

ATTACHMENT A:

PURCHASE AND SALE AGREEMENT

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into by and between **KING COUNTY**, a political subdivision of the State of Washington ("Seller") and the **KELLER FAMILY DAIRY, LLC**, a Washington limited liability company ("Buyer"). Seller and Buyer may also be referred to herein individually as a "Party" or collectively as the "Parties." This Agreement shall be effective as of the date it has been executed by both Parties ("Effective Date").

RECITALS

A. Seller is the owner of that certain real property located in Carnation, King County, State of Washington, the legal description of which is attached hereto as **Exhibit A** (the "Real Property").

B. Seller desires to sell the Real Property and Buyer desires to purchase the Real Property in accordance with the terms and conditions set forth in this Agreement.

AGREEMENT

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

ARTICLE 1.

PURCHASE AND TRANSFER OF ASSETS

1.1. Property Sold. Seller shall sell and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date, all right, title and interest of Seller, if any, in and to the following:

1.1.1. All of Seller's right, title and interest in the Real Property as legally described in **Exhibit A**;

1.1.2. All of Seller's right, title and interest in improvements, buildings and structures located on the Real Property;

1.1.3. All of Seller's right, title and interest in and to tangible personal property, if any, owned by the Seller and attached, appurtenant to or used in connection with the Real Property; and

1.1.4. All of Seller's easements, rights-of-ways, water rights, mineral rights, air rights, privileges and other rights appurtenant to the Real Property, including but not limited to, Seller's right, title, and interest (only as it relates to the Real Property) in and to streets, alleys or other public ways adjacent to the Real Property, sewers and service drainage easements, rights of

connection to the sewers, rights of ingress and egress, and leases, licenses, government approvals and permits affecting the Real Property.

Hereinafter, the items listed in Section 1.1 are collectively referred to as the "Property."

1.2. Conservation Easement. The sale and conveyance of the Property shall be subject to a Reservation of Agricultural Conservation Easement that Seller and Buyer shall execute and cause to be recorded with the King County Recorder ("Conservation Easement") in the form attached hereto as part of **Exhibit B.**

1.3. Development Rights. At the Closing (as hereinafter defined), a Transfer of Development Rights Certificate shall be issued to Seller pursuant to KCC Chapter 21A.37 as a result of the reserved Conservation Easement.

1.4. Three Dwelling Units Allowed on the Property. Buyer shall have the right, but not the obligation, to have up to three (3) dwelling units on the Property as provided under and subject to Section 6 of the Conservation Easement.

ARTICLE 2. PURCHASE PRICE

2.1. Purchase Price and Payment. In consideration of the conveyance of the Property, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **SEVEN HUNDRED TWENTY THOUSAND DOLLARS (\$720,000.00)** (the "Purchase Price").

2.2. Allocation of Purchase Price. Seller and Buyer agree that the entire Purchase Price is allocable to the Real Property and that the value of the personal property, if any, is *de Minimis*.

2.3. Deposit. Within five (5) business days after the Effective Date, Buyer shall deliver to Stewart Title Company (the "Escrow Agent"), in its capacity as the Parties' closing agent, immediately available cash funds in the amount of **THIRTY-SIX THOUSAND DOLLARS (\$36,000)** (the "Deposit"). The Deposit shall be invested by the Escrow Agent in a money market account, a federally insured investment or such other investment as may be approved by Seller and Buyer in writing. Accrued interest will be added to and become part of the Deposit. Upon deposit with Escrow Agent, the Deposit shall be non-refundable except as otherwise provided in this Agreement. The Deposit shall be applied as a credit against the Purchase Price at the Closing.

ARTICLE 3.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTIES AND CONDITION OF PROPERTY

3.1. Representations and Warranties of Seller. Seller represents, warrants and covenants to Buyer that as of the Effective Date and as of the Closing Date:

3.1.1. Organization. The Seller is a political subdivision of the State of Washington duly organized, validly existing and in good standing under the laws of the State of Washington.

3.1.2. Execution, Delivery and Performance of Agreement, Authority. The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision of the State of Washington, and (ii) subject to the contingency in Section 5.2 of this Agreement, has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller's legislative authority. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms herein.

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

3.1.4. Violations. To Seller's knowledge, the Property is in compliance with King County laws, rules, ordinances, regulations and/or decrees, and there are no violation notices or actions pending or threatened against the Property by King County.

3.1.5. Present Agreements. Except as provided in this Agreement, except for an agricultural lease between King County and Lor Lee that expires on November 1, 2015, and the water rights use agreement between King County and the Snoqualmie Valley Preservation Alliance that expires on October 1, 2015, and except for the Permitted Exceptions, (a) the Property is not the subject of any recorded or unrecorded right of first refusal or option to purchase, negotiate or offer, or other agreement or understanding with respect to a purchase, sale or other acquisition of the Property or any portion thereof or any interest therein by any third party; and (b) Seller has not made any oral or written commitments or representations to, or understandings or agreements specifically concerning the Property with, any person or any adjoining property owner which would in any way be binding on Buyer and/or the Property or that would interfere with Buyer's use of the Property.

3.1.6. Covenants. Except as provided in this Agreement, Seller hereby covenants unto Buyer as follows:

(a) Seller will refrain from the following actions without the prior written consent of Buyer: (i) making any material changes to the physical condition of the Property other than as may be required in this Agreement; (ii) creating or incurring or permitting to exist any mortgage, lien, pledge or other encumbrance in any way affecting the Property which is not in

existence as of the Effective Date; (iii) committing any waste or nuisance on the Property, provided that Seller is not required to take any affirmative action to address any physical condition on the Property; (iv) except with regard to reservation of the Conservation Easement in accordance with Section 1.2 and the transfer of the Development Rights in accordance with Section 1.3, conveying any interest (fee or leasehold) in the Property; and (v) entering into any contract, lease or agreement affecting the Property.

(b) Seller shall not create or agree to create any matter affecting title to the Property.

3.1.7. Foreign Person. Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended, and shall deliver to Escrow Agent for the benefit of Buyer on or before the Closing Date a FIRPTA Certificate consistent with this representation and warranty and in the form attached hereto as **Exhibit C.**

3.2. Representations and Warranties of Buyer. Buyer represents, warrants and covenants that as of the Effective Date and as of the Closing Date:

3.2.1. Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington. Buyer has all requisite limited liability company power and authority to carry on its business as it is now being conducted in the place where such business is now conducted.

3.2.2. Execution, Delivery and Performance of Agreement, Authority. The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a limited liability company, and (ii) has been duly authorized by all necessary action of the Buyer's governing authority. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms herein.

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

3.3. Condition of Property.

3.3.1. Seller Disclosure Statement. To the maximum extent permitted by RCW ch. 64.06, Buyer expressly waives its right to receive from Seller a seller disclosure statement ("Seller Disclosure Statement") and to rescind this Agreement, both as provided for in RCW ch. 64.06. Seller and Buyer acknowledge and agree that Buyer cannot waive its right to receive the section of the Seller Disclosure Statement entitled "Environmental" (which is contained in Section 7 of the form for improved residential real property) if the answer to any of the questions in that section would be "yes." Nothing in any Seller Disclosure Statement delivered by Seller creates a representation or warranty by the Seller, nor does it create any rights

or obligations in the Parties except as set forth in RCW ch. 64.06. Buyer is advised to use its due diligence to inspect the Property as allowed for by this Agreement, and that Seller may not have knowledge of defects that careful inspection might reveal. Buyer specifically acknowledges and agrees that any Seller Disclosure Statement delivered by Seller is not part of this Agreement, and Seller has no duties to Buyer other than those set forth in this Agreement.

3.3.2. Seller Disclaimer of Condition of the Property. Except to the extent of Seller's representations, warranties and covenants in Section 3.1 of this Agreement, Seller has not made, does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, contracts or guarantees 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 value, nature, quality, or condition of the Property (collectively "Condition of the Property"), including, without limitation:

- (a) The water, soil and geology;
- (b) The income to be derived from the Property;
- (c) The suitability of the Property for any and all activities and uses that Buyer or anyone else may conduct thereon;
- (d) The compliance or noncompliance of or by the Property or its operation with any laws, rules, ordinances, regulations or decrees of any applicable governmental authority or body or the zoning or land use designation for the Property;
- (e) The habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property;
- (f) The manner or quality of the construction or materials, if any, incorporated into the Property and the existence, nonexistence or condition of utilities serving the Property;
- (g) The actual, threatened or alleged existence, release, use, storage, generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal or other handling of any Hazardous Substances in, on, under or emanating from or into the Property, and the compliance or noncompliance of or by the Property or its operation with applicable federal, state, county and local laws and regulations, including, without limitation, Environmental Laws and regulations and seismic/building codes, laws and regulations. For purposes of this Agreement, the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington

Water Pollution Control Act, RCW 90.48, and any laws concerning above ground or underground storage tanks. For the purposes of this Agreement, the term "Hazardous Substance" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law; or

(h) Any other matter with respect to the Property.

3.3.3. Buyer Acceptance of Condition of Property.

(a) Buyer acknowledges and accepts Seller's disclaimer of the Condition of the Property in Section 3.3.2 of this Agreement.

(b) Buyer acknowledges and agrees that, within the Due Diligence Period as defined in Section 5.1 of this Agreement, Buyer will have had the right to conduct a physical inspection and make all investigations that Buyer deems necessary in connection with its purchase of the Property. Buyer further acknowledges and agrees that, having been given the opportunity to inspect the Property, Buyer is relying solely on its own investigation of the Property and is not relying on any information provided or to be provided by Seller. Buyer further acknowledges and agrees that any information provided or to be provided with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of such information and makes no representations as to the accuracy or completeness of such information and no employee or agent of Seller is authorized otherwise. Buyer further acknowledges and agrees that Seller is not liable or bound in any manner by any verbal or written statements, representations, or information pertaining to the Property, or the operation thereof, furnished by any agent, employee, or contractor of Seller, any real estate broker, or any other person.

(c) Upon waiver or satisfaction by Buyer of its contingencies pursuant to Article 5, Buyer acknowledges and agrees that it will thereby approve and accept the Condition of the Property and accordingly agrees to purchase the Property and accept the Condition of the Property "AS IS, WHERE IS" with all faults and patent or latent defects, including, without limitation, the actual, threatened or alleged existence, release, use, storage, generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal or other handling of any Hazardous Substances in, on, under or emanating from or into the Property, and the compliance or noncompliance of or by the Property or its operation with applicable federal, state, county and local laws and regulations including, without limitation, Environmental Laws and regulations and seismic/building codes, laws and regulations. Buyer acknowledges and agrees that, except to the extent of Seller's representations, warranties and covenants in Section 3.1. of this Agreement, Buyer shall have no recourse against the Seller for, and waives, releases and discharges forever the Seller from, any and all past, present or future claims or demands, and any and all past, present or future damages, losses, injuries, liabilities, causes of actions (including, without limitation, causes of action in tort) costs and expenses (including, without limitation fines, penalties and judgments, and attorneys' fees) of any and every kind or character, known or unknown (collectively, "Losses"), which the Buyer might have asserted or alleged against the Seller arising from or in any way related to the Condition of the Property, including, without limitation, the actual, threatened or alleged existence, release, use, storage,

generation, manufacture, transport, deposit, leak, seepage, spill, migration, escape, disposal or other handling of any Hazardous Substances in, on, under or emanating from or into the Property. Losses shall include without limitation (a) the cost of any investigation, removal, remedial or other response action that is required by any Environmental Law, that is required by judicial order or decree or by order of or agreement with any governmental authority, or that is conducted voluntarily, (b) losses for injury or death of any person, and (c) losses arising under any Environmental Law, whether or not enacted after transfer of the Property.

3.4. Risk of Loss. Until the Closing Date, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to be any significant property damage including, but not limited to, earthquakes, tremors, wind, rain, fire, flooding or other natural occurrence. In the event that a loss occurs prior to the Closing Date that materially affects the value of the Property, or the suitability of the Property for Buyer's intended uses, at Buyer's sole discretion, then Buyer, upon written notice to Seller, shall have the option to either (a) terminate this Agreement, in which event the Deposit shall be refunded to Buyer, and the Parties shall be relieved of any further liability or obligation under the Agreement; or (b) continue under the Agreement.

3.5. Disclosures. Buyer acknowledges receipt of (a) King County Septic Addendum to Purchase and Sale Agreement in the form attached hereto as **Exhibit D** and (b) Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards in the form attached hereto as **Exhibit E**.

ARTICLE 4. TITLE MATTERS

4.1. Conveyance. Seller shall convey to Buyer the title to the Property by Bargain and Sale Deed subject to the Reservation of Agricultural Conservation Easement in substantially the form attached hereto as **Exhibit B**, which conveyance shall also be subject to the Permitted Exceptions (as defined below), the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, building or use restrictions general to the governing jurisdiction, and the matters excluded from coverage by the printed exceptions and exclusions contained in the form of title insurance policy required by Section 4.4 of this Agreement.

4.2. Title Commitment. Seller shall within fifteen (15) days after the Effective Date obtain a preliminary commitment for an owner's standard coverage policy of title insurance (the "Title Commitment") issued by Stewart Title Company (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount the total Purchase Price for the Property. At such time as the Title Company causes the Title Commitment to be furnished to Buyer, the Title Company shall further cause to be furnished to Buyer legible copies of all instruments referred to in the Title Commitment as restrictions or exceptions to title to the Property.

