyer shall waive any such fees assessed against the Switch Area.
3. **Fence Easement.** An easement for a fence, to be installed and maintained by Buyer, along the eastern boundary of the Land. Buyer agrees to increase the height of the east cyclone fence above the rockery to a minimum height of 8 feet for safety and security purposes.
4. **Ingress/Egress.** An easement for access to the Property to perform monitoring and sampling of groundwater monitoring wells located on the Property (as shown on Exhibit A-2 attached hereto) and for operation and maintenance of an air sparge and soil vapor extraction (SVE) system.

NOTE: All easements shall be on PSE's form easement to be provided with the Due Diligence Materials.

**Exhibit A-2**

**LOCATION OF GROUND WATER SAMPLING WELLS**



**Exhibit B**

**FORM 17 – SECTION 6 ONLY**

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY LEGALLY DESCRIBED ON ATTACHED EXHIBIT A ("THE PROPERTY").

SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO BUYER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, YOU HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS, ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS, OR WARRANTIES.

Seller is/ is not occupying the property.

- |                          |                          |                                     |  |
|--------------------------|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | *A. Have there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property? |
| Yes                      | No                       | Don't know                          |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | *B. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?     |
| Yes                      | No                       | Don't know                          |  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | *C. Are there any shorelines, wetlands, floodplains, or critical areas on the property?  |
| Yes                      | No                       | Don't know                          |  |



Yes  No  Don't know \*D. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water?

Yes  No  Don't know \*E. Is there any soil or groundwater contamination?


Yes  No  Don't know \*F. Has the property been used as a legal or illegal dumping site?

Yes  No  Don't know \*G. Has the property been used as an illegal drug manufacturing site?

DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED BY SELLER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS BUYER AND SELLER OTHERWISE AGREE IN WRITING, BUYER SHALL HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS DISCLOSURE STATEMENT TO RESCIND THE AGREEMENT BY DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.

BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES MADE HEREIN ARE THOSE OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE LICENSEE OR OTHER PARTY.

**SOUTHPORT WEST LLC, a  
Washington limited liability company**

By:   
Name: Michael Christ  
Its: CEO of SECO Development  
Managing Member

**Exhibit C**

**FORM OF DEED**

**BARGAIN AND SALE DEED**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(WASHINGTON)

**Return  
Name and Address:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Document  
Title:**

\_\_\_\_\_

Recording numbers of related documents on page \_\_\_\_ of document

**NAME OF  
GRANTOR(S):  
(Last name first)**

1. \_\_\_\_\_  
2. \_\_\_\_\_

Additional names on page \_\_\_\_ of document  
(Last name first)

**NAME OF  
GRANTEE(S):  
(Last name first)**

1. \_\_\_\_\_  
2. \_\_\_\_\_

Additional names on page \_\_\_\_ of document  
(Last name first)

**ABBREVIATED  
LEGAL  
DESCRIPTION:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Additional or complete legal description is on  
page/exhibit \_\_\_\_ of document

**ASSESSOR'S  
PROPERTY TAX  
PARCEL ACCOUNT  
NUMBER(S):**

BARGAIN AND SALE DEED  
(WASHINGTON)

FILED FOR RECORD AT REQUEST OF

WHEN RECORDED RETURN TO:

Name:  
Address:

**BARGAIN AND SALE DEED**

The Grantor, PUGET SOUND ENERGY, INC., a Washington corporation, for and in consideration of Ten Dollars (\$10.00), in hand paid, bargains, sells, and conveys to \_\_\_\_\_, the Grantee, \_\_\_\_\_, the following-described real property situated in the County of King, State of Washington described in Exhibit A attached hereto.

This conveyance is subject to those liens, charges and encumbrances described in Exhibit B attached hereto [LIST OF PERMITTED EXCEPTIONS ON TITLE].

DATED \_\_\_\_\_, 201\_\_.

