

RESOLUTION R-5305

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER TO EXECUTE A REAL PROPERTY PURCHASE AND SALE AGREEMENT TO ACQUIRE THE PROPERTY LOCATED AT 12006 120TH PLACE NE FOR PUBLIC PURPOSES.

1 WHEREAS, recognizing that new maintenance center capacity
2 for the Public Works and Parks departments was needed given the
3 expansion of operations since the 2011 annexation, the Council included
4 the identification of additional capacity in both the 2015-2016 and 2017-
5 2018 City Work Programs; and
6

7 WHEREAS, since the most urgent need is Parks maintenance
8 center capacity, the Council was presented with alternative options to
9 accommodate the Parks maintenance center requirements at its
10 February 3, 2017 City Council Retreat; and
11

12 WHEREAS, from those options, Council directed staff to try and
13 enter into a lease with the owner of a facility located at 1120 8th Street
14 to provide additional space for parks maintenance operations, which has
15 not been possible on terms the City would find agreeable; and
16

17 WHEREAS, the City has since become aware of a property
18 located at 12006 120th Pl. NE ("Property") that is on the open market
19 and adjacent to the Cross Kirkland Corridor, which will fit the short term
20 or long term needs for a Parks Maintenance Center; and
21

22 WHEREAS, moving the Parks Maintenance Center to the
23 Property would also provide Public Works with additional needed space
24 once Parks vacates the current maintenance center at 1129 8th Street;
25 and
26

27 WHEREAS, the City has been in negotiations with the owner of
28 the Property, Best Family Holdings LLC, to see if acquiring the property
29 was possible, which has resulted in the attached Purchase and Sale
30 Agreement with a proposed purchase price of \$8,000,000, which is
31 supported by a market analysis done for the Property; and
32

33 WHEREAS, staff recommends acquiring the Property, subject to
34 a feasibility period that ends March 19, 2018 to evaluate modifications
35 to the Property that will be required and to inspect its current condition;
36 and
37

38 WHEREAS, in the event that the City decides to site the Parks
39 Maintenance Center elsewhere in the future, the property has
40 substantial redevelopment potential and could be sold or redeveloped
41 as part of a public-private partnership.

42
43
44
45
46
47
48
49
50
51
52
53

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Manager is hereby authorized and directed to execute on behalf of the City of Kirkland a Real Property Purchase and Sale Agreement for the Property substantially similar to that attached to this Resolution as Exhibit "A."

Passed by majority vote of the Kirkland City Council in open meeting this 6th day of March, 2018.

Signed in authentication thereof this 6th day of March, 2018.


Amy Walen, Mayor

Attest:


Kathi Anderson, City Clerk

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS-1A
Purchase & Sale 7/07
Page 1 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT**

CBA Text Disclaimer: Text deleted by licensee indicated by strike.
New text inserted by licensee indicated by small capital letters.

Reference Date: FEBRUARY 15, 2018

CITY OF KIRKLAND ("Buyer") agrees to buy and BEST FAMILY HOLDINGS LLC ("Seller") agrees to sell, on the following terms, the commercial real estate and all improvements thereon (collectively, the "Property") commonly known as OFFICE MAX LOCATED AT 12006 120TH PLACE NE in the City of KIRKLAND, KING County, Washington, legally described on attached Exhibit A. The Reference Date above is intended to be used to reference this Agreement, and is not the date of "Mutual Acceptance." Mutual Acceptance is defined in Section 23 below.

1. PURCHASE PRICE. The total purchase price is EIGHT MILLION Dollars (\$8,000,000) payable as follows (check only one):

- All cash at closing with no financing contingency.
- All cash at closing contingent on new financing in accordance with the Financing Addendum (attach CBA Form PS_FIN).
- \$____/____% of the purchase price in cash at closing with the balance of the purchase price paid as follows (check one or both, as applicable): Buyer's assumption of the outstanding principal balance as of the Closing Date of a first lien note and deed of trust (or mortgage), or real estate contract, in accordance with the Financing Addendum (attach CBA Form PS_FIN); Buyer's delivery at closing of a promissory note for the balance of the purchase price, secured by a deed of trust encumbering the Property, in accordance with the Financing Addendum (attach CBA Form PS_FIN).
- Other: _____.

2. EARNEST MONEY. The earnest money in the amount of \$200,000 shall be in the form of Cash Personal check Promissory note (attached CBA Form EMN) Other: _____

The earnest money shall be held by Selling Licensee Closing Agent.

Buyer shall deliver the earnest money no later than:

- _____ days after Mutual Acceptance.
- On the last day of the Feasibility Period defined in Section 5 below.
- Other: THE PROMISSORY NOTE SHALL BE SIGNED BY BUYER AT TIME OF MUTUAL ACCEPTANCE OF THIS AGREEMENT. IF BUYER GIVES WRITTEN NOTICE TO SELLER STATING THE FEASIBILITY CONTINGENCY IS SATISFIED THEN THE PROMISSORY NOTE SHALL BE CONVERTED TO CASH AND BECOME NON-REFUNDABLE AND APPLICABLE TO THE PURCHASE PRICE.

Selling Licensee may, however, transfer the earnest money to Closing Agent.

If the earnest money is to be held by Selling Licensee and is over \$10,000, it shall be deposited to: Selling Licensee's pooled trust account (with interest paid to the State Treasurer) A separate interest bearing trust account in Selling Licensee's name. The interest, if any, shall be credited at closing to Buyer. If this sale fails to close, whoever is entitled to the earnest money is entitled to interest.

Selling Licensee shall deposit any check to be held by Selling Licensee within 3 days after receipt or Mutual Acceptance, whichever occurs later. Buyer agrees to pay financing and purchase costs incurred by Buyer. Unless otherwise provided in this Agreement, the earnest money shall be applicable to the purchase price.