4.3. Review of Title Commitment. Buyer shall have until sixty (60) days after the

Effective Date (the "Review Period") in which to notify Seller in writing of any objections Buyer has to any matters shown or referred to in the Title Commitment ("Buyer's Objections"). Any exceptions or other items that are set forth in the Title Commitment and to which Buyer does not object within the Review Period shall be deemed to be permitted exceptions ("Permitted Exceptions"). With regard to items to which Buyer does object within the Review Period, Seller shall notify Buyer within ten (10) days after Seller receives Buyer's Objections of any exceptions to title which Seller will not remove or otherwise resolve ("Seller's Response"), and Buyer may, at Buyer's option, either proceed to Closing and thereby waive the Buyer's Objections not cured, in which case such exceptions to title shall be Permitted Exceptions, or Buyer may terminate this Agreement by notice to Seller within ten (10) days after receipt of Seller's Response. If the Title Company issues a supplement to the Title Commitment that identifies new exceptions, the procedure set forth in this Section 4.3 shall apply to such supplement, except that Buyer will have seven (7) days to make Buyer's Objections to any new exception, Seller shall have five (5) days to provide Seller's Response, and the Closing Date will be extended for the period necessary to allow the procedures set forth herein to be completed with regard to a timely objection.

4.4. Owner's Title Insurance Policy. At the Closing, Seller shall cause an owner's standard coverage policy of title insurance to be issued by the Title Company in the full amount of the purchase price, effective as of the Closing Date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the Conservation Easement, the Permitted Exceptions, the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, building or use restrictions general to the governing jurisdiction, and the matters excluded from coverage by the printed exceptions and exclusions contained in the form of title insurance policy required by the Title Company. The obligation of Seller to provide the title policy called for herein shall be satisfied if, at the Closing, the Title Company has given a binding commitment, in a form reasonably satisfactory to Buyer, to issue the policies in the form required by this Section. Seller shall provide a copy of such binding commitment to Buyer to verify satisfaction of this obligation as a condition to Buyer being obligated to close. Seller shall pay any sum owing to the Title Company for the preparation of the preliminary and binding commitments generated by the Title Company. If Buyer elects to request extended coverage or any endorsements to the title insurance policy, Buyer shall pay for the resulting additional cost of the title insurance policy, and will be responsible for causing the title insurance to be issued at Closing.

ARTICLE 5. CONTINGENCIES

5.1. Due Diligence Inspection and Feasibility. Buyer shall satisfy itself by investigation and inspection, at its cost and expense, and in its sole and absolute discretion, that the condition of the Property for Buyer's contemplated use meets with its approval ("Due Diligence Contingency"). If Buyer is not satisfied with the condition of the Property, Buyer may terminate this Agreement by delivering written notice of termination to Seller within ninety (90) days of the Effective Date ("Due Diligence Period"). In such event this Agreement shall terminate, the Deposit shall be returned to Buyer, and the Parties shall have no further obligations

hereunder. If Buyer fails to give such written notice of termination within the Due Diligence Period or affirmatively gives written notice that this Due Diligence Contingency is satisfied or waived within the Due Diligence Period, Buyer shall be obligated hereunder without further contingency and the Deposit shall be nonrefundable to Buyer except in the event of a default hereunder by Seller. Seller and Buyer may agree in writing to extend the Due Diligence Period.

5.1.1. Inspections. During the Due Diligence Period, Buyer, and its designated employees, members, representatives, agents, contractors, subcontractors, consultants and others assisting or providing services to Buyer (“Designated Representatives”) shall have the right at Buyer’s sole cost and expense to (a) perform any and all tests, inspections, studies, surveys or appraisals of the Property deemed necessary, on any subject, by the Buyer (subject to the limitations set forth below and Section 5.1.2 Right of Entry); (b) obtain a Phase I or Phase II Environmental Assessment on the Property and perform any and all tests, inspections and studies deemed necessary therewith; (c) examine all due diligence materials related to the Property that Buyer may reasonably request from Seller that are in Seller’s possession, and about which Seller has knowledge, and that are not protected as attorney work product, by the attorney-client privilege or by other similar confidential protections; (d) determine to its satisfaction whether approvals, permits and variances can be obtained under applicable land use and zoning codes for Buyer’s proposed use and development of the property; and (e) determine whether Buyer’s proposed use and development of the Property is economically feasible.

5.1.2. Right of Entry. Buyer and Designated Representatives shall have the right and Seller hereby grants to Buyer and Designated Representatives a non-revocable license during the Due Diligence Period to enter onto the Property and conduct tests, investigations and studies set forth in this Article 5. Buyer’s initial entry upon the Property for due diligence purposes under this Article 5 shall be upon no less than twenty-four hours advance notice delivered by email on a business day to Kathy Creahan at kathy.creahan@kingcounty.gov and Becky Petersen at becky.petersen@kingcounty.gov. Thereafter, Buyer shall email Kathy Creahan and Becky Petersen not less than once per calendar week during the Due Diligence Period to update Seller regarding Buyer’s due-diligence activities upon the Property. Invasive tests on the Property, such as drilling, percolation tests or excavation shall be subject to Seller’s prior written approval. If invasive tests are performed by Buyer, Seller may elect to obtain split samples of such sampling and reimburse the Buyer for the costs thereof. Upon completion of any such tests, studies, surveys, and/or audits, and if Buyer elects not to proceed with the purchase of the Property, then Buyer shall restore the Property to (as near as is reasonably possible) its condition existing prior to the Due Diligence Period. In connection with any such inspections and tests, Buyer agrees to hold harmless, indemnify and defend Seller, its officers, agents and employees, from and against all claims, losses, or liability for injuries, sickness or death of persons, including employees of Buyer (“Claims”) caused by or arising out of any act, error or omission of Buyer or Designated Representatives entering onto the Property for the above purposes, except to the extent the Claims are caused by or arise out of any act error or omission of Seller, its officers, agents and employees. Except as otherwise set forth in this Section 5.1.2, all costs and expenses associated with Buyer’s due-diligence process, including but not limited to tests, investigations, studies, surveys, drilling, excavation, and audits, shall be the sole responsibility of Buyer, and Buyer shall ensure that no liens or other claims are filed against the

Property or asserted against Seller.

5.1.3. Right of Entry Insurance. Prior to the entry of Buyer or its Designated Representatives for invasive testing on the Property, which shall be limited to inspections of the existing drain field and well, the entering party(ies) shall submit evidence of (1) Commercial General Liability coverage in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (2) Automobile liability insurance in the amount of \$1,000,000; and (3) Stop Gap/Employers Liability coverage in the amount of \$1,000,000 for any entering party that has one or more employees. King County, its officers, officials, agents and employees shall be named as additional insureds. If Buyer desires to perform invasive testing that goes beyond inspections of the existing drain field and well, Buyer may depending on the type of proposed invasive testing be reasonably required by the Seller to also obtain Contractor's Pollution insurance in the amount up to \$1,000,000 per claim and in the aggregate.

5.2. Metropolitan King County Council Approval Contingency. Seller's performance under this Agreement is contingent on approval by ordinance of the conveyance of the Property by the Metropolitan King County Council ("Council Approval Contingency"). The Council Approval Contingency will be satisfied if an ordinance passed by the Metropolitan King County Council approving the conveyance of the Property becomes effective within one hundred twenty (120) days of the Effective Date ("Council Approval Period"). If the Council Approval Contingency is not satisfied within the Council Approval Period, the Parties may mutually agree in writing to extend the Council Approval Period for up to an additional sixty (60) days. If the Council Approval Contingency is not satisfied within the Council Approval Period, this Agreement shall terminate, the Deposit shall be returned to Buyer, and the Parties shall have no further obligations hereunder. If the Council Approval Contingency is satisfied within the Council Approval Period, Seller shall be obligated hereunder without further contingency except in the event of a default hereunder by Buyer.

ARTICLE 6. COVENANTS OF SELLER PENDING CLOSING

6.1. Conduct, Notice of Change. Seller covenants that between the Effective Date and the Closing Seller shall take all such actions as may be necessary to assure that Seller's representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it on or prior to the Closing Date shall have been performed on or prior to the Closing Date. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

ARTICLE 7.
COVENANTS OF BUYER PENDING CLOSING

7.1. Conduct, Notice of Change. Buyer covenants that between the Effective Date and the Closing Buyer shall take all such actions as may be necessary to assure that Buyer's representations and warranties set forth in Article 3 hereof will be true and complete as of the Closing Date (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of Buyer set forth in this Agreement which are required to be performed by it on or prior to the Closing Date shall have been performed on or prior to the Closing Date. Buyer shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

ARTICLE 8.
CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

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

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

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

8.3. Title. Seller shall have cured any exceptions to title to which Buyer objected within the Review Period in Section 4.3 and to which Seller agreed to remove or resolve under Section 4.3, unless Seller's obligation to remove or resolve has been waived by Buyer.

8.4. Approval of Management Plans. Buyer shall have received King County approval of a Farm Management Plan, as described in Section 4.2 of the Conservation Easement, that is acceptable to Buyer in Buyer's sole discretion; and Buyer shall have received King County approval of a Forest Management Plan, as described in Section 5.2 of the Conservation Easement, that is acceptable to Buyer in Buyer's sole discretion.

8.5. Approval of Clearing and Grading Permit. Buyer shall have received King County approval of a clearing and grading permit authorizing site preparation and removal of trees from the Agricultural Area (as defined in the Conservation Easement) of the Property, pursuant to King County Code Chapter 16.82, and that is acceptable to Buyer in Buyer's sole discretion.

8.6. Title. The Title Company shall be irrevocably committed to issue at a minimum a standard coverage owner's policy of title insurance for the full amount of the Purchase Price, effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions and the other exceptions allowed for under Section 4.4 of this Agreement.

8.7. Condemnation. No portion of the Property shall have been taken or damaged, nor threatened to be taken or damaged, by any public or quasi-public body, and Seller shall not have transferred any portion of the Property to any such body in lieu of condemnation.

ARTICLE 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

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

9.1. Delivery of Documents. Buyer shall have delivered to Seller on or prior to the Closing Date all documents required by the terms of this Agreement to be delivered to Seller.

9.2. Obligations. All obligations required by the terms of this Agreement to be performed by Buyer on or before the Closing Date shall have been properly performed in all material respects including, without limitation, delivery of the Purchase Price.

ARTICLE 10. CLOSING

10.1. Closing/Closing Date. The closing ("Closing") shall take place within thirty (30) days following the removal of all the contingencies in Article 5 and satisfaction of all conditions to closing in Article 8 and Article 9 of this Agreement, or such other date as may be mutually agreed upon in writing by the Parties; provided, however, that closing shall occur no later than December 31, 2015 ("Closing Date"). If Closing does not occur for a reason other than a default by Buyer by December 31, 2015, either Party may terminate this Agreement by providing written notice to the other Party, in which case the Deposit shall be returned to Buyer and the Parties shall have no further obligations under this Agreement. On or before the Effective Date Seller shall set up an escrow account with the Escrow Agent. The Escrow Agent shall serve as the closing agent for the transaction contemplated herein and Closing shall occur in the offices of the Escrow Agent in Seattle, Washington.

10.2. Prorations. Real property taxes and assessments, if any, shall be prorated as of the Closing Date. Seller shall pay the cost of one-half (½) of the escrow fee charged by the Escrow Agent, any real estate excise or other transfer tax due, the premium for the standard owner's Title Policy and any costs of the preliminary and binding title commitments, and its own attorneys' fees. Buyer shall pay one-half (½) of the escrow fee charged by the Escrow Agent, the premium for any extended coverage (including survey costs) (if Buyer elects to request extended coverage) or endorsements to the Title Policy requested by Buyer, the recording

fees for the deed, and its own attorneys' fees. Except as otherwise provided in this Section 10.2, all other expenses hereunder shall be paid by the Party incurring such expenses.

10.3. Seller's Delivery of Documents Funds at Closing. At the Closing, Seller will deliver to Buyer via escrow with the Escrow Agent the following properly executed documents and funds:

10.3.1. A bargain and sale deed subject to the Conservation Easement and the Permitted Exceptions conveying the Property substantially in the form of Exhibit F attached hereto;

10.3.2. A bill of sale and assignment duly executed by the Seller in substantially the form of Exhibit G, attached hereto for the personal property, if any;

10.3.3. The FIRPTA Certificate, substantially in the form of Exhibit C attached hereto;

10.3.4. Any closing fees and costs that are the responsibility of Seller.

10.4. Buyer's Delivery of Documents and Funds at Closing. At the Closing, Buyer will deliver to Seller via escrow with the Escrow Agent the following properly executed documents and funds:

10.4.1. Cash or immediately available funds in the amount of the Purchase Price, less the Deposit;

10.4.2. Any closing fees and costs that are the responsibility of Buyer; and

10.4.3. Execution of the bargain and sale deed and the Conservation Easement required by Section 10.3.1.

ARTICLE 11. MISCELLANEOUS PROVISIONS

11.1. Non-Merger. Each statement, representation, warranty, indemnity, covenant, agreement and provision in this Agreement shall not merge in, but shall survive the Closing of the transaction contemplated by this Agreement unless a different time period is expressly provided for in this Agreement.

11.2. Default and Attorneys' Fees.

11.2.1. Default by Buyer. In the event Closing does not occur due to default by Buyer, Seller's sole and exclusive remedy shall be to terminate this Agreement and retain the Deposit as liquidated damages. Buyer expressly agrees that the retention of the Deposit by Seller represents a reasonable estimation of the damages in the event of Buyer's default, that actual damages may be difficult to ascertain and that this provision does not constitute a penalty. Buyer and Seller acknowledge and agree that these damages have been specifically negotiated and are

to compensate Seller for its costs and expenses associated with this Agreement.