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

BARGAIN AND SALE DEED  
(WASHINGTON)

[CORPORATE]

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF                    )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_, before me personally appeared \_\_\_\_\_, to me personally known or shown by satisfactory evidence to be the \_\_\_\_\_ of PUGET SOUND ENERGY, INC., the \_\_\_\_\_ corporation that executed the within and foregoing instrument, and acknowledged 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 (s)he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

BARGAIN AND SALE DEED  
(WASHINGTON)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Signature: \_\_\_\_\_

Name (Print):

NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

Exhibit D

**FORM OF BILL OF SALE**

This Bill of Sale (the "Bill of Sale") is made and entered into as of \_\_\_\_\_, 20\_\_, by and between PUGET SOUND ENERGY, INC., a Washington corporation ("Assignor"), and \_\_\_\_\_ ("Assignee").

In consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby assign, transfer, convey and deliver to Assignee, its successors and assigns, all items of Tangible Personal Property (as defined in the Agreement referred to below), if any, owned by Assignor and situated upon and used exclusively in connection with the Real Property (as defined in the Agreement) and more particularly described on Exhibit A attached hereto and made a part hereof for all purposes, including, without limitation, the Tangible Personal Property identified in Exhibit B, if any, attached hereto and made a part hereof for all purposes (the "Personal Property").

Assignee acknowledges and agrees that, except as expressly provided in, and subject to the limitations contained in, that certain Agreement of Purchase and Sale dated \_\_\_\_\_, 20\_\_, by and between Assignor and Assignee (the "Agreement"), Assignor has not made, does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the nature, quality or conditions of the personal property, (b) the income to be derived from the personal property, (c) the suitability of the personal property for any and all activities and uses which Assignee may conduct thereon, (d) the compliance of or by the personal property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, (e) the quality, habitability, merchantability or fitness for a particular purpose of any of the personal property, or (f) any other matter with respect to the personal property; provided, however, that Assignor represents and warrants that to Assignor's knowledge, Assignor has not heretofore assigned any portion of the Personal Property to any other party. Assignee further acknowledges and agrees that, having been given the opportunity to inspect the personal property, Assignee is relying solely on its own investigation of the personal property and not on any information provided or to be provided by Assignor, except as specifically provided in the Agreement. Assignee further acknowledges and agrees that any information provided or to be provided with respect to the personal property was obtained from a variety of sources and that Assignor has not made any independent investigation or verification of such information. Assignee further acknowledges and agrees that the sale of the personal property as provided for herein is made on an "as is, where is" condition and basis "with all faults," except as specifically provided in, and subject to the limitations contained in, this Bill of Sale and/or the Agreement.

The obligations of Assignor are intended to be binding only on the property of Assignor and shall not be personally binding upon, nor shall any resort be had to, the private properties of any Seller Related Parties (as defined in the Agreement). This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Bill of Sale to be executed on the date and year first above written.

**Assignor:** PUGET SOUND ENERGY, INC.,  
a Washington corporation

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

**Assignee:** \_\_\_\_\_  
a \_\_\_\_\_

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

Exhibit E

**FORM OF ASSIGNMENT OF SERVICE CONTRACTS,  
WARRANTIES AND OTHER INTANGIBLE PROPERTY**

This Assignment of Service Contracts, Warranties and Other Intangible Property (this "Assignment") is made and entered into \_\_\_\_\_, 20\_\_, by and between PUGET SOUND ENERGY, INC., a Washington corporation ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

For good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby assign, transfer, set over and deliver unto Assignee all of Assignor's right, title, and interest in and to the following (collectively, the "Assigned Items"): (i) those certain service contracts, equipment leases, tenant improvement agreements and leasing agreements (the "Service Contracts") listed on Exhibit A, if any, attached hereto and made a part hereof for all purposes, and (ii) those certain warranties held by Assignor (the "Warranties") listed on Exhibit B, if any, attached hereto and made a part hereof for all purposes, and (iv) all zoning, use, occupancy and operating permits, and other permits, licenses, approvals and certificates, maps, plans, specifications, and all other Intangible Personal Property (as defined in the Agreement) owned by Assignor and used exclusively in the use or operation of the Real Property and Personal Property (each as defined in the Agreement), including, without limitation, any right of Assignor to use the name "\_\_\_\_\_" and any other trade name owned by Assignor now used exclusively in connection with the Real Property and any utility contracts or other agreements or rights relating to the use and operation of the Real Property and Personal Property but excluding the names "\_\_\_\_\_" and "\_\_\_\_\_" (collectively, the "Other Intangible Property").