3. EXHIBITS AND ADDENDA. The following Exhibits and Addenda are made a part of this Agreement:

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 2 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

- Exhibit A - Legal Description
- Earnest Money Promissory Note, CBA Form EMN
- Promissory Note, LPB Form No. 28A/CBA Form N1-A
- Short Form Deed of Trust, LPB Form No. 20
- Deed of Trust Rider, CBA Form DTR
- Utility Charges Addendum, CBA Form UA
- FIRPTA Certification, CBA Form 22E
- Assignment and Assumption, CBA Form PS-AS
- Addendum/Amendment, CBA Form PSA
- Back-Up Addendum, CBA Form BU-A
- Vacant Land Addendum, CBA Form VLA
- Financing Addendum, CBA Form PS_FIN
- Tenant Estoppel Certificate, CBA Form PS_TEC
- Defeasance Addendum, CBA Form PS_D
- Other _____

4. SELLER'S UNDERLYING FINANCING. Unless Buyer is assuming Seller's underlying financing, Seller shall be responsible for confirming the existing underlying financing is not subject to any "lock out" or similar covenant which would prevent the lender's lien from being released at closing. In addition, Seller shall provide Buyer notice prior to the end of the Feasibility Period if Seller is required to substitute securities for the Property as collateral for the underlying financing (known as "defeasance"). If Seller provides this notice of defeasance to Buyer, then the parties shall close the transaction in accordance with the process described in CBA Form PS_D or any different process identified in Seller's defeasance notice to Buyer.

5. FEASIBILITY CONTINGENCY. Buyer's obligations under this Agreement are conditioned upon Buyer's satisfaction in Buyer's sole discretion, concerning all aspects of the Property, including its physical condition; the presence of or absence of any hazardous substances; the contracts and leases affecting the property; the potential financial performance of the Property; the availability of government permits and approvals; and the feasibility of the Property for Buyer's intended purpose. This Agreement shall terminate and Buyer shall receive a refund of the earnest money unless Buyer gives written notice to Seller NO LATER THAN MARCH 19TH, 2018 stating that this condition is satisfied. If such notice is timely given, the feasibility contingency stated in this Section 5 shall be deemed to be satisfied. As used in this Agreement, the term "Feasibility Period" shall mean the period beginning upon Mutual Acceptance and ending upon the satisfaction or waiver of the feasibility contingency.

a. Books, Records, Leases, Agreements. Seller shall make available for inspection by Buyer and its agents within _____ days (2 days if not filled in) after Mutual Acceptance all documents in Seller's possession or control relating to the ownership, operation, renovation or development of the Property, excluding appraisals or other statements of value, and including THE FOLLOWING, BUT ONLY TO THE EXTENT IN SELLER'S POSSESSION: statements for real estate taxes, assessments, and utilities for the last three years and year to date; property management agreements and any other agreements with professionals or consultants; leases or other agreements relating to occupancy of all or a portion of the Property and a suite-by-suite schedule of tenants, rents, prepaid rents, deposits and fees; plans, specifications, permits, applications, drawings, surveys, and studies; and maintenance records, accounting records and audit reports for the last three years and year to date.

b. Access. Seller shall permit Buyer and its agents, at Buyer's sole expense and risk to enter the Property at reasonable times subject to the rights of and after legal notice to tenants, to conduct inspections concerning the

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 3 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT**
(CONTINUED)

Property and improvements, including without limitation, the structural condition of improvements, hazardous materials, pest infestation, soils conditions, sensitive areas, wetlands, or other matters affecting the feasibility of the Property for Buyer's intended use. Buyer shall schedule any entry onto the Property with Seller in advance and shall comply with Seller's reasonable requirements including those relating to security, confidentiality, and disruption of Seller's tenants. Buyer shall not perform any invasive testing including environmental inspections beyond a phase I assessment or contact the tenants or property management personnel without obtaining the Seller's prior written consent, which shall not be unreasonably withheld. Buyer shall restore the Property and improvements to the same condition they were in prior to inspection. Buyer shall be solely responsible for all costs of its inspections and feasibility analysis and has no authority to bind the Property for purposes of statutory liens. Buyer agrees to indemnify and defend Seller from all liens, costs, claims, and expenses, including attorneys' and experts' fees, arising from or relating to entry onto or inspection of the Property by Buyer and its agents. This agreement to indemnify and defend Seller shall survive closing. Buyer may continue to enter the Property in accordance with the foregoing terms and conditions after removal or satisfaction of the feasibility contingency only for the purpose of leasing or to satisfy conditions of financing.

c. Buyer waives the right to receive a seller disclosure statement ("Form 17") if required by Chapter 64.06 RCW.

6. TITLE INSURANCE.

a. **Title Report.** Seller authorizes Buyer, its Lender, Listing Agent, Selling Licensee and Closing Agent, at Seller's expense, to apply for and deliver to Buyer a standard extended (standard, if not completed) coverage owner's policy of title insurance. If an extended coverage owner's policy is specified, Buyer shall pay the increased costs associated with that policy including the excess premium over that charged for a standard coverage policy, and the cost of any survey required by the title insurer. The title report shall be issued by CHICAGO TITLE COMPANY (Seller's choice, if not completed).