11.2.2. Default by Seller. In the event Closing does not occur due to default of Seller, Buyer may terminate this Agreement and receive a refund of the Deposit; or, alternatively, Buyer may seek specific performance to enforce this Agreement at law or equity.

11.2.3. Litigation. In the event of litigation by either Party to enforce or interpret this Agreement as against the other Party, the substantially prevailing Party in such action shall be awarded its reasonable attorneys' fees and costs, including without limitation costs with respect to the initial litigation and with respect to any appeal(s) thereof. The hourly rates for any award of attorneys' fees will be calculated based on the rate that would be charged for the services provided by an attorney of the same expertise and experience as the prevailing party's attorney(s) who is in a private practice.

11.3. Time.

11.3.1. Time Is of the Essence. Time is of the essence in the performance of this Agreement.

11.3.2. Computation of Time. Any period of time in this Agreement shall mean Pacific Time or Pacific Daylight Savings Time, as applicable, 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.

11.4. Notices. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier or two days after deposit in the United States mail if by first class, certified or registered mail, return receipt requested. All notices shall be addressed to the Parties at the addresses set forth below or at such other addresses as a Party may specify by notice to the other Party and given as provided herein:

If to Buyer: Keller Family Dairy, LLC
Attn: Steve and Janet Keller
PO Box 1377
Fall City, WA 98024

With a Copy to: Pinnacle Real Estate Law Group, PLLC
Attn: Craig Jones
600 Winslow Way E, Suite L-22
Bainbridge Island, WA 98110

If to Seller: King County
Real Estate Services
ADM-ES-0830
500 Fourth Avenue, Room 830
Seattle, WA 98104-2337
Attn: Kate Donley

King County
Department of Natural Resources & Parks
201 S. Jackson St., Suite 700
Seattle, WA 98104
Attn: Ted Sullivan

11.5. Entire Agreement and Amendment. This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written instrument specifically referring to this Agreement and signed by all Parties.

11.6. Severability. In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

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

11.8. Binding Effect. Subject to Section 11.14 below, this Agreement shall be binding upon and inure to the benefit of each Party, its heirs, successors and assigns.

11.9. Legal Relationship. The Parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

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

11.11. Cooperation. The Parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other Party in order to carry out the provisions and purposes of this Agreement.

11.12. Governing Law and Venue. This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions. In the event that either Party shall bring a lawsuit related to or arising out of this Agreement, venue shall be in a court of competent jurisdiction in King County, Washington; providing, however, that Buyer shall have the right to bring a lawsuit against Seller in a court of competent jurisdiction in an adjoining county to the extent authorized by Washington law.

11.13. No Third Party Beneficiaries. This Agreement is made only to and for the benefit of the Parties, and shall not create any rights in any other person or entity.

11.14. Assignment. Neither Party shall have the right to assign this Agreement, in whole or in part, without the prior express written consent of the other Party.

11.15. Negotiation and Construction. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and shall not be construed as if it has been prepared by one of the Parties, but rather as if both Parties had jointly prepared it. The language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have both been represented by counsel and have both participated in the preparation of this Agreement. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review and preparation of this Agreement.

11.16. Seller's Knowledge. Any and all representations or warranties or other provisions in this Agreement that are conditioned on terms such as "to Seller's knowledge" or "about which Seller has knowledge" are made to and limited by the present, actual knowledge of Kathy Creahan, who is an employee of King County, and is the Program Manager, Agriculture, Forestry and Incentives in the Water and Land Resources Division of the Department of Natural Resources and Parks, and Becky Petersen, who is an employee of King County, and is a Project Administrator in the Water and Land Resources Division of the Department of Natural Resources and Parks, based on their reasonable inquiry in the file locations where the relevant information would normally be filed. Ms. Creahan and Ms. Petersen have made no other inquiries or investigations with respect to Seller's representations or warranties or other provisions prior to the making thereof and have no duty to undertake the same.

11.17. Indemnification Title 51 Waiver. The indemnification provisions in Section 5.1.2 of this Agreement are specifically and expressly intended to constitute a waiver of the Buyer's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the Seller only, and only to the extent necessary to provide the Seller with a full and complete indemnity of claims made by the Buyer's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

11.18. Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it additional signature pages.

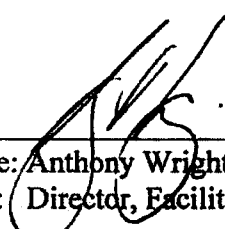
11.19. Exhibits. The following exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

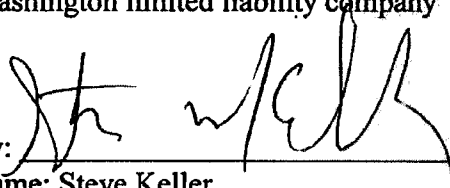
- | | |
|------------------|---|
| Exhibit A | Legal Description |
| Exhibit B | Conservation Easement |
| Exhibit C | FIRPTA Certificate |
| Exhibit D | King County Septic Addendum |
| Exhibit E | Disclosure on Lead-Based Paint and Lead-Based Paint Hazards |
| Exhibit F | Bargain and Sale Deed |
| Exhibit G | Bill of Sale |

Executed on the dates set forth below.

SELLER: KING COUNTY

**BUYER:
KELLER FAMILY DAIRY, LLC, a
Washington limited liability company**


By: 
Name: Anthony Wright
Title: Director, Facilities Management Division

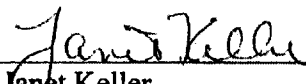
By: 
Name: Steve Keller
Title: Co-Managing Member

Date: 9-9-2015

Date: 9-9-15

APPROVED AS TO FORM:

By: 
Senior Deputy Prosecuting Attorney

By: 
Name: Janet Keller
Title: Co-Managing Member

Date: 9/9/15

Date: 9-9-15

EXHIBIT A

LEGAL DESCRIPTION

That portion of Government Lots 6 and 7, Section 4, Township 24 North, Range 7 East, Willamette Meridian, in King County, Washington, lying Westerly of County Road 228 (West Snoqualmie River Road Southeast);

Together with that portion of the South Half of the Northeast Quarter of Section 5, Township 24 North, Range 7 East Willamette Meridian, in King County, Washington, lying Westerly of County Road 228;

Except any portion thereof lying Westerly of the following described line:

Beginning at a point on the West line of said Northeast Quarter of said Section 5, South $11^{\circ}14'05''$ West a distance of 558.43 feet from the Northwest corner thereof;
Thence South $12^{\circ}55'30''$ East a distance of 1285.76 feet;
Thence South $07^{\circ}16'50''$ West a distance of 592.98 feet to the terminus of said line, said terminus being a point on the South line of said subdivision, South $88^{\circ}15'21''$ East a distance of 575.00 feet from the Southwest corner thereof;

Together with Government Lots 1 and 2, in said Section 5;

Except the North 13 acres of said Government Lots 1 and 2; and

Except any portion thereof lying Easterly of the Westerly margin of said County Road No. 228;
and

Except that portion thereof described as follows:

Beginning at the intersection of the South line of said North 13 acres and the East line of the West 30 feet of said Government Lot 2, said intersection being the Northwest corner of that certain tract of land conveyed to Joe E. Monahan and Carole A. Monahan, his wife, by Statutory Warranty Deed recorded under Recording Number 6094031;
Thence South $11^{\circ}14'05''$ West, along said East line, and along the Westerly line of said Monahan Tract, a distance of 72.65 feet to an angle point in said Westerly line;
Thence South $78^{\circ}45'55''$ East, at right angles to said East line, and continuing along said Westerly line of said Monahan Tract, a distance of 14.50 feet to an angle point in said Westerly line;
Thence South $40^{\circ}15'55''$ East, continuing along said Westerly line of said Monahan Tract, a distance of 99.85 feet to an angle point in said Westerly line;
Thence South $41^{\circ}45'55''$ East, continuing along said Westerly line of said Monahan Tract, a distance of 188.22 feet to the most Southwesterly corner of said Monahan Tract;
Thence North $87^{\circ}14'05''$ East, along the South line of said Monahan Tract, a distance of 166.13 feet to the Southeast corner of said Monahan Tract;

Thence North 00°15'55" West, along the East line of said Monahan Tract, a distance of 274.76 feet, more or less, to said South line of said North 13 acres, and the Northeast corner of said Monahan Tract;

Thence North 88°43'30" West, along said South line of said North 13 acres a distance of 354.73 feet, more or less, to the Point of Beginning; and

Except any portion thereof lying Westerly of the following described line:

Beginning at a point on the West line of said Northeast Quarter of said Section 5, South 11°14'05" West a distance of 558.43 feet from the Northwest corner thereof;

Thence South 12°55'30" East a distance of 1285.76 feet;

Thence South 07°16'50" West a distance of 592.98 feet to the terminus of said line, said terminus being a point on the South line of said subdivision, South 88°15'21" East a distance of 575.00 feet from the Southwest corner thereof;

Together with the East Half of the Southeast Quarter of said Section 5; and

Together with the East Half of the East Half of the Northwest Quarter of the Southeast Quarter of said Section 5; and

Together with that portion of the said Northwest Quarter of the Southeast Quarter of said Section 5, described as follows:

Beginning at the Northwest corner of the East Half of the East Half of said subdivision;

Thence South 07°37'29" West, along the Westerly line of said subdivision a distance of 270.00 feet;

Thence North 19°22'31" West a distance of 106.00 feet;

Thence North 02°52'29" East a distance of 169.73 feet, more or less, to the North line of said subdivision;

Thence South 88°15'21" East, along said North line, a distance of 62.51 feet, more or less, to the Point of Beginning.

(Also known as Parcel 2 of Large Lot Segregation Number L96M0170, recorded under Recording Number 9703049006; and Parcels 1 and 2 of Large Lot Segregation Number L98M0131, recorded under Recording Number 9811259001)

EXHIBIT B

RESERVATION OF AGRICULTURAL CONSERVATION EASEMENT

Easement

After Recording Return To:
King County Department of Executive Services
Facilities Management Division
Real Estate Services Manager

830 King County Administration Building
500 Fourth Avenue
Seattle, Washington, 98104-2337 Attn: Gail Houser

RESERVATION OF AGRICULTURAL CONSERVATION EASEMENT

GRANTOR/LANDOWNER:

KELLER FAMILY DAIRY, LLC, a Washington limited liability company

GRANTEE/RESERVING ENTITY:

KING COUNTY, a political subdivision of the State of Washington

LEGAL DESCRIPTION:

Abbreviated form: Sec 5, Town 24, Range 7, Ptn East ½ & Sec 4, Town 24,
Range 7, Gov't Lots 6 & 7.

Full legal: Attached hereto as Exhibit A.

**ASSESSOR'S TAX PARCEL NOS.: 052407-9002-09; 052407-9025-02; and
052407-9026-01**

REFERENCE NUMBER(S) OF RELATED DOCUMENT(S): N/A

KING COUNTY RESERVATION OF AGRICULTURAL CONSERVATION EASEMENT

THIS RESERVATION OF AGRICULTURAL CONSERVATION EASEMENT (“Conservation Easement”) is made and effective as of the date of the Deed into which it is incorporated (“Effective Date”) and is between **KING COUNTY**, a political subdivision of the State of Washington, its successors and assigns (hereinafter together referred to as the “County”) and the **KELLER FAMILY DAIRY, LLC**, a Washington limited liability company its successors and assigns (hereinafter together referred to as the “Landowner”). The County and the Landowner may be referred to individually herein as a “Party” and collectively as the “Parties”.

1 RECITALS.

- 1.1 The County is the present owner in fee of that certain real property situated in King County, State of Washington, and more particularly described in Exhibit A and shown in aerial photography on Exhibit B, both of which are attached to and made a part hereof by this reference (hereinafter the “Protected Property”). The Protected Property includes all existing and/or claimed water rights (“Water Rights”) as described in Exhibit C, attached to and made a part hereof by this reference.

- 1.2 The Protected Property consists of three existing parcels, together comprising approximately 191 acres. Certain portions of the Protected Property, together comprising approximately 80 acres of land, are designated herein as forestlands (“Forestland Area”). The remaining portions of the Protected Property, together comprising approximately 111 acres of land, are designated herein for permanent protection as agricultural lands (“Agricultural Area”). The locations of the Forestland Area and the Agricultural Area are shown on Exhibit B.

- 1.3 The Landowner is purchasing the Protected Property from the County. Immediately prior to the conveyance of the Property, the County is removing Thirty-Four (34) Rural Transferable Development Rights (“Development Rights”) from the Protected Property, which are being generated as a result of the County’s reservation of this Conservation Easement, through issuance of a TDR Certificate to the King County Transfer of Development Rights Bank pursuant to King County Code (“KCC”) 21.A.37. The County has determined that transfer of the Development Rights from the Protected Property will benefit the public through the preservation of the Protected Property devoted to agricultural, forestry and open space uses. Landowner has agreed to the reservation of this Conservation Easement by the County as an integral component of the purchase and sale transaction between the Parties for the Protected Property.