ASSIGNEE ACKNOWLEDGES AND AGREES, BY ITS ACCEPTANCE HEREOF, THAT, EXCEPT AS EXPRESSLY PROVIDED IN, AND SUBJECT TO THE LIMITATIONS CONTAINED IN, THAT CERTAIN AGREEMENT OF PURCHASE AND SALE, DATED AS OF \_\_\_\_\_, 20\_\_, BY AND BETWEEN ASSIGNOR AND ASSIGNEE (THE "AGREEMENT"), THE ASSIGNED ITEMS ARE CONVEYED "AS IS, WHERE IS" AND IN THEIR PRESENT CONDITION WITH ALL FAULTS, AND THAT ASSIGNOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE NATURE, QUALITY OR CONDITION OF THE ASSIGNED ITEMS, THE INCOME TO BE DERIVED THEREFROM, OR THE ENFORCEABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE ASSIGNED ITEMS; PROVIDED, HOWEVER, THAT TO ASSIGNOR'S KNOWLEDGE, ASSIGNOR HAS NOT HERETOFORE TRANSFERRED ANY PORTION OF THE ASSIGNED ITEMS TO ANY OTHER PARTY.

Except as otherwise expressly provided in Article VII of the Agreement, by accepting this Assignment and by its execution hereof, Assignee assumes the payment and performance of, and agrees to pay, perform and discharge, all the debts, duties and obligations to be paid, performed or discharged from and after the Closing Date (as defined in the Agreement) by the owner under the Service Contracts, the Warranties and/or the Other Intangible Property. Assignee agrees to indemnify, hold harmless and defend Assignor from and against any and all



claims, losses, liabilities, damages, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees and disbursements) resulting by reason of the failure of Assignee to pay, perform or discharge any of the debts, duties or obligations assumed or agreed to be assumed by Assignee hereunder arising out of or relating to, directly or indirectly, in whole or in part, the Assigned Items, from and after the Closing Date. Except as otherwise expressly provided in Article VII and subject to the provisions of Sections 3.2 and 9.19 of the Agreement (which provisions are not modified in any way by the following indemnity), Assignor agrees to protect, indemnify, defend and hold Assignee harmless from and against all claims, losses, damages, costs, expenses, obligations and liabilities (including, without limitation, court costs and reasonable attorneys' fees and disbursements) (collectively, "Claims") arising out of or relating to, directly or indirectly, in whole or in part, the Service Contracts prior to the Closing Date; provided, however, that the foregoing indemnity shall not apply to any Claims relating in any way to the physical, environmental or other condition of the Property (as defined in the Agreement) or the compliance or non-compliance of the Property with any legal requirements; and provided further that the foregoing indemnity shall apply solely to Claims first raised after the Closing Date and shall survive only for a period of twelve (12) months after the Closing Date. Any such Claim which Assignee may have at any time against Assignor, whether known or unknown, which is not specifically asserted by written notice to Assignor within such twelve (12) month period shall not be valid or effective, and neither Assignor nor any Seller Related Parties (as defined in the Agreement) shall have any liability with respect thereto.

The obligations of Assignor are intended to be binding only on the property of Assignor and shall not be personally binding upon, nor shall any resort be had to, the private properties of any Seller Related Parties.

All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed by and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed on the day and year first above written.