b. **Permitted Exceptions.** Buyer shall notify Seller of any objectionable matters in the title report or any supplemental report within TWENTY ONE (21) days after RECEIPT OF THE PRELIMINARY TITLE COMMITMENT . This Agreement shall terminate and Buyer shall receive a refund of the earnest money, less any costs advanced or committed for Buyer, unless within TEN (10) days of Buyer's notice of such objections (1) Seller agrees to remove all objectionable provisions or (2) Buyer notifies Seller that Buyer waives any objections which Seller does not agree to remove. If any new title matters are disclosed in a supplemental title report, then the preceding termination, objection and waiver provisions shall apply to the new title matters except that Buyer's notice of objections must be delivered within five (5) days of delivery of the supplemental report and Seller's response or Buyer's waiver must be delivered within two (2) days of Buyer's notice of objections. The closing date shall be extended to the extent necessary to permit time for these notices. Buyer shall not be required to object to any mortgage or deed of trust liens, or the statutory lien for real property taxes, and the same shall not be deemed to be Permitted Exceptions; provided that the lien securing any financing which Buyer has agreed to assume shall be a Permitted Exception. Except for the foregoing, those provisions not objected to or for which Buyer waived its objections shall be referred to collectively as the "Permitted Exceptions." Seller shall cooperate with Buyer and the title company to clear objectionable title matters but shall not be required to incur any out-of-pocket expenses or liability other than payment of monetary encumbrances not assumed by Buyer and proration of real property taxes, and Seller shall provide an owner's affidavit containing the information and reasonable covenants requested by the title company. The title policy shall contain no exceptions other than the General Exclusions and Exceptions common to such form of policy and the Permitted Exceptions.

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 4 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

7. **CLOSING OF SALE.** This sale shall be closed ON OR BEFORE 10 DAYS FROM THE REMOVAL OF CONTINGENCIES TO CLOSING, BUT NO LATER THAN MARCH 29TH, 2018 ("closing") by CHICAGO TITLE COMPANY ("Closing Agent") (Seller shall select the Closing Agent, if not completed). Buyer and Seller shall deposit with Closing Agent by Noon on the scheduled closing date all instruments and monies required to complete the purchase in accordance with this Agreement. "Closing" shall be deemed to have occurred when the deed is recorded and the sale proceeds are available to Seller. Time is of the essence in the performance of this Agreement. Sale proceeds shall be considered available to Seller notwithstanding they may not be disbursed to Seller until the first business day following closing. Notwithstanding the foregoing, if Seller informed Buyer during the Feasibility Period that Seller's underlying financing requires that it be defeased and may not be paid off, then closing shall be conducted in accordance with the three-day closing process described in CBA Form PS_D. This Agreement is intended to constitute escrow instructions to Closing Agent. Buyer and Seller will provide any supplemental instructions requested by Closing Agent provided the same are consistent with this Agreement.
8. **CLOSING COSTS AND PRORATIONS.** Seller shall deliver an updated rent roll to Closing Agent not later than two (2) days before the scheduled closing date in the form required by Section 5(a) and any other information reasonably requested by Closing Agent to allow Closing Agent to prepare a settlement statement for closing. Seller certifies that the information contained in the rent roll is correct as of the date submitted. Seller shall pay the premium for the owner's standard coverage title policy. Buyer shall pay the excess premium attributable to any extended coverage or endorsements requested by Buyer, and the cost of any survey required in connection with the same. Seller and Buyer shall each pay one-half of the escrow fees. Real estate excise taxes shall be paid by the party who bears primary responsibility for payment under the applicable statute or code, which is typically Seller. SCHEDULED rents on any existing tenancies. If tenants pay any of the foregoing expenses directly, then Closing Agent shall only pro rate those expenses paid by Seller. Buyer shall pay to Seller at closing an additional sum equal to any utility deposits or mortgage reserves for assumed financing for which Buyer receives the benefit after closing. Buyer shall pay all costs of financing including the premium for the lender's title policy. The real estate commission is due on closing or upon Seller's default under this Agreement, whichever occurs first, and neither the amount nor due date thereof can be changed without Listing Agent's written consent. If the Property was taxed under a deferred classification prior to closing, then Seller shall pay all taxes, interest, penalties, deferred taxes or similar items which result from removal of the Property from the deferred classification. At closing, all refundable deposits on tenancies shall be credited to Buyer or delivered to Buyer for deposit in a trust account if required by state or local law. Buyer shall pay all sales or use tax applicable to the transfer of personal property included in the sale.
- a. **Unpaid Utility Charges.** Buyer and Seller WAIVE DO NOT WAIVE the right to have the Closing Agent disburse closing funds necessary to satisfy unpaid utility charges affecting the Property pursuant to RCW 60.80. If "do not waive" is checked, then attach CBA Form UA ("Utility Charges" Addendum). If neither box is checked, then the "do not waive" option applies.
9. **POST-CLOSING ADJUSTMENTS, COLLECTIONS, AND PAYMENTS.** After closing, Buyer and Seller shall reconcile the actual amount of revenues or liabilities upon receipt or payment thereof to the extent those items were prorated or credited at closing based upon estimates. Notwithstanding the foregoing, if tenants pay certain expenses based on estimates subject to a post-closing reconciliation to the actual amount of those expenses, then Buyer shall be entitled to any surplus and shall be liable for any credit resulting from the reconciliation. Rents collected from each tenant after closing shall be applied first to rentals due most recently from such tenant for the period after closing, and the balance shall be applied for the benefit of Seller for delinquent rentals owed for a period prior to closing. The amounts applied for the benefit of Seller shall be turned over by Buyer to Seller promptly after receipt.

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 5 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

Seller shall be entitled to pursue any lawful methods of collection of delinquent rents but shall have no right to evict tenants after closing.

10. OPERATIONS PRIOR TO CLOSING. Prior to closing, Seller shall continue to operate the Property in the ordinary course of its business and maintain the Property in the same or better condition than as existing on the date of Mutual Acceptance, but shall not be required to repair material damage from casualty except as otherwise provided in this Agreement. After the Feasibility Period, Seller shall not enter into or modify existing rental agreements or leases (except that Seller may enter into, modify, extend, renew or terminate residential rental agreements or residential leases in the ordinary course of its business), service contracts, or other agreements affecting the Property which have terms extending beyond closing without first obtaining Buyer's consent, which shall not be unreasonably withheld.