- 1.4 The County and Landowner have mutual interests in preventing the conversion of agricultural lands to non-agricultural uses and forestlands to non-forestry uses and it is the purpose of this Conservation Easement to protect the prime farmland soils and to retain the agricultural viability within the Agricultural Area, as defined herein, and to protect the forestlands for permitted forest uses within the Forestland Area, as defined herein.
- 1.5 The County is a “qualified conservation organization,” as defined by the Internal Revenue Code, and accepts the responsibility of enforcing the terms of this Conservation Easement in perpetuity.
- 1.6 The Agricultural Area has the capacity to be Farm and Agricultural Land as defined in RCW 84.34.020(2) or Farm and Agricultural Conservation Land as defined in RCW 84.34.020(8) and it possesses agricultural soils as well as having other characteristics, including having a portion of land located out of the floodplain that is available for agriculture related uses, that make it very suitable for commercial production of agricultural products.
- 1.7 The Forestland Area has important ecological functions that benefit the Protected Property as a whole, and retention of the Forestland Area in commercial forestry uses is one of the purposes of this Conservation Easement.
- 1.8 Preservation of the Agricultural Area for agricultural uses and the Forestland Area for the forestry uses described herein is referred to herein as “Conservation Values” of the Protected Property.
- 1.9 The Protected Property also possesses open space, ecological and natural values (e.g., undeveloped rural views, undeveloped wetland and riparian areas that enhance habitat for salmon and provide wildlife habitat and resting areas for migratory waterfowl), forested areas, natural flood storage and conveyance functions and ground-water recharge values (e.g. lack of impervious surface and existing wetlands), all of which are of great importance to the County, Landowner, the people of King County, and the people of the State of Washington. Collectively these values are referred to herein as the “Open Space Values”.
- 1.10 Landowner desires to cooperate with the County in preserving and devoting the Protected Property for Agricultural Uses, Forestry Uses, and Open Space Uses, as those terms are defined in this Conservation Easement.
- 1.11 This Conservation Easement will preserve the Protected Property for activities consistent with Agricultural Uses, Forestry Uses, and Open Space Uses to maintain and enhance the Conservation Values and Open Space Values in perpetuity in accordance with the specific terms and conditions hereinafter set forth. Uses of the Protected Property that are inconsistent with the permitted uses established in this

Conservation Easement will be prohibited, prevented or corrected by Landowner in consultation with the County. The Parties acknowledge and agree that, subject to obtaining all required governmental building and related permits, the existing buildings, structures, improvements, roadways and other impervious surfaces currently located on the Protected Property may remain, and may be renovated, repaired, remodeled, demolished, replaced or otherwise improved for permitted uses in this Conservation Easement, subject to obtaining all necessary permits from the County. Such buildings, structures, improvements, roadways and all other impervious surfaces are to be included in the calculation of the 10% limitation on non-tillable surfaces referred to in Subsection 3.7 of this Conservation Easement.

- 1.12 The water wells, and Water Rights, as defined below, located on the Protected Property, or to which the Protected Property has a beneficial interest, shall remain, be preserved, and continue to be put to beneficial use in accordance with this Conservation Easement. The Water Rights are bound by and permanently subject to the covenants, terms and conditions contained in this Conservation Easement. The County and Landowner have agreed that, in order to maintain the opportunity for the commercial production of agricultural products upon a significant portion of the Protected Property and to protect the Conservation Values and Open Space Values of the Protected Property, this Conservation Easement includes the right of the County to oversee and assist with proper management and allocation of any and all Water Rights appurtenant to the Protected Property. The term "Water Rights" includes any and all of the rights associated with the historical and beneficial use of water on the Protected Property including, without limitation, any of the embankments, flumes, head gates, measuring devices, structures, easements and rights-of-way appurtenant thereto.
- 1.13 This Conservation Easement furthers the objectives of the King County Comprehensive Plan to ensure the conservation and productive use of the County's natural resource lands and is responsive to the Washington State Growth Management Act as it serves to retain open space, encourages the conservation of productive agricultural lands and forestry lands, discourages incompatible uses of these lands, and maintains and enhances natural resource-based industries occurring thereon.
- 1.14 The Conservation Values and Open Space Values protected by this Conservation Easement also further the following governmental conservation objectives:

1.14.1 King County Comprehensive Plan Policy R-313, which provides as follows: "The purpose of the [Transfer of Development Rights] TDR Program is to reduce development potential in the Rural Area and the designated Resource Lands, and its priority is to encourage the transfer of development rights from private rural lands into the Urban Growth Area."

1.14.2 King County Comprehensive Plan Policy E-499(s), which provides as follows: “The existing flood storage and conveyance functions and ecological values of floodplains, wetlands, and riparian corridors shall be protected, and should, where possible, be enhanced or restored.”

1.14.3 RCW 84.34.010, in which the Washington State Legislature has declared “that it is in the best interests of the State to maintain, preserve, conserve and otherwise continue in existence adequate open space lands for the production of food, fiber and forest crops, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens.”

1.14.4 RCW 64.04.130 and RCW 84.34.210 grant counties the authority to hold and acquire real property interests to preserve, conserve and maintain open space, agricultural and timberlands; and RCW 36.70A.090 provides that counties should provide for innovative land use management techniques such as transfer of development credit programs.

1.14.5 A significant portion of the Protected Property possesses the capacity to produce agricultural products in furtherance of State and King County objectives described in RCW 84.34.020, the King County Countywide Planning Policies, and the King County Comprehensive Plan.

1.14.6 Conservation Futures Tax Ordinance No. 10750, wherein the King County Council determined that there is an “increasing need to provide a system of public open spaces necessary for the health, welfare, benefit and safety of the residents of King County and to maintain King County as a desirable place to live, visit and locate businesses.”

1.14.7 King County’s Transfer of Development Rights Program, KCC 21A.37, which enables the owners of property with “Rural” zoning designations to transfer development rights from their property to certain receiving sites within unincorporated and incorporated King County in exchange for the permanent preservation and protection of the land and its Conservation Values and Open Space Values.

1.14.8 Waterways Motion No. 9175, in which King County commits to preserving critical waterways in order to preserve these systems for habitat and recreational purposes.

2 CONVEYANCE AND CONSIDERATION.

- 2.1 By accepting the County's reservation of this Conservation Easement from the conveyance of the Protected Property, for the reasons stated above, and in consideration of the mutual covenants, terms and conditions contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landowner hereby accepts a perpetual Conservation Easement on, over, and across the Protected Property, consisting of the rights in the Protected Property hereinafter enumerated, subjecting the Protected Property to the terms, covenants, limitations, restrictions, easements and servitudes set forth in this Conservation Easement and limiting permitted activities to agricultural, forestry and open space uses as specifically delineated herein.
- 2.2 The Recitals are hereby incorporated herein and made a part hereof.
- 2.3 The County and Landowner hereby agree that the Protected Property shall be bound by and permanently subject to the restrictive covenants, terms, and conditions set forth in this Conservation Easement. None of these covenants, terms, and conditions shall be construed as allowing a use that is not otherwise permitted by applicable state and local laws, codes, standards, and ordinances. Landowner shall conduct all permitted uses and activities under this Conservation Easement so as to meet all requirements of federal, state and local statutes, rules, and regulations as they may be amended from time to time, and to obtain any permits required by such statutes, rules and regulations.
- 2.4 This Conservation Easement reserves an interest in real property under the provisions of RCW 64.04.130 and is made as an absolute, unconditional, unqualified, and completed reservation to the County of this interest in real property, subject only to the mutual covenants and restrictions hereinafter set forth.
- 2.5 This Conservation Easement is subject to easements, covenants, restrictions, water rights and other matters of record as of the Effective Date of this Conservation Easement.
- 2.6 This Conservation Easement does not reserve to the County any Water Rights, which are hereby expressly retained by Landowner, subject to the provisions set forth herein regarding Water Rights.

3 LANDOWNER RIGHTS, AND COVENANTS, RESTRICTIONS AND USES GENERAL TO THE ENTIRE PROTECTED PROPERTY.

- 3.1 Purposes. The purposes of this Conservation Easement are to implement the mutual intentions of the County and Landowner to preserve and protect in

perpetuity the Conservation Values and Open Space Values on the Protected Property as described in the above Recitals and to limit permitted uses on the Protected Property to those specifically permitted in this Conservation Easement. Unless the Parties mutually agree by written amendment to this Conservation Easement, permitted uses shall include only those uses specified in this Section 3 (Uses and Restrictions Applicable to Entire Protected Property); Section 4 (Agricultural Area); and Section 5 (Forestland Area); (collectively, these may be referred to as the "Permitted Uses").

3.2 Landowner's Intent. Landowner intends that the Protected Property shall not be converted or directed to any uses other than the Permitted Uses.

3.3 Landowner's Retained Rights. Landowner retains for itself, and its successors and assigns, all customary rights and privileges of ownership of the Protected Property, including, but not limited to, the right to use, sell, lease and devise the Protected Property or Water Rights associated therewith, subject to the terms, covenants, limitations, restrictions, easements and servitudes, if any, set forth in this Conservation Easement.

3.4 Permitted Open Space Uses. Open space uses are permitted uses within the Protected Property. Open space uses, as used herein, mean:

3.4.1 Agricultural and Forestry uses.

3.4.2 The Landowner's right, but not obligation, with the County's prior written consent, to voluntarily conduct habitat restoration or allow mitigation activities within Potential Restoration Areas on the Protected Property, as identified in Exhibit B, to meet on or off-site compensatory mitigation needs consistent with King County policies and regulations.

3.4.3 All restoration and mitigation activities shall: (a) ensure that agriculture and forestry uses remain the predominant uses on the Protected Property; (b) avoid impacts to and prevent loss of land suitable for direct agricultural or forestry production outside the Potential Restoration Areas; (c) not substantially reduce the Protected Property's overall capacity for future agricultural and forestry production; (d) not enhance or substantially increase flooding potential on the Protected Property; (e) be planned and designed to benefit current and future agricultural and forestry production within the Agricultural Area and Forestland Area; (e) be conducted such that the natural, ecological, scenic, or designated historic resources are conserved or enhanced; and (f) not permanently compact, remove, sterilize, or pollute the soils outside the Potential Restoration Areas.

3.4.4 Recreational uses as defined in Subsection 3.5 below.

3.5 Recreational Uses. Provided the Agricultural Area is predominantly being utilized for permitted Agricultural uses under Subsection 4.4, Landowner shall have the right to use the Building Site Area and the Forested Area for passive recreational uses, which means low-impact outdoor recreational pursuits, such as hiking, horseback riding, and other forms of non-motorized recreation that do not adversely impact the Conservation Values or Open Space Values of the Protected Property. In addition, non-motorized in season hunting and fishing is permitted throughout the Protected Property. Without the prior written consent of the County, trails for non-motorized uses, benches, viewing platforms, accessibility improvements and permitted signage may be installed adjacent to these recreational uses, which uses and installations shall only be permitted in the Building Site Area, as defined in Section 4, and Forestland Area, as defined in Section 5, both of which are identified in Exhibit B. Trails shall be predominantly built of pervious surfaces and, unless Landowner and the County otherwise agree in writing, trails shall not exceed ten feet (10') in width. Non-commercial camping and RV parking spaces for overnight use associated with recreational activities of a group nature and as allowed herein, local community events, local farm community celebrations or gatherings, or weddings (collectively "group events") are permitted within the Building Site Area and Forestland Area, provided the remainder of the Agricultural Area is being utilized for permitted Agricultural uses under Subsection 4.4, and subject to the following conditions:

3.5.1 No more than ten (10) such group events are allowed during a calendar year, and such events are limited to no more than four consecutive nights of overnight camping and parking per event. Such uses shall not result in soil compaction such that the soil is no longer in a tillable state.

3.5.2 During in-season hunting and fishing on the Protected Property, camping and RV parking is permitted to such hunters and fishermen in addition to the up to ten (10) events allowed in Subsection 3.5.1 above. Such use shall not result in soil compaction such that the soil is no longer in a tillable state.

3.5.3 The kitchen in the existing pro-shop, or subsequent building that replaces the existing pro-shop, may be used for group events; for hunters and fishermen during in-season hunting and fishing; for use by local farmers for processing of farm products; and to prepare meals for farmworkers who work on the Protected Property or other property owned by Landowner or its members.

3.5.4 Overnight camping and RV parking is permitted by Landowner, its members, family members and individual guests and invitees, on the Building Site Area and Forestland Area; provided, however, that no more than ten (10) people are allowed to overnight camp at any given time pursuant to this Subsection 3.5.4.

3.5.5 The existing pro-shop, or subsequent building that replaces the existing pro-shop, may not be used for overnight lodging at any time.

3.6 Roads and Utilities. Roads and utilities including, without limitation, stormwater, power, electricity, water, gas and similar utilities may be installed, maintained, repaired, reconstructed, relocated and replaced within the Forestland Area in conjunction with a Permitted Use including, without limitation, a permitted residential use ("Infrastructure Improvements) in accordance with an approved King County Forest Management Plan ("Forest Management Plan"), as described in Subsection 5.2, and in compliance with the terms of this Conservation Easement and with all state and local laws and regulations. Infrastructure Improvements may be installed, maintained, repaired, reconstructed, relocated and replaced within the Building Site Area of the Agricultural Area in conjunction with a Permitted Use including, without limitation, a permitted residential use. Infrastructure Improvements may be installed, maintained, repaired, reconstructed, relocated and replaced within any other location within the Agricultural Area only if specifically allowed in writing by the Farmland Preservation Program or its successor agency, and in accordance with an approved Farm Management Plan and in compliance with all state and local laws and regulations. All above ground Infrastructure Improvements shall be included in the calculation of the 10% limitation on structures and/or non-tillable surfaces contained in Subsection 3.7; provided, however, that only that portion of the above ground Infrastructure Improvements that are structures or that result in non-tillable surfaces shall be included in the calculation (for example, a power pole and appurtenant structures on the ground, but not the area under overhead power lines above, will be included in the calculation). In the event of underground Infrastructure Improvements in the Agricultural Area, outside the Building Site Area, all utility excavations for underground utilities or pipelines shall not cause permanent damage to the surface of the land, and temporarily disrupted soils shall be restored in a manner consistent with agricultural uses, including restoration of the original soil horizon sequence, within one year of when the soils were initially disturbed.