*Assignor:* PUGET SOUND ENERGY, INC.,  
a Washington corporation

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

*Assignee:* \_\_\_\_\_  
a \_\_\_\_\_

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

**(EXHIBIT A AND EXHIBIT B TO ASSIGNMENT TO BE ATTACHED)**

**Exhibit F**

**FORM OF LEASE**

**[To be negotiated during Contingency Period]**

**Exhibit G**

**LETTER OF AUTHORITY**

To: The City of Renton, and other governmental authorities with jurisdiction over the property described below

Ladies and Gentlemen:

On \_\_\_\_\_, 2018, the undersigned ("Seller") entered into an Agreement of Purchase and Sale (the "Agreement") with [ \_\_\_\_\_ LLC] ("Buyer") for the property located at \_\_\_\_\_, Renton, Washington, which is legally described on attached Exhibit A (the "Property").

As part of the sale, Seller shall convey to Buyer at the close of escrow, to the extent same exist and are assignable, all of its right, title and interest in all permits and applications associated with the development of the Property, as well as all associated underlying development documents, such as engineering drawings, surveys and similar documents, and together with all fees previously paid in connection with such documents. In addition, the undersigned is giving the Buyer the right to apply for, extend or modify prospective and existing entitlements and permits issued in connection with the Buyer's prospective purchase and development of the Property; provided, however, without Seller's prior written consent, none of same may bind the Property or Seller until Buyer closes its purchase of the Property.

The purpose of this letter is to confirm to you Seller's agreement that Buyer may proceed to act in Seller's place to process, modify or extend any pending applications, entitlements and permits associated with the Property, and to make application for new entitlements and permits related to the Property, without any further consent or authority from Seller.

**SELLER:**

\_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## Exhibit H

### GUARANTY

As an inducement to Puget Sound Energy, Inc., a Washington corporation ("Seller"), to enter into that Agreement of Purchase and Sale between Seller and Southport West LLC ("Buyer") dated 11-27, 2018 (the "PSA"), the undersigned (hereinafter "Guarantor"), being financially interested in Buyer and benefiting from the PSA, hereby guarantees to Seller the full and prompt payment of all sums due from or payable by the Buyer under Section 9.3 of the PSA, and the full and prompt performance and observance of all the covenants, terms, conditions and agreements in Section 9.3 of the PSA to be performed and observed by Buyer. Guarantor hereby covenants and agrees to and with Seller that if Buyer or its successors or assigns at any time defaults in the payment of any such sum or in the performance of any of the terms, covenants, provisions or conditions contained in Section 9.3 of the PSA, and if such default is not cured within the applicable cure period, Guarantor will immediately pay such sum or will forthwith perform and fulfill such terms, covenants, conditions and agreements, and will immediately pay to Seller, its successors and assigns, all damages that may arise as a consequence of any default by Buyer under Section 9.3 of the PSA, including without limitation, all reasonable attorneys' fees incurred by Seller. This is an absolute and unconditional guaranty of payment and performance of the obligations guaranteed by Guarantor.

The obligations hereunder are independent of the obligations of Buyer, and a separate action or actions may be brought and prosecuted against Guarantor, regardless of whether an action is brought against Buyer and regardless of whether Buyer is joined in such action or actions, and Guarantor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. The liability of Guarantor hereunder is primary and shall not be affected or diminished by any transfer of Buyer's interest in the PSA.

Guarantor authorizes Seller, without notice or demand and without affecting Guarantor's liability hereunder, from time to time to (a) renew, extend, accelerate or otherwise change the time for payments under, or otherwise change the terms of, the PSA or any part thereof; (b) take and hold security for the payment of this Guaranty or the indebtedness guaranteed and exchange, enforce, waive and release any such security; (c) modify or alter the liability of Buyer under the PSA; or (d) to settle or compromise any claim of Seller against Buyer. Seller may assign the PSA and/or this Guaranty in whole or in part, without notice and without in any manner affecting Guarantor's obligations hereunder.

Guarantor waives any right to require Seller to (a) proceed against Buyer; (b) proceed against or exhaust any security held from Buyer; or (c) pursue any other remedy in Seller's power whatsoever. Guarantor waives any defense arising by reason of any disability or other defense of Buyer or by reason of the cessation from any cause whatsoever of the liability of Buyer. Until all obligations of Buyer to Seller under Section 9.3 of the PSA shall have been fully paid and performed, Guarantor shall have no right of subrogation, and waives any right to enforce any remedy which Seller now has or may hereafter have against Buyer, and waives any benefit of, and any right to participate in any security now or hereafter held by Seller. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence, creation or

incurring of new or additional indebtedness and all other notices of every kind and nature to which Guarantor might otherwise be entitled as a matter of law.