11. POSSESSION. Buyer shall be entitled to possession on closing _____ (on closing, if not completed). Buyer shall accept possession subject to all tenancies disclosed to Buyer during the Feasibility Period, INCLUDING THE TRIPLE NET LEASE WITH OFFICE MAX.

12. SELLER'S REPRESENTATIONS. Except as disclosed to or known by Buyer prior to the satisfaction or waiver of the feasibility contingency stated in Section 5 above, including in the books, records and documents made available to Buyer, or in the title report or any supplemental report or documents referenced therein, Seller represents to Buyer that, to the best of Seller's actual knowledge, WITHOUT INVESTIGATION, each of the following is true as of the date hereof: (a) Seller is authorized to enter into the Agreement, to sell the Property, and to perform its obligations under the Agreement; (b) The books, records, leases, agreements and other items delivered to Buyer pursuant to this Agreement comprise all material documents in Seller's possession or control regarding the operation and condition of the Property; (c) Seller has not received any written notices that the Property or the business conducted thereon violate any applicable laws, regulations, codes and ordinances; (d) Seller has all certificates of occupancy, permits, and other governmental consents necessary to own and operate the Property for its current use; (e) There is no pending or threatened litigation which would adversely affect the Property or Buyer's ownership thereof after closing; (f) There is no pending or threatened condemnation or similar proceedings affecting the Property; (g) Seller has paid (except to the extent prorated at closing) all local, state and federal taxes (other than real and personal property taxes and assessments described in Section 8 above) attributable to the period prior to closing which, if not paid, could constitute a lien on Property (including any personal property), or for which Buyer may be held liable after closing.

If prior to closing Seller or Buyer discovers any information which would cause any of the representations above to be false if the same were deemed made as of the date of such discovery, then the party discovering the same shall promptly notify the other party in writing. If the newly-discovered information will result in costs or liability to Buyer in excess of the lesser of \$100,000 or five percent (5%) of the purchase price, or will materially adversely affect Buyer's intended use of the Property, then Buyer shall have the right to terminate the Agreement and receive a refund of its earnest money provided Buyer elects to do so within five (5) days of discovering or receiving written notice of the new information. Nothing in this paragraph shall prevent Buyer from pursuing its remedies against Seller if Seller had actual knowledge of the newly-discovered information such that a representation provided for above was false.

13. AS-IS. Except for those representations and warranties specifically included in this Agreement: (i) Seller makes no representations or warranties regarding the Property; (ii) Seller hereby disclaims, and Buyer hereby waives, any and all representations or warranties of any kind, express or implied, concerning the Property or any portion thereof, as to its condition, value, compliance with laws, status of permits or approvals, existence or absence of hazardous material on site, occupancy rate or any other matter of similar or dissimilar nature relating in any way to the Property,

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 6 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

including the warranties of fitness of a particular purpose, tenantability, habitability and use; (iii) Buyer otherwise takes the Property "AS IS;" and (iv) Buyer represents and warrants to Seller that Buyer has sufficient experience and expertise such that it is reasonable for Buyer to rely on its own pre-closing inspections and investigations.

14. PERSONAL PROPERTY.

a. This sale includes all right, title and interest of Seller to the following tangible personal property: None That portion of the personal property located on and used in connection with the Property, which Seller will itemize in an Addendum to be attached to this Agreement within ten (10) days of Mutual Acceptance (None, if not completed). The value assigned to the personal property shall be \$ _____ (if not completed, the County-assessed value if available, and if not available, the fair market value determined by an appraiser selected by the Listing Agent and Selling Licensee). Seller warrants title to, but not the condition of, the personal property and shall convey it by bill of sale.

b. In addition to the leases and Vendor Contracts assumed by Buyer pursuant to Section 5(a) above, this sale includes all right, title and interest of Seller to the following intangible property now or hereafter existing with respect to the Property including without limitation: all rights-of-way, rights of ingress or egress or other interests in, on, or to, any land, highway, street, road, or avenue, open or proposed, in, on, or across, in front of, abutting or adjoining the Property; all rights to utilities serving the Property; all drawings, plans, specifications and other architectural or engineering work product; all governmental permits, certificates, licenses, authorizations and approvals; all rights, claims, causes of action, and warranties under contracts with contractors, engineers, architects, consultants or other parties associated with the Property; all utility, security and other deposits and reserve accounts made as security for the fulfillment of any of Seller's obligations; any name of or telephone numbers for the Property and related trademarks, service marks or trade dress; and guaranties, warranties or other assurances of performance received.

15. CONDEMNATION AND CASUALTY. Seller bears all risk of loss until closing, and thereafter Buyer shall bear the risk of loss. Buyer may terminate this Agreement and obtain a refund of the earnest money if improvements on the Property are destroyed or materially damaged by casualty before closing, or if condemnation proceedings are commenced against all or a portion of the Property before closing BY ANY GOVERNMENTAL PARTY OTHER THAN THE CITY OF KIRKLAND. Damage will be considered material if the cost of repair exceeds the lesser of \$100,000 or five percent (5%) of the purchase price stated in this Agreement. Alternatively, Buyer may elect to proceed with closing in which case at closing Seller shall assign to Buyer all claims and right to proceeds under any property insurance policy and shall credit to Buyer at closing the amount of any deductible provided for in the policy.

16. FIRPTA - TAX WITHHOLDING AT CLOSING. Closing Agent is instructed to prepare a certification (CBA or NWMLS Form 22E, or equivalent) that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act. Seller agrees to sign this certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.