3.7 Limitations on Non-tillable surfaces and structures. At any given time, no more than a total of ten percent (10%) of the Protected Property or of any parcel thereof resulting from any future division of the Protected Property, boundary line adjustment, or transfer of a portion of the Protected Property, shall be covered by structures and/or non-tillable surfaces. This equates to 19.1 acres on the Protected Property, including 1.9 acres of non-tillable surfaces and structures existing on the

Effective Date of this Conservation Easement. "Structures" shall include but are not limited to residences, barns, machine sheds, permanent greenhouses, associated structures, retail and processing facilities, surfaced parking areas, surfaced driveways, surfaced roadways, and surfaced pads. Temporary shelter for soil-dependent cultivation of horticultural or viticultural crops is not considered a structure. "Non-tillable surfaces" shall include but are not limited to asphalt, concrete, gravel, and other materials and actions that result in soil compaction such that the soil is no longer in a tillable state. Naturally occurring non-tillable surfaces, such as rock out-crops or bodies of water, shall not be counted against the 10% non-tillable surface limitation. Non-tillable surfaces within public right-of-way or utility easements, that exist upon the date of this conveyance or which are approved in writing by the County subsequent to this Conservation Easement, shall not be counted against the 10% non-tillable surface and structures limitation. The floors of green houses, exclusive of impervious foundations, shall not be counted against the 10% non-tillable surface and structures limitation, if left in a tillable condition. In the Agricultural Area, prior to the creation of any non-tillable surface, the topsoil on the area so affected shall be removed and used elsewhere on the Protected Property; said requirement is subject to permitting restrictions. Should the amount of non-tillable surface on any parcel comprising a portion of the Protected Property exceed 10% for that parcel, such parcel cannot be transferred separately but must remain under the same ownership as other parcels of which the Protected Property is comprised, said parcels being of sufficient size so that, collectively, their total non-tillable surface does not exceed 10% of their total acreage. No parcel may be transferred separately from the remaining parcel or parcels, if the transfer of that parcel would cause the remaining parcel or parcels to exceed the 10% limitation on non-tillable surfaces and structures for those parcels or parcel.

- 3.8 Subdivision. No division of the Protected Property, or transfer of a portion of the Protected Property, resulting in any parcel, or portion of the Protected Property, being smaller than the size allowed by zoning, but in no event less than five (5) acres, shall be permitted. Landowner must obtain written permission from the Farmland Preservation Program or its successor agency prior to initiating any subdivision, boundary line adjustment or transfer of a portion of the Protected Property. The provisions of this Conservation Easement shall survive any subdivision, boundary line adjustment or transfer of all, or a portion of, the Protected Property. A boundary line adjustment that combines the Protected Property, or any portion thereof, with property on which development rights have not been conveyed to King County is prohibited.
- 3.9 Mining. Except as otherwise set forth in this Subsection 3.9, no mining, drilling, extracting or processing of oil, gas, minerals or aggregate resources, including rock and gravel, on or under the Protected Property shall be permitted. However,

temporary surface mining of aggregate resources, including rock and gravel, not to exceed one (1) acre in total at any given time, is permitted on the Protected Property, only outside of the Agricultural Area and only if the extracted aggregate resources are used in connection with a Permitted Use on the Protected Property or other property owned by Landowner or its members, and such disturbed area is restored and replanted to mitigate the impacts of such mining, unless such mined area is to be used for a structure permitted under the terms of this Conservation Easement. The Protected Property shall not be used for storage of gas, oil, aggregate resources or minerals, except to the extent such storage is for the use by Landowner for Permitted Uses on the Protected Property or other nearby property owned by Landowner or its members.

- 3.10 Waste Dumping/Storage. No dumping or storage of solid or liquid waste, or of trash, rubbish, hazardous, or noxious materials shall be permitted on the Protected Property. Hazardous materials include explosives, veterinary or medical wastes, radioactive wastes, chemical, biological or petroleum products that are not being used for agricultural, forestry or residential purposes and that may pose a substantial present or potential hazard to humans, wildlife or the environment and that, either singularly or in combination, have toxic properties that may cause death, injury or illness or have mutagenic, teratogenic, or carcinogenic properties or are corrosive, explosive, flammable, or may generate pressure through decomposition or other means. However, the temporary storage of solid or liquid waste, or of trash, rubbish, hazardous, or noxious materials generated on, or used in conjunction with any Permitted Use on the Protected Property is permitted providing such storage and use is in compliance with all applicable federal, state and local laws and regulations. Temporary storage means storage for the duration of not more than one year. Composting of biodegradable materials for on-site application at agronomic rates is permitted, providing the composting is performed in accordance with all applicable federal, state and local laws and regulations. Production of compost, including manure management through soil amendment, for use on-site, sale and/or off-site application must be predominately of biodegradable materials produced primarily on the Protected Property or on other nearby property owned by Landowner or its members, or of biodegradable materials that have been used for agricultural purposes on the Protected Property, or on other nearby property owned by Landowner or its members, and in accordance with all applicable federal, state and local laws and regulations. Hazardous or noxious materials shall not include biosolids, herbicides, pesticides, rodenticides, insecticides, fertilizers and similar materials used in conjunction with Permitted Uses on the Protected Property and applied and maintained in accordance with federal, state and local law.

3.11 Signs. Unless Landowner and the Farmland Preservation Program or its successor agency otherwise mutually agree in writing, signs on the Protected Property shall be limited to the following:

3.11.1 Signage to state the name, reflect the history of the farm and its status on the Protected Property, names and addresses of owners and occupants, and to state conditions of access (including “no trespassing” signs);

3.11.2 Signage required to be placed on the Protected Property by any federal, state or local governmental entity or agency based upon Permitted Uses on the Protected Property, such as farm signage required to be posted on farms associated with certain activities on the farm;

3.11.3 Informational and directional signage to facilitate Permitted Uses on the Protected Property including, without limitation, recreational uses, such as trail signage, mile posts, maps, danger and similar signage to facilitate non-motorized recreational use;

3.11.4 Temporary signs associated with special events occurring on the Protected Property to provide information, directions, prohibited areas, parking areas and similar signage; providing that such signage shall be consistent with any special event or other permits if required, and that such signage shall not be in place for a period longer than fourteen (14) days; and

3.11.5 Signs to advertise all, or any portion of, the Protected Property for sale or lease.

Notwithstanding the foregoing, the County shall have the right to erect and maintain a sign or other appropriate marker on the Protected Property, no greater than twelve (12) square feet in size, bearing information indicating, among other things, that the Protected Property is subject to the terms and conditions of this Conservation Easement. The sign’s wording, location and design shall be determined by mutual consent of Landowner and the County, which consent shall not be unreasonably withheld. The sign shall clearly indicate that the Protected Property is privately owned and not open to the public. The County will be solely responsible for the costs of erecting and maintaining such sign or marker.

Permitted signs shall not be located within sensitive areas such as wetlands or stream corridors or within actively farmed areas within the Agricultural Area, unless placed therein pursuant to Subsection 3.11.2.

3.12 Water Rights. In order to maintain the ability of the Protected Property to support commercial agricultural production and other Permitted Uses, Landowner shall cooperate with the County to help assure that the Water Rights are maintained and

that water is put to beneficial use. Landowner shall retain all Water Rights necessary for present or future agricultural production on the Protected Property and shall not transfer, encumber, lease, sell, abandon, relinquish or otherwise separate, by action or inaction, such quantity of Water Rights from title to the Protected Property. Landowner shall take affirmative actions to avoid such abandonment, relinquishment, loss or forfeiture, including but not limited to the following:

3.12.1 Exercising the Water Rights by putting them to any beneficial use that is not inconsistent with the terms of this Conservation Easement in accordance with Chapter 90.14 RCW;

3.12.2 Seeking to place or enroll the Water Rights in the Washington State trust water rights program on a temporary basis, provided that any acquisition of the Water Rights by the State shall be expressly conditioned to limit its use to instream purposes and its duration to a term no longer than ten (10) years;

3.12.3 Seeking to lease the Water Rights for use on land other than the Protected Property for a term no longer than ten (10) years, with prior written notice to the County, after obtaining approval in accordance with RCW 90.03.380, 90.03.383, 90.03.390, or 90.44.100 for a temporary transfer or change of the Water Rights; provided, however, that any such lease shall require the lessee to make beneficial use of the Water Rights in accordance with Chapter 90.14 RCW and for agricultural purposes only (collectively, "Water Rights Maintenance Actions").

3.12.4 If Landowner is unable to take the Water Rights Maintenance Actions or if the Water Rights are under threat of abandonment, relinquishment, loss or forfeiture, Landowner shall convey ownership of said Water Rights to the County for the County's use in order to maintain the opportunity for commercial agricultural production on the Protected Property; or

3.12.5 Managing the Water Rights through a Watershed Improvement District, if one is created in the Snoqualmie Valley.

If Protected Property possessing divisible Water Rights is divided, a Water Right of sufficient quantity to support any present or future economically viable agricultural practice must be allocated to each portion of the Protected Property that exists after the division. Any relinquishment, loss or forfeiture of the Water Rights shall not be deemed or construed to be a waiver of the County's rights under this Conservation Easement or to defeat the purpose of the Conservation Easement, and shall not otherwise impair the validity of this Conservation Easement or limit its enforceability in any way.

3.13 Trees. To the extent otherwise permitted by law, the following shall apply to trees on the Protected Property:

3.13.1 Trees within the Forestland Area shall be subject to the limitations of Section 5 of this Conservation Easement; and

3.13.2 Trees located within the Agricultural Area may be removed, managed, maintained, planted and replaced in accordance with an approved Farm Management Plan and in compliance with state and local laws and regulations.

3.14 Fences. Existing fences on the Protected Property may be repaired or replaced. New fences located within the Agricultural Area may be constructed, repaired and maintained in accordance with an approved Farm Management Plan and in compliance with state and local laws and regulations. New fences located within the Forestland Area may be constructed, repaired and maintained in accordance with an approved Forest Management Plan and in compliance with state and local laws and regulations.

3.15 Home Occupation. Home occupations or home industries, as defined in Chapter 21A.06 of the King County Code (“KCC”), or its successor, and that are subordinate to the use of the Protected Property for agricultural, forestry and open space purposes, are permitted, provided that:

3.15.1 The home occupation or home industry must be consistent with the size, scale and intensity of the Permitted Uses on the Protected Property and must maintain the primacy of and be subordinate to use of the Protected Property for agricultural, forestry and open space uses; and

3.15.2 The home occupation or home industry must remain in full compliance with this Conservation Easement and KCC Chapter 21A.30, or its successor; and

3.15.3 The home occupation or home industry must be owned and operated by Landowner, its members or immediate family, or the farm operator and immediate family, residing in a Dwelling Unit on the Protected Property; and

3.15.4 All activities associated with the home occupation or home industry must be located and remain within the Building Site Area and/or Forestland Area; and

3.15.5 If the home occupation or home industry is sited within an agricultural building or structure, such as a barn, the Landowner, or successors, or farm operator must be able to provide verification that the home occupation or home industry is subordinate to the primary use of the Agricultural Area for production of agricultural products; and

3.15.6 No new structures or surfaces, to be used primarily for the operation of a home occupation or home industry shall be constructed or installed within the Agricultural Area outside the Building Site Area without the prior written consent of the County at the County's sole discretion; and

3.15.7 Should there be any discrepancy between the provisions of this Conservation Easement and the provisions of KCC Chapter 21A.30 governing home occupations and home industries, the more restrictive of the two shall prevail.

- 3.16 **Segregation of Protected Property from Development Approvals on other Property.** Except as otherwise provided in this Subsection 3.16, in conjunction with any application or proposal to develop ("Proposed Development") other real property, whether contiguous or not, no portion of the Protected Property may be used to satisfy or contribute toward any governmental requirement for a specified quantity of open space or other restrictions on development. Notwithstanding anything to the contrary in this Subsection 3.16, this restriction shall not apply if the Proposed Development of the other real property is for agricultural use.
- 3.17 **Public Access.** Nothing in this Conservation Easement shall be construed as (a) affording to the general public access to any portion of the Protected Property; or (b) preventing Landowner from providing public access to any portion of the Protected Property associated with Permitted Uses.
- 3.18 **Easements:** Landowner may not convey any road or utility easements, including temporary easements, over the Protected Property for the benefit of any adjacent or other properties without the express written permission of the County, unless ordered by a court of competent jurisdiction to do so.
- 3.19 **Compliance with Laws.** All Permitted Uses on the Protected Property shall be carried out in accordance with all federal, state and local laws and regulations and in compliance with this Conservation Easement.
- 3.20 **Prohibited Uses.** The following uses are specifically prohibited on the Protected Property:
- 3.20.1 Commercial and industrial activities unassociated with agriculture or forestry uses on the Protected Property;
- 3.20.2 Construction, habitation, or other use of a dwelling unit and/or agricultural employee dwelling units, except to the extent such use is specifically permitted in this Conservation Easement;
- 3.20.3 Restaurants or other establishments primarily intended for the consumption of food or beverages;

3.20.4 The construction or use of the Protected Property for golf course purposes;

3.20.5 Impervious parking lot(s) unassociated with Permitted Uses on the Protected Property;

3.20.6 Motorized recreational uses including, without limitation, ATV or other off-road vehicles or motorcycles; provided, however, that nothing herein shall prohibit motorized vehicle usage in conjunction with agricultural or forestry uses on the Protected Property, and provided further this prohibition shall not apply to recreational camping vehicles associated with permitted camping uses in the Building Site Area and the Forestland Area;

3.20.7 Zoos, kennels, catteries, athletic fields or commercial campgrounds;

3.20.8 Large equestrian facilities such as indoor arenas, large horse barns or polo fields; and

3.20.9 Vehicle raceways and animal raceways other than those principally used for the exercise of animals grown, raised, or produced on the Protected Property or on other nearby property owned by Landowner or its members.