Any indebtedness of Buyer now or hereafter held by Guarantor is hereby subordinated to the indebtedness of Buyer to Seller and such indebtedness of Buyer to Guarantor, if Seller so requests, shall be collected, enforced and received by Guarantor as a trustee for Seller and be paid over to Seller on account of the indebtedness of Buyer to it, but without reduction or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Until such time as the obligations of the Buyer under Section 9.3 of the PSA have been performed in full, Guarantor agrees not to exercise any rights any of them may now or hereafter acquire against Buyer (whether by subrogation, reimbursement, or otherwise) arising out of payments to Seller hereunder. Guarantor hereby waives and relinquishes in favor of Seller and Buyer any claim or right to payment Guarantor may now have or hereafter have or acquire against Buyer, by subrogation or otherwise. This Guaranty shall continue in effect until one year and one day following the earlier of (a) closing by Buyer under the PSA and (b) the termination of the PSA for any reason.

Guarantor agrees that it is not necessary for Seller to inquire into the powers of Buyer or any officers, directors or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder. Guarantor warrants that this Guaranty has been duly authorized by all necessary authorities.

This Guaranty shall bind the heirs and personal representatives of Guarantor and shall inure to the benefit of the heirs, personal representatives, successors, and assigns of Seller.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Washington. Guarantor hereby irrevocably agrees that any legal action or proceedings against Guarantor with respect to this Guaranty may be brought in the courts of the State of Washington sitting in King County, Washington, or in any United States District Court for the Western District of Washington, or such other court as Seller may elect and, by Guarantor's execution and delivery of this Guaranty, Guarantor hereby irrevocably submits to each such jurisdiction and hereby irrevocably waives any and all objections which Guarantor may have as to venue in any of such courts.

Guarantor agrees to pay all costs of enforcement of this Guaranty, including Seller's reasonable attorneys' fees and all costs and expenses of suit and in preparation therefor and on appeal therefrom. Any sums due hereunder which are not paid when due shall bear interest at the rate of ten percent (10%) per annum.

This Guaranty shall continue in full force and effect and shall be unaffected by any bankruptcy, reorganization or insolvency of Buyer or any successor or assign of Buyer.

Guarantor hereby waives its right to a jury trial with respect to any legal proceeding involving or enforcing this Guaranty.

Any notices to be sent to Guarantor shall be given by and be effective upon personal delivery or deposit in the United States mail or any recognized overnight delivery services (such as Federal Express), at the address set forth below the signature line below (or at any replacement

address designated in writing received by Seller not later than ten (10) days prior to any notice by Seller).

This instrument may not be changed, modified, discharged, or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Seller.

If any provision of this Guaranty or the application thereof to any person or circumstances shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Guaranty and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law. This Guaranty shall be construed without regard to any presumption or other rule requiring construction against the party causing this Guaranty to be drafted.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of this 27<sup>th</sup> day of November, 2018.

**GUARANTOR**

SECO DEVELOPMENT, INC., a  
Washington corporation

By   
\_\_\_\_\_  
Michael Christ, CEO

Address: 1133 Lake Washington Blvd N, Suite 90  
Renton, WA 98056

**Schedule 1**  
**DISCLOSURE ITEMS**

GeoEngineers, February 23, 2017, Modified Transaction Screen, Shuffleton Property.

GeoEngineers, February 24, 2017, Subsurface Assessment, Shuffleton Facility.

GeoEngineers, April 27, 2017, Soil and Groundwater Assessment, Shuffleton Facility.

GeoEngineers, May 7, 2017, Conceptual Remediation Recommendations and Approach, Shuffleton Facility.

GeoEngineers, July 26, 2017, Supplemental Groundwater Assessment, Shuffleton Facility.