17. CONVEYANCE. Title shall be conveyed by a BARGAIN AND SALE Deed subject only to the Permitted Exceptions.

18. NOTICES AND COMPUTATION OF TIME. Unless otherwise specified, any notice required or permitted in, or related to, this Agreement (including revocations of offers and counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and must be delivered to Seller and Listing Agent with a courtesy copy to any other party identified as a recipient of notices in Section 28 of this Agreement. A notice to Seller shall be deemed delivered only when received by Seller, Listing Agent, or the licensed office of Listing Agent. Notices to Buyer must be signed by at least one Seller and must be delivered to Buyer with a copy to Selling Licensee with a courtesy copy to any other party identified as a recipient of notices in Section 28 of this Agreement. A notice to Buyer shall

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 7 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

be deemed delivered only when received by Buyer, Selling Licensee, or the licensed office of Selling Licensee. Selling Licensee and Listing Agent have no responsibility to advise of receipt of a notice beyond either phoning the represented party or causing a copy of the notice to be delivered to the party's address provided in this Agreement. Buyer and Seller must keep Selling Licensee and Listing Agent advised of their whereabouts to receive prompt notification of receipt of a notice. If any party is not represented by a licensee, then notices must be delivered to and shall be effective when received by that party.

Unless otherwise specified in this Agreement, any period of time in this Agreement shall mean Pacific Time and shall begin the day after the event starting the period and shall expire at 5:00 p.m. of the last calendar day of the specified period of time, unless the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, in which case the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or legal holidays. Notwithstanding the foregoing, references to specific dates or times or number of hours shall mean those dates, times or number of hours.

19. AGENCY DISCLOSURE. At the signing of this Agreement,

Selling Licensee JOE STEELE OF CBRE, INC.

represented BUYER

and the Listing Agent PAUL SLEETH & BILLY SLEETH OF BGC REAL ESTATE OF WASHINGTON, LLC, A DELAWARE LIMITED LIABILITY COMPANY DOING BUSINESS AS NEWMARK KNIGHT FRANK ("NKF") represented SELLER.

If Selling Licensee and Listing Agent are different salespersons affiliated with the same Broker, then Seller and Buyer confirm their consent to Broker acting as a dual agent. If Selling Licensee and Listing Agent are the same person representing both parties, then Seller and Buyer confirm their consent to that person and his/her Broker acting as dual agents. If Selling Licensee, Listing Agent, or their Broker are dual agents, then Seller and Buyer consent to Selling Licensee, Listing Agent and their Broker being compensated based on a percentage of the purchase price or as otherwise disclosed on an attached addendum. Buyer and Seller confirm prior receipt of the pamphlet entitled "The Law of Real Estate Agency."

20. ASSIGNMENT. Buyer may may not (may not, if not completed) assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless provided otherwise herein. If the "may not" option is selected and the words "and/or assigns" or similar words are used to identify the Buyer, then this Agreement may be assigned with notice to Seller but without Seller's consent only to an entity which is controlled by or under common control with the Buyer identified in this Agreement. Any other assignment requires Seller's consent. The party identified as the initial Buyer shall remain responsible for those obligations of Buyer stated in this Agreement notwithstanding any assignment and, if this Agreement provides for Seller to finance a portion of the purchase price, then the party identified as the initial Buyer shall guarantee payment of the Seller financing.

21. DEFAULT AND ATTORNEY'S FEE.

a. Buyer's default. In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then (**check one**):

Seller may terminate this Agreement and keep the earnest money as liquidated damages as the sole and exclusive remedy available to Seller for such failure; or

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 8 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

Seller may, at its option, (a) terminate this Agreement and keep as liquidated damages the earnest money as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity.

b. Seller's default. In the event Seller fails, without legal excuse, to complete the sale of the Property, then (*check one*):

As Buyer's sole remedy, Buyer may either (a) terminate this Agreement and recover all earnest money or fees made by Buyer whether or not the same are identified as refundable or applicable to the purchase price; or (b) bring suit to specifically enforce this Agreement and recover incidental damages provided Buyer must file suit within sixty (60) days of the scheduled date of closing or any earlier date Seller has informed Buyer in writing that Seller will not proceed with closing; or

Buyer may, at its option, (a) bring suit against Seller for Buyer's actual damages, (b) bring suit to specifically enforce this Agreement and recover any incidental damages, or (c) pursue any other rights or remedies available at law or equity.

Neither Buyer nor Seller may recover consequential damages such as lost profits. If Buyer or Seller institutes suit against the other concerning this Agreement, the prevailing party is entitled to reasonable attorneys' fees and expenses. In the event of trial, the amount of the attorney's fee shall be fixed by the court. The venue of any suit shall be the county in which the Property is located, and this Agreement shall be governed by the laws of the state where the Property is located.

22. MISCELLANEOUS PROVISIONS.

a. Complete Agreement. The Agreement and any addenda and exhibits to it state the entire understanding of Buyer and Seller regarding the sale of the Property. There are no verbal or other written agreements which modify or affect the Agreement.

b. Counterpart Signatures. The Agreement may be signed in counterpart, each signed counterpart shall be deemed an original, and all counterparts together shall constitute one and the same agreement.

c. Electronic Delivery. Electronic delivery of documents (e.g., transmission by facsimile or email) including signed offers or counteroffers and notices shall be legally sufficient to bind the party the same as delivery of an original. At the request of either party, or the Closing Agent, the parties will replace electronically delivered offers or counteroffers with original documents.

d. Section 1031 Like-Kind Exchange. If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party agrees to cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to closing. Notwithstanding Section 20 above, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange.

23. ACCEPTANCE; COUNTEROFFERS. Seller has until midnight of _____, _____ (if not filled in, the third business day following the last Buyer signature date below) to accept this offer, unless sooner withdrawn. If this offer is not timely accepted, it shall lapse and the earnest money shall be refunded to Buyer. If either party makes a future counteroffer, the other party shall have until 5:00 p.m. on the _____ business day (if not filled in, the second business day) following its receipt to accept the counteroffer, unless sooner withdrawn. If the counteroffer is not

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 9 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

timely accepted or countered, this Agreement shall lapse and the earnest money shall be refunded to the Buyer. No acceptance, offer or counteroffer from the Buyer is effective until a signed copy is received by the Seller, the Listing Agent or the licensed office of the Listing Agent. No acceptance, offer or counteroffer from the Seller is effective until a signed copy is received by the Buyer, the Selling Licensee or the licensed office of the Selling Licensee. "Mutual Acceptance" shall occur when the last counteroffer is signed by the offeree, and the fully-signed counteroffer has been received by the offeror, his or her licensee, or the licensed office of the licensee. If any party is not represented by a licensee, then notices must be delivered to and shall be effective when received by that party.