- 3.21 Emergencies. Landowner shall have the right to undertake any activities that are reasonably deemed necessary to protect health or safety or prevent significant property damage on the Protected Property or are required by and subject to compulsion of any government agency; providing, however, that Landowner shall first reasonably attempt to notify the County prior to taking such action.

4 AGRICULTURAL AREA PERMITTED USES AND RESTRICTIONS.

- 4.1 Designation of Agricultural Area. The Agricultural Area is shown on Exhibit B, and by this reference incorporated herein. Within the Agricultural Area is a sub-area denoted "Building Site Area", comprised of approximately 31 acres and also shown on Exhibit B. The Building Site Area is that portion of the Agricultural Area outside of the floodplain, and includes pre-existing roadways and infrastructure, impervious surfaces, buildings, structures, and improvements located thereon, all of which are to be included in the calculation of the 10% non-tillable surface and structures limitation set forth in Subsection 3.7.

- 4.2 Farm Management Plan. The County strongly encourages Landowner to farm and use the Agricultural Area for agricultural purposes. The Agricultural Area shall be managed or farmed under a Farm Management Plan as defined in King County Administrative Rule PUT 8-21 (PR), or its successor, and approved by an agency or agencies designated by the County. The Farm Management Plan facilitates farming on the Agricultural Area in a manner and condition capable of supporting current and/or future commercially viable agriculture. The Farm Management Plan shall be developed using the standards and specifications of the NRCS Field Office

Technical Guide and 7 CFR part 12 that are in effect on the Effective Date of this Conservation Easement, as may be amended from time to time. The Farm Management Plan, which Landowner shall abide by, shall contain a nutrient management component. Landowner may develop and implement a Farm Management Plan that proposes a higher level of conservation and is consistent with the NRCS Field Office Technical Guide standards and specifications. A copy of the Farm Management Plan shall be kept on file at the offices of the County that houses the King County Farmland Preservation Program or its successor agency. The County shall have the right to enter upon the Protected Property from time to time, upon providing Landowner at least three (3) days' written notice, in order to monitor compliance with the Farm Management Plan. In the event of noncompliance with the Farm Management Plan, the County in seeking to enforce the Farm Management Plan shall work with the Landowner to explore methods of compliance and give the Landowner a reasonable amount of time, not to exceed twelve months, to take corrective action. If the Landowner does not comply with the Farm Management Plan, the County may take all reasonable steps (including efforts at securing voluntary compliance and, if necessary, appropriate legal action) to secure compliance with the Farm Management Plan.

- 4.3 Building Site Area. Except as otherwise specifically set forth in this Conservation Easement, including without limitation Subsection 3.6, and unless Landowner and the County otherwise mutually agree in writing, the location of impervious surfaces, buildings and structures, infrastructure and improvements within the Agricultural Area shall be limited to the Building Site Area. "Impervious surfaces" include, without limitation surfaced parking areas, surfaced driveways, surfaced roadways and surfaced pads, graveled roadways and graveled areas, and impervious trails and walkways associated with Permitted Uses within the Agricultural Area and Forestlands Area as set forth in this Conservation Easement. "Buildings and structures, infrastructure and improvements" include, without limitation, buildings, structures, infrastructure and improvements associated with permitted agricultural and recreational uses in the Building Site Area as set forth in this Conservation Easement. Prior to creation of any impervious surfaces, buildings and structures, infrastructure and improvements within the Building Site Area, the topsoil on the area so affected shall be removed and used elsewhere on the Protected Property or stockpiled elsewhere on the Protected Property for future use on the Protected Property. All such impervious surfaces, buildings and structures, infrastructure and improvements are subject to the 10% limitation on non-tillable surfaces and structures contained in Subsection 3.7. Landowner must obtain all King County and other governmental agency permits, if any, required in conjunction with installation, construction or creation of impervious surfaces, buildings and structures, infrastructure and improvements within the Building Site Area. Graveled roads may be constructed and utilized within the Agricultural Area, outside the Building Site Area, solely for the purposes of serving all forms of animal

husbandry and the growing, raising, production and harvesting of horticultural and agricultural crops, including, but not limited to, vegetables, berries, other fruits, cereal grains, herbs, and hay. Such roads are subject to the 10% limitation on non-tillable surfaces and structures contained in Subsection 3.7.

4.4 Permitted Agricultural Uses. Agricultural uses are permitted uses within the Agricultural Area. Agricultural uses, as used herein, mean:

4.4.1 The growing, raising, and production of horticultural and agricultural crops, including, but not limited to, vegetables, berries, other fruits, cereal grains, herbs, and hay.

4.4.2 Additional activities supporting such growing, raising and production, including but not limited to (a) constructing, grading and maintaining farm roads; (b) constructing, maintaining or replacing bridges and culverts; (c) fertilizing, including the application of biosolids, and preventing or suppressing diseases, insects, and undesirable vegetation with pesticides or herbicides and pest control, including trapping and hunting; and (d) controlling brush, disposing of slash, and controlled burning; and (e) within the Building Site Area only, manure management facilities for processing, augmenting, and sale of manure products predominately of biodegradable materials produced primarily on the Protected Property or on other nearby property owned by Landowner or its members.

4.4.3 Within the Building Site Area only, the processing and marketing, for consumption off-premises, of horticultural and agricultural crops and products. Although intended to support agricultural activity on the Protected Property, such processing and marketing may include agricultural crops from other properties in King County, provided such activity serves to support the economic viability of agricultural operations on other farmlands in King County.

4.4.4 On-premises tasting and sampling of horticultural and agricultural crops is permitted within the Building Site Area as part of the performance of processing and marketing activities that are otherwise allowed herein.

4.4.5 All forms of animal husbandry including, without limitation, within the Building Site Area only, the processing and marketing of animals or their products for off-premises consumption. Although intended to support agricultural activity on the Protected Property, such processing and marketing may include animal products from other properties in King County provided such activity serves to support the economic viability of agricultural operations on other farmlands in King County. On-premises tasting and sampling of animals or their products is permitted within the Building Site Area as part of the performance of processing and marketing activities that are otherwise allowed herein.

4.4.6 Uses consistent with the classification as “Farm and Agricultural Land” as defined in RCW 84.34.020(2).

4.4.7 Any processing and/or marketing of agricultural crops and animal products within the Building Site Area as allowed in Subsections 4.4.1 through 4.4.5 above must be secondary to the primary use of the overall Agricultural Area for the growing, raising, and production of horticultural and agricultural crops and/or all forms of animal husbandry.

4.4.8 Within the Building Site Area only, infrastructure and facilities including, without limitation, manure digesters; greenhouses; wind turbines; retail and processing facilities including, without limitation, milk processing, cheese processing or other farm-product processing; dairy and other farm animal housing; crop storage and silos; water reservoirs or tanks; manure management facilities for processing, augmenting, and sale of manure products predominately of biodegradable materials produced primarily on the Protected Property or on other nearby property owned by Landowner or its members; farm community meeting and gathering building; barns; agricultural employee dwelling unit(s); surfaced parking areas; surfaced driveways; surfaced pads; temporary shelter for soil-dependent cultivation of horticultural or viticultural crops; and similar infrastructure and facilities that support and/or enhance the agricultural use of the Agricultural Area and other farm properties are permitted. Except as specifically permitted elsewhere in this Conservation Easement, all such infrastructure and facilities shall be located within the Building Site Area. Infrastructure and facilities that utilize agricultural materials or products must use materials or products that are produced on-site or produced on other King County farms. It is the intent of this provision to promote the economic viability of agricultural operations on the Agricultural Area and on other farmlands in King County.

4.4.9 A farm equipment storage area is permitted, provided such storage area is located in the Building Site Area and in a location consistent with an approved Farm Management Plan. Use of the farm equipment storage area shall be limited to Landowner, its members, and other King County farmers.

4.4.10 A farm equipment repair shop is permitted, provided the shop is located in the Building Site Area and in a location consistent with the Farm Management Plan. The farm equipment repair shop shall not occupy more than 10,000 square feet. Use of the farm equipment repair shop shall be limited to Landowner, its members, and other King County farmers.

5 FORESTLAND AREA PERMITTED USES AND RESTRICTIONS.

5.1 Designation of Forestland Area. The Forestland Area is shown on Exhibit B, and by this reference incorporated herein.

5.2 Forest Management Plan. The Forestland Area shall be managed under a Forest Management Plan, approved by an agency or agencies designated by the County. The Forest Management Plan facilitates forest practices on the Forestland Area in a manner and condition capable of supporting current and/or future commercially viable trees and forestry products. A copy of the Forest Management Plan shall be kept on file at the offices of the County. The County shall have the right to enter upon the Protected Property from time to time, upon providing Landowner at least three (3) days written notice, in order to monitor compliance with the Forest Management Plan. In the event of noncompliance with the Forest Management Plan, the County in seeking to enforce the Forest Management Plan shall work with the Landowner to explore methods of compliance and give the Landowner a reasonable amount of time, not to exceed twelve months, to take corrective action. If the Landowner does not comply with the Forest Management Plan, the County may take all reasonable steps (including efforts at securing voluntary compliance and, if necessary, appropriate legal action) to secure compliance with the Forest Management Plan.

5.3 Permitted Forestry Uses. Subject to the 10% limitation on non-tillable surfaces and structures in Subsection 3.7, forestry uses are permitted uses within the Forestland Area. Forestry uses, as used herein, mean:

5.3.1 Any legally permissible activity defined in or allowed under applicable federal, state and local laws and regulations pertaining to forestlands and relating to the growing, managing, harvesting or processing of trees or timber, including, without limitation (a) constructing, grading and maintaining roads and trails; (b) constructing, maintaining or replacing bridges and culverts; (c) subject to the limitations in Subsection 3.9 hereof, excavating rock or other materials from on-site pits or quarries for use on the Protected Property; (d) final and intermediate harvesting of timber; (e) pre-commercial thinning or pruning of timber; (f) reforestation; (g) fertilizing, including the application of biosolids, and preventing or suppressing diseases, insects, and undesirable vegetation with pesticides or herbicides (including ground and aerial application of chemicals) and pest control, including trapping and hunting; (h) salvage of trees; (i) controlling brush, disposing of slash, and prescribed burning; (j) preparatory work such as tree marking, surveying and road flagging; (k) installing gates and other measures to close access to the Forestland Area; (l) removing or harvesting incidental vegetation from the Forestland Area such as berries, ferns, greenery, mistletoe, herbs, mushrooms and other products; (m) protecting structures such as bridges, ponds and other improvements related to forestry practices; (n) processing forest products from the Protected Property with portable or temporary equipment designed for in-woods processing; and (m) constructing landing and storage areas associated with harvesting and processing forest products from the Protected Property.

6 DWELLING UNITS.

This Section 6 is subject to the 10% limitation on non-tillable surfaces and structures contained in Subsection 3.7.

- 6.1 Retention of Three Dwelling Units. The Landowner retains the rights on the Protected Property for up to three (3) dwelling units ("Dwelling Unit" or "Dwelling Units") in accordance with the provisions of this Section 6 of the Conservation Easement. A Dwelling Unit means a permanent or manufactured home structure, at the sole discretion of Landowner, located on the Protected Property in the Building Site Area or Forestland Area within a 10,000 square foot building envelope, excluding driveways, in a location determined at Landowner's sole discretion that will be designed and used for single-family residential occupancy.
- 6.2 Initial Dwelling Unit and Option to Acquire the Rights to Two Additional Dwelling Units. Landowner shall have the right to one (1) Dwelling Unit, located on the Protected Property within the Building Site Area or Forestland Area in a location determined at Landowner's sole discretion. Landowner shall also have the right to two (2) additional Dwelling Units, to be placed on the Protected Property within the Building Site Area or Forestland Land Area in a location determined at Landowner's sole discretion. Landowner shall have the right, but not the obligation, to purchase the rights to one or both of the additional Dwelling Units. For the first Dwelling Unit purchased, Landowner shall pay **ONE HUNDRED SIXTY THOUSAND DOLLARS (\$160,000)** to the County. For the second Dwelling Unit purchased, Landowner shall pay **ONE HUNDRED FIVE THOUSAND DOLLARS (\$105,000)** to the County. Either or both Dwelling Units shall be purchased no later than ten (10) years from the Effective Date of this Conservation Easement ("Option Period"). Landowner shall have the right to purchase the Dwelling Units separately or at the same time. The right to purchase the two (2) additional Dwelling Units may only be exercised by the original Landowner, the original Landowner's members, Steve and/or Janet Keller, or their immediate family members. If the right to purchase one or both of the Dwelling Units is not exercised prior to termination of the Option Period, then the unexercised right(s) will automatically expire and become null and void. There shall be no time period in which the Dwelling Units must be constructed. Landowner shall have a right to construct the Dwelling Units on the Protected Property within the Building Site Area and Forestland Area at any time in the future upon purchasing the Dwelling Units from the County; provided, however, Landowner must obtain all King County and other governmental agency permits, if any, required in conjunction with construction of a Dwelling Unit. Landowner and the County agree that if the right to purchase one or both of the Dwelling Units is exercised, Landowner and the County shall execute and record an addendum to this Conservation Easement memorializing such purchase in accordance with the terms of this Conservation Easement.

- 6.3 Limitation on Dwelling Units. No more than the three (3) Dwelling Units contemplated in this Section 6 shall be permitted on the Protected Property, regardless of whether the Protected Property is divided or its boundaries are altered by Landowner. If a portion of the Protected Property is transferred separate from the whole, the conveyance instrument shall state the number of reserved Dwelling Units, if any, that are allocated to that portion of the Protected Property conveyed.
- 6.4 No Further Development Rights. It is expressly understood and agreed by Landowner and the County that except as specifically provided in this Section 6 for the rights to three (3) Dwelling Units, there are no further Dwelling Units or development rights for residential, commercial, industrial or other future development that are now or hereafter allocated, reserved or inherent for the benefit of the Protected Property.
- 6.5 Dwelling Unit Size. The total living space square footage of any new or remodeled reserved Dwelling Unit, excluding attached or detached garage, accessory dwelling unit, accessory outbuildings or structures, decks and patios, within the building envelope, shall not exceed 2,995 square feet, which is 150% of the median size of dwelling unit living space in King County's Agricultural Production Districts, as determined by King County Assessor's records upon the Effective Date of this Conservation Easement.
- 6.6 Dwelling Unit Use. Reserved Dwelling Units must be used for the sole purpose of accommodating the Landowner (and members of Landowner and their immediate families), and successors in interest to all, or a portion, of the Protected Property, the farm operator, or the immediate families of such person, or for accommodating on-farm agricultural employees of Landowner, farm operator and their immediate families. Reserved Dwelling Units cannot be sold or leased to the public-at-large.

7 ACCESSORY DWELLING UNITS.

This Section 7 is subject to the 10% limitation on non-tillable surfaces and structures contained in Subsection 3.7.

- 7.1 Accessory Dwelling Unit Defined. For purposes of this Conservation Easement, accessory dwelling unit means: A separate, complete dwelling unit that is attached to or contained within the structure of a Dwelling Unit or is contained within a separate structure that is accessory to and within the same building envelope as the Dwelling Unit. The total living space square footage of an accessory dwelling unit shall not exceed the limitations in square footage imposed by the King County Code, as amended from time to time. Only one accessory dwelling unit is permitted for each Dwelling Unit. Property containing an accessory dwelling unit cannot be divided or transferred separately from the property on which the Dwelling Unit is located unless the accessory dwelling unit is removed prior to such action. Accessory dwelling units are not included in the number of Dwelling Units reserved on the Protected Property.

Landowner must obtain all King County and other governmental agency permits, if any, required in conjunction with construction of an accessory dwelling unit.

- 7.2 Accessory Dwelling Unit Use. The use of accessory dwelling units shall be limited to those entitled to own and/or reside in the Dwelling Unit in accordance with Subsection 6.6 of this Conservation Easement. Accessory dwelling units cannot be leased to the public-at large.

8 AGRICULTURAL EMPLOYEE DWELLING UNIT(S).

This Section 8 is subject to the 10% limitation on non-tillable surfaces and structures contained in Subsection 3.7

- 8.1 Agricultural Employee Dwelling Unit Defined. For purposes of this Conservation Easement, agricultural employee dwelling unit means: A dwelling unit in which the total living space square footage does not exceed the limitations in square footage imposed by the King County Code, as amended from time to time, and which is used only to house agricultural employees who are employed to work on the Protected Property or on farms in King County, and their immediate families. Agricultural employee dwelling units must be located within the Building Site Area. Agricultural employee dwelling units are not included in the number of Dwelling Units reserved on the Protected Property. Landowner must obtain all King County and other governmental agency permits, if any, required in conjunction with construction of any agricultural employee dwelling unit(s).
- 8.2 Agricultural Employee Dwelling Unit Use and Restrictions. If the primary use of the Protected Property changes to a non-agricultural use, all agricultural employee dwelling units shall be removed. Property containing agricultural employee dwelling units cannot be divided or transferred separately from the rest of the Protected Property unless said structures are permanently removed prior to such action.

9 REMEDIES.

- 9.1 Right to Enforce. The County has the right to enforce the terms of this Conservation Easement and to prevent and correct or require correction of violations of the terms, conditions, restrictions and covenants of this Conservation Easement. The County shall have the right to prevent, or cause Landowner to prevent, any use of, or activity on, the Protected Property that is inconsistent with the purpose and terms of this Conservation Easement, and shall have the right to undertake or cause to be undertaken the restoration of such areas or features of the Protected Property as may be materially damaged by activities contrary to the provisions hereof.

- 9.2 Right of Entry. After giving three days' written notice to the possessors of the Protected Property, the County or its authorized representative shall have the right to enter from time to time onto the Protected Property and into structures located thereon for the sole purposes of inspection and enforcement of the terms, conditions, restrictions and covenants hereby imposed. In addition, the County shall have the right to enter upon the Protected Property, at a mutually agreeable date and time and upon prior notice to Landowner, to inspect the Protected Property after major natural events occur, such as fires, windstorms, and floods. The County shall exercise its access rights in compliance with applicable law and in a manner that will not materially disturb or interfere with Landowner's reserved rights, any other person's lawful use of the Protected Property, or Landowner's quiet enjoyment of the Protected Property. This right of entry and inspection by the County shall not extend to Landowner's reserved Dwelling Unit and its appurtenances, or to the second and third Dwelling Units and their appurtenances, if the rights to purchase these units are exercised in accordance with Subsection 6.2, or accessory dwelling units or agricultural worker dwelling units, unless the County has reasonable grounds to believe that the provisions of Subsections 3.15, 6.6 or 7.2 are being violated.
- 9.3 Initial Dispute Resolution. If a dispute arises between the Parties concerning the consistency of any proposed or actual use or activity with this Conservation Easement, or an alleged breach of this Conservation Easement, the Parties, prior to exercising the rights set forth in Subsections 9.4 and 9.5 of this Conservation Easement, and except when an ongoing or imminent violation could, as determined by the County, seriously impair the Conservation Values of the Protected Property, as provided for in Subsection 9.4, shall attempt to resolve the dispute through informal discussion within Fifteen (15) days after receipt of a written request for a meeting to resolve the dispute. If the dispute is not resolved within the 15 days, and Landowner and the County do not utilize mediation as provided for below, Landowner and the Director (or the Director's designee) of the King County Department of Natural Resources and Parks, or its successor agency, shall meet within 15 days and engage in good faith negotiations to resolve the dispute. Alternatively, Landowner and the County after the initial period of 15 days for informal discussion may mutually agree to refer the dispute to mediation upon such rules of mediation as the Parties may agree. Each Party shall bear its own costs, including attorney's fees, if mediation is pursued under this Subsection 9.3. The Parties shall share equally the fees and expenses of the mediator. Except as otherwise provided for in Subsection 9.4, the County agrees that it shall not pursue the remedies provided for in Subsections 9.4 and 9.5 until and unless these procedural steps are exhausted. If any applicable statute of limitations will or may run during the time that may be required to exhaust the procedural steps set forth above, the Parties agree to seek an order to suspend any proceeding filed in a court of law while the procedural steps set forth above are satisfied.

- 9.4 Cure Period. If the County determines, after utilizing the procedures provided for in Subsection 9.3 above, that a violation of this Conservation Easement has occurred or is occurring, the County may at its discretion take any and all appropriate legal action in law or equity. Upon such determination of a violation, the County shall notify Landowner in writing of the violation. Except when an ongoing or imminent violation could, as determined by the County, seriously impair the Conservation Values of the Protected Property, the County shall give Landowner written notice of the violation and 30 days to correct it before filing any legal action. If Landowner agrees to proceed with correction and demonstrates that additional time is required to complete the correction, the County shall extend the 30 day period to a period of time that the County determines is reasonable for the correction to be completed.
- 9.5 Remedies. If Landowner fails to cure the violation within the 30 day period or other such period as determined by the County, the County may bring an action in court to enforce the terms of this Conservation Easement, to enjoin the violation, and to require restoration of the Protected Property to the condition that existed prior to any such injury. Landowner agrees that the County's remedies at law for any violation of the terms of this Conservation Easement are inadequate and that the County shall be entitled to seek the injunctive relief described in this Subsection 9.5 both prohibitive and mandatory, in addition to such other relief to which the County may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. All such actions seeking injunctive relief may be taken without the County being required to post bond or provide other security.
- 9.6 Damages/Costs. Where a court finds that a violation has occurred, Landowner shall reimburse the County for all its expenses incurred in halting and correcting the violation, including but not limited to actual costs of restoration. In as much as the actual damages to the Conservation Values and Open Space Values that could result from a breach of this Conservation Easement by Landowner would be impractical or extremely difficult to measure, the Parties agree that the money damages the County is entitled to recover from Landowner shall be, at the County's election, the higher of (i) the amount of economic gain realized by Landowner from violating the terms of the Conservation Easement or (ii) the cost of restoring any Conservation Values and/or Open Space Values that have been damaged by such violation. In the event the County chooses the second of these two measures, Landowner agrees to allow the County, its agents or contractors, to enter upon the Protected Property and conduct restoration activities. In any such action, the prevailing party shall be entitled to recover from the non-prevailing party court costs and reasonable attorneys' fees.
- 9.7 Waiver. Enforcement of the terms of this Conservation Easement shall be at the discretion of the County, and any forbearance by the County to exercise its rights under this Conservation Easement in the event of any breach of any terms of this

Conservation Easement by Landowner shall not be deemed or construed to be a waiver by the County of such term or of any of the County's rights under this Conservation Easement. No delay or omission by the County in the exercise of any right or remedy upon any breach by Landowner shall impair such right or remedy or be construed as a waiver. Moreover, any failure by the County to discover a violation of this Conservation Easement or forbearance by the County in exercising its rights under this Conservation Easement in the event of any violation of its terms by Landowner shall not be deemed a waiver by the County of such rights with respect to any subsequent violation. No waiver or waivers by the County or by its successors or assigns of any breach of a term, condition, restriction, or covenant contained herein shall be deemed a waiver of any subsequent breach of such term, condition, restriction or covenant or of any other term, condition, restriction, or covenant contained herein.

- 9.8 Acts beyond Landowner's Control. Nothing contained in this Conservation Easement shall be construed to entitle the County to bring any action against Landowner to abate, correct, or restore any condition on the Protected Property or to recover damages for any injury to or change in the Protected Property resulting from natural causes beyond Landowner's control, including, but not limited to, natural disasters such as climate change, fire, flood, storm, and earth movement; or from any prudent action taken by Landowner under emergency conditions to prevent, abate, or mitigate injury to the Protected Property resulting from such causes.
- 9.9 County's Right to Restore the Protected Property. In the event that any of the Conservation Values of the Protected Property are impaired by an Act of God, the County, at its sole cost and expense and following written consent by Landowner, shall have the right, but not the obligation, to restore all or portions of the Protected Property.
- 9.10 Violations of Easement by Third Parties. When there are violations of the terms of this Conservation Easement by parties other than Landowner, its members, employees, agents and contractors, Landowner shall take reasonable steps that are customarily used in the agricultural industry to terminate such violations. If such violations persist even after Landowner has taken reasonable steps that are customarily used in the agricultural industry to terminate them, Landowner will not be deemed to be in violation of this Conservation Easement.
- 9.11 Landowner Waiver of Specific Defenses. Landowner hereby waives any defense of laches and of estoppel, except in the circumstance where written permission or approval has been given by the County. This Subsection 9.11 shall not apply to the Washington State Department of Natural Resources or its successor agency should Landowner ever convey all or a portion of the Protected Property fee interest to the State of Washington.

9.12 Landowner's Reservation of Rights and Remedies. Except as provided for in Subsection 9.11, Landowner shall maintain all rights and remedies available at law and equity, including the ability to seek specific performance, other contract remedies and claims for damages arising from or in relation to any of the County's obligations in this Conservation Easement. Nothing in this Subsection 9.12 shall preclude the County from asserting equitable defenses in any claim or cause of action asserted by Landowner.

10 MISCELLANEOUS.

10.1 Succession. This Conservation Easement shall be assignable by the County, but only to a "Qualified Donee" within the meaning of Section 170(h)(3) of the IRC, or its successor, that is organized or operated primarily or substantially for one of the conservation purposes specified in Section 170(h)(4)(A) of the IRC, or its successor. Any assignment of benefits by the County (or successors) must require the transferee to comply with all terms and conditions of the Conservation Easement and to carry out the purposes of this Conservation Easement. The County shall notify Landowner, in writing, at Landowner's last known addresses, in advance of such assignment.

10.2 Taxes, Expenses and Maintenance.

10.2.1 Taxes and Assessments. Landowner agrees to pay any and all real property taxes and/or assessments levied by competent authority on the Protected Property. Upon execution of this Conservation Easement by both Parties, Landowner has the right but not the obligation to seek status of all, or a portion of the Protected Property as "agricultural land," "open space," "forestland" or other similar designations pursuant to State and local laws and regulations. The County shall cooperate as reasonably requested in the application and approval process for such designations on the Protected Property.