24. INFORMATION TRANSFER. In the event this Agreement is terminated, Buyer agrees to deliver to Seller within ten (10) days of Seller's written request copies of all materials received from Seller and any non-privileged plans, studies, reports, inspections, appraisals, surveys, drawings, permits, application or other development work product relating to the Property in Buyer's possession or control as of the date this Agreement is terminated.

25. CONFIDENTIALITY. Until and unless closing has been consummated, Buyer and Seller shall follow reasonable measures to prevent unnecessary disclosure of information obtained in connection with the negotiation and performance of this Agreement. Neither party shall use or knowingly permit the use of any such information in any manner detrimental to the other party.

26. SELLER'S ACCEPTANCE AND BROKERAGE AGREEMENT. Seller agrees to sell the Property on the terms and conditions herein, and further agrees to pay a commission in a total amount computed in accordance with the listing or commission agreement. If there is no written listing or commission agreement, Seller agrees to pay a commission of ____% of the sales price or \$____. The commission shall be apportioned between Listing Agent and Selling Licensee as specified in the listing or any co-brokerage agreement. If there is no listing or written co-brokerage agreement, then Listing Agent shall pay to Selling Licensee a commission of 1.5% of the sales price or \$____. Seller assigns to Listing Agent and Selling Licensee a portion of the sales proceeds equal to the commission. If the earnest money is retained as liquidated damages, any costs advanced or committed by Listing Agent or Selling Licensee for Buyer or Seller shall be reimbursed or paid therefrom, and the balance shall be paid one-half to Seller and one-half to Listing Agent and Selling Licensee according to the listing agreement and any co-brokerage agreement. In any action by Listing Agent or Selling Licensee to enforce this Section, the prevailing party is entitled to reasonable attorneys' fees and expenses. Neither Listing Agent nor Selling Licensee are receiving compensation from more than one party to this transaction unless disclosed on an attached addendum, in which case Buyer and Seller consent to such compensation. The Property described in attached Exhibit A, is commercial real estate. Notwithstanding Section 25 above, the pages containing this Section, the parties' signatures and an attachment describing the Property may be recorded.

27. LISTING AGENT AND SELLING LICENSEE DISCLOSURE. EXCEPT AS OTHERWISE DISCLOSED IN WRITING TO BUYER OR SELLER, THE SELLING LICENSEE, LISTING AGENT, AND BROKERS HAVE NOT MADE ANY REPRESENTATIONS OR WARRANTIES OR CONDUCTED ANY INDEPENDENT INVESTIGATION CONCERNING THE LEGAL EFFECT OF THIS AGREEMENT, BUYER'S OR SELLER'S FINANCIAL STRENGTH, BOOKS, RECORDS, REPORTS, STUDIES, OR OPERATING STATEMENTS, OR OTHER MATTERS RELATING TO THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE PROPERTY'S ZONING, BOUNDARIES, AREA, COMPLIANCE WITH APPLICABLE LAWS (INCLUDING LAWS REGARDING ACCESSIBILITY FOR DISABLED PERSONS), OR HAZARDOUS OR TOXIC MATERIALS INCLUDING MOLD OR OTHER ALLERGENS. SELLER AND BUYER ARE EACH ADVISED TO ENGAGE QUALIFIED EXPERTS TO ASSIST WITH THESE DUE DILIGENCE AND FEASIBILITY MATTERS, AND ARE FURTHER ADVISED TO SEEK INDEPENDENT LEGAL AND TAX ADVICE RELATED TO THIS AGREEMENT.

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 10 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

28. IDENTIFICATION OF THE PARTIES. The following is the contact information for the parties involved in this Agreement:

Buyer

Contact: Chris Dodd
Address: _____
Business Phone: (425) 587-3931
Mobile Phone: _____
Fax: _____
Email: CDodd@kirklandwa.gov

Seller

Contact: KIMBERLY LORDEN
Address: _____
Business Phone: _____
Mobile Phone: 303.656.1648
Fax: _____
Email: LORDENGANG@GMAIL.COM

Selling Licensee

Name: JOE STEELE
Address: 10885 NE 4TH STREET, SUITE 500, BELLEVUE, WA 98004
Business Phone: 425 462 6925
Mobile Phone: 206 948 0613
Email: JOE.STEELE@CBRE.COM
Fax: 425 462 6966
MLS Office No.: _____

Listing Agent

Name: PAUL SLEETH & BILLY SLEETH
Address: 1420 5TH AVE, SUITE 2150, SEATTLE, WA 98101
Business Phone: 206.518.9547 OR 206.518.9567
Mobile Phone: 206.409.5624 OR 206.250.9344
Email: PAUL.SLEETH@NGKF.COM OR BILLY.SLEETH@NGKF.COM
Fax: 206.260.7320
MLS Office No.: _____

Courtesy Copy of Notices to Buyer to:

Name: _____
Address: _____
Business Phone: _____
Fax: _____
Mobile Phone: _____
Email: _____

Courtesy Copy of Notices to Seller to:

Name: PHILLIP LARSON | LARSON BUSHELL LLC
Address: 12600 W COLFAX AVE, A180, LAKEWOOD, CO 80215
Business Phone: 303-277-100
Fax: 303-277-1200
Mobile Phone: 303-906-0691
Email: PHIL@LARSONBUSHELL.COM

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 11 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

IN WITNESS WHEREOF, the parties have signed this Agreement intending to be bound.

Buyer _____
CITY OF KIRKLAND

Buyer _____
Printed name and type of entity

Buyer _____
Signature and title

Buyer _____
Signature and title

Date signed _____

Date signed _____

Seller _____
BEST FAMILY HOLDINGS, LLC

Seller _____
Printed name and type of entity

Seller _____
Signature and title

Seller _____
Signature and title

Date signed _____

Date signed _____

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 12 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

EXHIBIT A

[Legal Description]

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 13 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

ADDENDUM

THIS ADDENDUM IS AN ADDENDUM TO THE COMMERCIAL AND INVESTMENT REAL ESTATE PURCHASE AND SALE AGREEMENT DATED FEBRUARY __, 2018 (THE "CONTRACT") BY AND BETWEEN BEST FAMILY HOLDINGS LLC ("SELLER") AND CITY OF KIRKLAND, WASHINGTON ("BUYER") RELATING TO CERTAIN REAL PROPERTY AND IMPROVEMENTS THEREON LOCATED AT THE PROPERTY, AS HEREINAFTER DEFINED.

THE FOLLOWING TERMS AND CONDITIONS ARE ADDED TO AND SHALL BE DEEMED FULLY INCORPORATED INTO THE ABOVE REFERENCED CONTRACT AS IF FULLY SET FORTH THEREIN. IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS ADDENDUM AND THE PREPRINTED PORTION OF THE CONTRACT, THE PROVISIONS OF THIS ADDENDUM SHALL CONTROL.

A. AS IS SALE.

1. SALE "AS IS, WHERE IS." BUYER ACKNOWLEDGES AND AGREES THAT UPON CLOSING, SELLER SHALL SELL AND CONVEY TO BUYER AND BUYER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS," EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT AND ANY DOCUMENT EXECUTED BY SELLER AND DELIVERED TO BUYER AT CLOSING. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER HAS NOT MADE AND IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTEES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, PROPERTY INFORMATION PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, SELLER'S AGENT OR THIRD PARTY REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING. BUYER REPRESENTS THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF BUYER'S CONSULTANTS IN PURCHASING THE PROPERTY AND SHALL MAKE AN INDEPENDENT VERIFICATION OF THE ACCURACY OF ANY DOCUMENTS AND INFORMATION PROVIDED BY SELLER. BUYER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS BUYER DEEMS NECESSARY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF. BY FAILING TO TERMINATE THIS AGREEMENT PRIOR TO THE EXPIRATION OF THE DUE DILIGENCE PERIOD, BUYER ACKNOWLEDGES THAT SELLER HAS AFFORDED BUYER A FULL OPPORTUNITY TO CONDUCT SUCH INVESTIGATIONS OF THE PROPERTY AS BUYER DEEMED NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NON-EXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS MATERIALS ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS CONTRACT. UPON CLOSING, BUYER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL OR CONSTRUCTION DEFECTS OR ADVERSE ENVIRONMENTAL, HEALTH OR SAFETY CONDITIONS, MAY NOT HAVE BEEN REVEALED BY BUYER'S INSPECTIONS AND INVESTIGATIONS, EXCEPT FOR ANY SUCH ADVERSE CONDITIONS CAUSED BY A

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
 Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 14 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT**
(CONTINUED)

BREACH OF ANY OF SELLER'S REPRESENTATIONS OR WARRANTIES IN THIS AGREEMENT.

2. SELLER RELEASED FROM LIABILITY. BUYER ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO INSPECT THE PROPERTY AND WILL HAVE THE RIGHT TO CONTINUE ITS INSPECTION OF THE PROPERTY PRIOR TO THE CLOSING, AND DURING SUCH PERIOD, OBSERVE ITS PHYSICAL CHARACTERISTICS AND EXISTING CONDITIONS AND THE OPPORTUNITY TO CONDUCT SUCH INVESTIGATION AND STUDY ON AND OF THE PROPERTY AND ADJACENT AREAS AS BUYER DEEMS NECESSARY, AND, EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPLICITLY SET FORTH IN THIS AGREEMENT, BUYER HEREBY FOREVER RELEASES AND DISCHARGES SELLER FROM ALL RESPONSIBILITY AND LIABILITY, INCLUDING WITHOUT LIMITATION, LIABILITIES UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980 (42 U.S.C. SECTIONS 9601 ET SEQ.), AS AMENDED ("CERCLA"), REGARDING THE CONDITION, VALUATION, SALABILITY OR UTILITY OF THE PROPERTY, OR ITS SUITABILITY FOR ANY PURPOSE WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, WITH RESPECT TO THE PRESENCE IN THE SOIL, AIR, STRUCTURES AND SURFACE AND SUBSURFACE WATERS, OF HAZARDOUS MATERIALS OR OTHER MATERIALS OR SUBSTANCES THAT HAVE BEEN OR MAY IN THE FUTURE BE DETERMINED TO BE TOXIC, HAZARDOUS, UNDESIRABLE OR SUBJECT TO REGULATION AND THAT MAY NEED TO BE SPECIALLY TREATED, HANDLED AND/OR REMOVED FROM THE PROPERTY UNDER CURRENT OR FUTURE FEDERAL, STATE AND LOCAL LAWS, REGULATIONS OR GUIDELINES, AND ANY STRUCTURAL AND GEOLOGIC CONDITIONS, SUBSURFACE SOIL AND WATER CONDITIONS AND SOLID AND HAZARDOUS WASTE AND HAZARDOUS MATERIALS ON, UNDER, ADJACENT TO OR OTHERWISE AFFECTING THE PROPERTY). BUYER FURTHER HEREBY WAIVES (AND BY CLOSING THIS TRANSACTION WILL BE DEEMED TO HAVE WAIVED) ANY AND ALL OBJECTIONS AND COMPLAINTS (INCLUDING, BUT NOT LIMITED TO, FEDERAL, STATE AND LOCAL STATUTORY AND COMMON LAW BASED ACTIONS, AND ANY PRIVATE RIGHT OF ACTION UNDER ANY FEDERAL, STATE OR LOCAL LAWS, REGULATIONS OR GUIDELINES TO WHICH THE PROPERTY IS OR MAY BE SUBJECT, INCLUDING, BUT NOT LIMITED TO, CERCLA) CONCERNING THE PHYSICAL CHARACTERISTICS AND ANY EXISTING CONDITIONS OF THE PROPERTY, EXCEPT FOR ANY SUCH CONDITIONS CAUSED BY A BREACH OF ANY OF SELLER'S REPRESENTATIONS OR WARRANTIES IN THIS AGREEMENT. BUYER FURTHER HEREBY ASSUMES THE RISK OF CHANGES IN APPLICABLE LAWS AND REGULATIONS RELATING TO PAST, PRESENT AND FUTURE ENVIRONMENTAL CONDITIONS ON THE PROPERTY AND THE RISK THAT ADVERSE PHYSICAL CHARACTERISTICS AND CONDITIONS, INCLUDING, WITHOUT LIMITATION, THE PRESENCE OF HAZARDOUS MATERIALS OR OTHER CONTAMINANTS, MAY NOT HAVE BEEN REVEALED BY ITS INVESTIGATION.

3. "HAZARDOUS MATERIALS" DEFINED. FOR PURPOSES HEREOF, "HAZARDOUS MATERIALS" MEANS "HAZARDOUS MATERIAL," "HAZARDOUS SUBSTANCE," "POLLUTANT OR CONTAMINANT," AND "PETROLEUM" AND "NATURAL GAS LIQUIDS," AS THOSE TERMS ARE DEFINED OR USED IN SECTION 101 OF CERCLA, AND ANY OTHER SUBSTANCES REGULATED BECAUSE OF THEIR EFFECT OR POTENTIAL EFFECT ON PUBLIC HEALTH AND THE ENVIRONMENT, INCLUDING, WITHOUT LIMITATION, PCBs, LEAD PAINT, ASBESTOS, UREA FORMALDEHYDE, RADIOACTIVE MATERIALS, PUTRESCIBLE MATERIALS, AND INFECTIOUS MATERIALS.

4. INDEMNITY. BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS OF AND FROM ANY AND ALL LIABILITIES, CLAIMS, DEMANDS, AND EXPENSES OF ANY KIND OR NATURE (COLLECTIVELY "CLAIMS") WHICH ARISE OR ACCRUE AFTER CLOSING, AND WHICH ARE IN ANY WAY RELATED TO THE OWNERSHIP, MAINTENANCE, OR OPERATION OF THE PROPERTY BY BUYER AND

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 15 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

ITS SUCCESSORS AND ASSIGNS, INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH HAZARDOUS MATERIALS.

- 5. SURVIVAL. THE TERMS AND CONDITIONS OF THE AS IS CLAUSE SHALL EXPRESSLY SURVIVE THE CLOSING, NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND SHALL BE DEEMED INCORPORATED INTO THE DEED.

- 6. BUYER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS CONTRACT AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO BUYER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH ABOVE.

- B. ELECTRONIC SIGNATURES: ANY SIGNATURES APPEARING UPON ELECTRONIC (I.E., E-MAIL) COPIES OF THE CONTRACT AND THIS ADDENDUM WILL BE BINDING UPON BUYER AND SELLER AS IF THEY WERE ORIGINAL SIGNATURES. SIGNED COUNTERPARTS OF THE CONTRACT AND THIS ADDENDUM SHALL BE TREATED AS ONE DOCUMENT AND SHALL BE BINDING.

[END OF PAGE, SIGNATURE PAGE FOLLOWS]

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
 Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Copyright 1999 - 2005
Commercial Brokers Association
All Rights Reserved



CBA Form PS_1A
Purchase & Sale Agreement
Rev. 7/07
Page 17 of 17

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

TITLE:

INITIALS: Buyer _____ Date _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

Newmark Knight Frank
1420 5th Avenue, Suite 2150
Seattle, WA 98101
Phone: 206-388-3000
Fax: 206-274-5150

© Commercial Brokers
Association 2011
ALL RIGHTS RESERVED



CBA Form EMN
E/M Promissory Note
Rev. 1/2011
Page 1 of 1

EARNEST MONEY PROMISSORY NOTE

\$ 200,000.00

Place: Kirkland, WA

Date: 2/23/2018

FOR VALUE RECEIVED, CITY OF KIRKLAND ("Buyer") agrees to pay to the order of BEST FAMILY HOLDINGS LLC ("Holder") the sum of two hundred thousand Dollars (\$200,000.00) as follows:

- _____ days (3 days if not filled in) following mutual acceptance of the Purchase and Sale Agreement.
- Upon satisfaction or waiver of the feasibility contingency stated in the Purchase and Sale Agreement.
- Other _____*.

This Note is evidence of the obligation to pay earnest money under the purchase and sale agreement (the "Agreement") between Buyer and BEST FAMILY HOLDINGS LLC ("Seller") dated February 15th, 2018 for the property located at 12006 120TH PLACE NE in the City of KIRKLAND, KING County, Washington. Buyer's failure to pay the earnest money strictly as above shall constitute default on the Agreement as well as on this Note.

If Holder retains an attorney for collection of amounts due pursuant to this Note, or if Holder brings suit to collect any amounts due on this Note, Buyer shall pay a reasonable attorney's fee and costs. This Note shall bear interest at the rate of twelve percent (12%) per annum after default.

BUYER

By: _____

Printed Name and Title: _____

* Do not enter "on closing" as the date this Note becomes due and payable because closing under the Agreement is not certain to occur. Instead, insert a specific date or an event that is certain to occur.