10.2.2 Maintenance. Except as modified by this Conservation Easement, Landowner retains all responsibilities and shall bear all costs and liabilities related to the ownership, operation, upkeep, and maintenance of the Protected Property. Such maintenance shall be conducted in accordance with the standards contained in the Farm Management Plan and Forest Management Plan, as applicable. For any activity conducted by Landowner, Landowner remains solely responsible for obtaining any applicable governmental permits and approvals for any construction or other activity or use permitted by this Conservation Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. As to work conducted or caused to be conducted by the County pursuant to Subsections 9.6 and 9.9, the County shall keep the Protected Property free of any liens arising out

of any work performed for, materials furnished to, or obligations incurred by the County. Landowner shall maintain adequate liability insurance coverage.

10.2.3 No Affirmative Obligations. The County, in reserving this Agricultural Conservation Easement, assumes no affirmative obligations whatsoever for the management, supervision or control of the Protected Property or of any activities occurring on the Protected Property.

10.3 Termination and Proceeds.

10.3.1 Frustration of Purpose. If a court of competent jurisdiction determines that conditions on or surrounding the Protected Property change so much that it becomes impossible to fulfill any of the conservation purposes of the Conservation Easement, the court may, at the request of either Landowner or the County, terminate in whole or in part the Conservation Easement created by this Conservation Easement. The County shall be entitled upon such termination to the value of the Conservation Easement as determined by the court or as otherwise agreed to by the Parties.

10.3.2 Economic Value. The fact that any use of the Protected Property that is expressly prohibited by this Conservation Easement, or any other use as determined to be inconsistent with the purpose of this Conservation Easement, may become greatly more economically valuable than Permitted Uses, or that neighboring properties may in the future be put entirely to uses that are not permitted hereunder, has been considered by the Landowner in agreeing to the terms of this Conservation Easement. It is the intent of both Landowner and the County that any such changes shall not be assumed to be circumstances justifying the termination or extinguishment of this Conservation Easement.

10.3.3 Condemnation. If the Protected Property, or any portion thereof, is taken in exercise of eminent domain by public, corporate, or other authority so as to abrogate the restrictions imposed by this Conservation Easement, Landowner, and the County if it determines in its sole discretion to do so, shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking. The County shall be entitled to compensation for the value of the Conservation Easement taken, and Landowner shall be entitled to compensation in accordance with applicable law for the value of the underlying fee title and improvements taken. In the event that the court or jury determines compensation in the form of a single lump sum award, Landowner and the County reserve the right to seek to recover their respective portions of any such award.

10.4 Indemnification/Hold Harmless and Hazardous Substances.

10.4.1 Remediation. If, at any time after the Effective Date, there occurs a release in, on, or about the Protected Property of any hazardous substances, Landowner agrees to take all steps necessary to assure its containment and remediation, including any cleanup that may be required under any applicable environmental law, unless the release was caused solely by the County, in which case the County shall be responsible for such remediation. Landowner must make best efforts to notify the County of the occurrence of any release of hazardous substances as soon as possible after such release and must comply with all environmental laws applicable to such release. This Subsection 10.4.1 shall not be construed as in any way preventing Landowner from taking steps to seek recovery, cleanup, or contribution from any release that may have been caused by a third party.

10.4.2 Environmental Laws. For purposes of this Conservation Easement, the term "environmental law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Washington Water Pollution Control Act, RCW ch. 90.48; and any laws concerning above ground or underground storage tanks.

10.4.3 Hazardous Substance. For the purposes of this Conservation Easement, the term "hazardous substance" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any environmental law.

10.4.4 Control. Nothing in this Conservation Easement shall be construed as giving rise to any right or ability in the County to exercise physical or managerial control over the day-to-day operations of the Protected Property, or any of Landowner's activities on the Protected Property, or otherwise to become an owner or operator with respect to the Protected Property within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9602 et. seq., as amended; or the Model Toxics Control Act, RCW ch. 70.105D, as amended.

10.4.5 Liability and Indemnification.

10.4.5.1 Landowner shall maintain at all times Commercial General Liability coverage in the amount of \$5,000,000.00 per occurrence and in the aggregate, which shall include King County, its officers, employees, elected officials, invitees, licensees and agents (individually and collectively, the "Indemnified County Parties") as additional named insureds. Such insurance shall not be terminated without 30 days prior notice to the County of such termination. In the event and upon the date of any such termination, the indemnification provisions in Subsection 10.4.5.2 shall immediately and automatically go into effect without further notification or action being required of either party. Due to the duration of this Conservation Easement, and taking into account the effects of changed circumstances and inflation, the Parties agree that the insurance requirements provided for herein shall every ten years be re-evaluated for adequacy and possible adjustment, and Landowner shall cooperate with the County's Risk Manager in ensuring that the County continue to have in future years the equivalent of the insurance coverage that exists for the County as of the Effective Date.

10.4.5.2 Landowner hereby agrees to hold harmless, indemnify, and defend the Indemnified County Parties from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, judgments or administrative actions, including, without limitation, reasonable attorney's and consultant's fees, arising from or in any way connected with (1) injury to or death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except to the extent caused by the acts or omissions of the Indemnified County Parties. This Subsection 10.4.5.2 shall only be effective in the event and upon the date of termination of the insurance described and provided for in Subsection 10.4.5.1 above.

10.4.5.3. Landowner hereby agrees to hold harmless, indemnify, and defend the Indemnified County Parties from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, judgments or administrative actions, including, without limitation, reasonable attorney's and consultant's fees, arising from or in any way connected with (1) the violation or alleged violation of, or other failure to comply with, any environmental laws by any person other than Indemnified County Parties; or (2) the presence or release in, on, from, or about the Protected Property, at any time, of any hazardous substances, unless caused by the Indemnified County Parties; provided, however, that this Subsection 10.4.5.3 shall only apply to any such violation or release occurring after the Effective Date.

10.4.5.4 Notwithstanding the foregoing, the County hereby agrees to hold harmless, indemnify and defend Landowner, its officers, employees, invitees, agents, and their successors and assigns (individually and collectively the "Indemnified Landowner Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, judgments or administrative actions, including, without limitation, reasonable attorney's and consultant's fees, arising from or in any way connected with (1) injury to or death of any person, or physical damage to any property to the extent caused by any act or omissions of Indemnified County Parties after the Effective Date while located on the Protected Property, except to the extent caused by the Indemnified Landowner Parties; (2) the violation or alleged violation of, or other failure to comply with, any environmental laws by Indemnified County Parties after the Effective Date, except to the extent caused by the acts or omissions of the Indemnified Landowner Parties or (3) the release after the Effective Date in, on, from, or about the Protected Property, at any time, of any hazardous substances, to the extent caused by the Indemnified County Parties.

10.4.5.6 Representation. Landowner makes no representation or warranty regarding whether or not there are any conditions at, on, under or related to the Protected Property that presently or potentially poses significant threats to human health or the environment. Landowner acquired the Protected Property from the County simultaneously with entering into this Conservation Easement and has limited knowledge of activities on the Protected Property prior thereto.

10.4.7 Liability for Public Access. In the event that Landowner allows public access to the Protected Property for passive recreational purposes described herein, the Parties intend that RCW 4.24.210, as amended from time to time, shall apply to such public access.

10.5 Covenants Running with Land. The Landowner and the County agree that the terms, conditions, restrictions, and covenants contained herein shall be binding upon the Landowner, its members, agents, personal representatives, heirs, assigns, and all other successors in interest to the Protected Property and possessors of the Protected Property, and shall be permanent terms, conditions, restrictions, covenants, servitudes, and easements running with and perpetually binding the Protected Property. Any interests in the Protected Property held or obtained by third parties after the Effective Date of this Conservation Easement shall be subordinate to the terms of this Conservation Easement.

10.6 "Landowner" – "County". The terms "Landowner" and "County," wherever used herein, and any pronouns used in place thereof, shall be held to mean and to include, respectively the above-named Landowner, and the successors, assigns and future owners of all, or a portion of, the Protected Property, except as otherwise

provided for during the Option Period in Subsection 6.2 above, and the above-named County, and its successors and assigns.

10.7 Severability. If any section or provision of this Conservation Easement shall be held by any court of competent jurisdiction to be unenforceable, this Conservation Easement shall be construed as though such section or provision had not been included in it, and the remainder of this Conservation Easement shall be enforced as the expression of the parties' intentions. If any material provision of this Conservation Easement, or the application thereof to any person or circumstance, is found to be invalid or unenforceable by any court of competent jurisdiction or is superseded by state or federal legislation, rules, regulations or decision, so that the intent of these provisions is frustrated, the Parties agree to immediately negotiate a replacement provision to fulfill the intent of the superseded provisions consistent with the purpose of this Conservation Easement and applicable law.

10.8 Subsequent Transfers/No Merger.

10.8.1 The County agrees that the Development Rights to the Protected Property shall not be sold, given, divested, transferred, or otherwise reconveyed in whole or in part in any manner except as provided in King County Code Chapter 21A.37, as heretofore or hereafter amended.

10.8.2 "Transfer" includes but is not limited to any sale, grant, lease, hypothecation, encumbrance, assignment, devise, conveyance, or any transaction the purpose of which is to effect a sale, grant, lease, hypothecation, encumbrance, assignment, devise, or conveyance. Landowner shall include a written notification indicating that the Protected Property is subject to this Conservation Easement to any person or entity that is to be the recipient of a transfer of the Protected Property or any portion of the Protected Property. Landowner shall give written notice to the County of the sale or conveyance of any interest in all or a portion of the Protected Property at least thirty (30) days prior to the date of such sale or conveyance. Such notice to the County shall include the name, address, and telephone number of the prospective recipient of the sale or conveyance or such recipient's representative. Landowner agrees to: (1) incorporate by express reference the terms of this Conservation Easement in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Protected Property; and (2) describe this Conservation Easement in and append it to, any executory contract for the sale or conveyance of any interest in the Protected Property. The failure of the Landowner to perform any act required by this Subsection shall not impair the validity of the Conservation Easement or limit its enforceability in any way. A Party's rights and obligations under this Conservation Easement shall terminate upon the sale, devise or conveyance of the Party's interest in the Protected Property or this Conservation Easement, as the case may be, except

that liability for acts or omissions occurring prior to the sale, devise or conveyance shall survive the sale, devise or conveyance.

10.8.3 In the event that the County acquires the fee title to all or a portion of the Protected Property subject to this Conservation Easement, it is the intent of the Parties, both Landowner and the County, that no merger of title shall take place that would merge the restrictions of this Conservation Easement with fee title to the Protected Property, notwithstanding any otherwise applicable legal doctrine under which such property interests would or might be merged.

10.9 Notices and Approval.

10.9.1 Notices. All written notices required or permitted to be given under the terms of this Conservation Easement shall be personally delivered or sent by certified mail, return receipt requested, or nationally recognized, overnight delivery service (postage/shipping prepaid) that provides a receipt of delivery, and addressed as set forth below:

All notices to be given to Landowner shall be addressed as follows:

Keller Family Dairy, LLC
Attn: Steve and Janet Keller
Post Office Box 1377
Fall City, Washington 98024-1377

All notices to be given to the County shall be addressed as follows:

King County
Attn: Director of the King County Department of Natural Resources and Parks
201 South Jackson Street, Suite 700
Seattle, Washington 98104

Either Landowner or the County may, by proper notice to the other, designate another address for the giving of notices, including by email or facsimile transmission (which may be provided in addition to but not in lieu of the means of delivery provided for above). All notices shall be deemed given on the date delivered if personally delivered, or on the earlier of the third day following the day the notice is mailed in accordance with this Subsection 10.9.1 or the date delivery is officially recorded on the return or delivery receipt. Notwithstanding the forgoing, for the purposes of the written notice requirements in Subsections 4.2, 5.2, and 9.2, "written notice" may consist of email, facsimile, or standard postal notice, provided the sending Party shall have and retain confirmation of receipt by the other Party.

10.9.2 Notice and Approval. The purpose of notice and reasonable approval is to afford the County an opportunity to ensure that the activities or uses in question are designed and carried out in a manner consistent the terms and conditions of this Conservation Easement. Where notice to the County is required, Landowner shall describe in such notice the nature, scope, design, location, timetable, and any other material aspect of the proposed use or activity in sufficient detail to permit the County to make an informed judgment as to its consistency with the terms and conditions of this Conservation Easement. Such notice shall be in writing not less than sixty (60) days prior to the date Landowner intends to undertake the activity or use in question. Where Landowner's or the County's consent or approval is required in this Conservation Easement, Landowner or the County shall grant or withhold its consent or approval in writing within sixty (60) days of receipt of the written request for consent or approval. Notwithstanding the forgoing, if the County determines that its granting or withholding consent involves significant policy issues requiring additional time for deliberation or requiring consultation or action by the Metropolitan King County Council, such 60 day period may be extended by the County for a period of time not to exceed an additional 120 days, provided written notice of such extension is provided to Landowner within the 60 day period. In the event that the County does not respond within the 60 day period, or the additional 120 day period if so extended, the provisions of Subsection 9.3 shall apply. Except as otherwise specifically provided in this Conservation Easement, consent or approval may be withheld only upon a reasonable determination by the consenting or approving Party that the action as proposed would be inconsistent with the terms and/or conditions of this Conservation Easement. Any consent may include reasonable conditions consistent with the purpose and terms of this Conservation Easement that must be satisfied in undertaking the proposed activity or use. If Landowner or the County determines that the activity or use as contemplated by the other party in its notice is not consistent with the terms and/or conditions of the Conservation Easement, Landowner or the County may inform the other Party in writing of its determination and of any reasonable conditions that would make the activity or use in question consistent with the terms and conditions of this Conservation Easement.

10.10 Amendments. The terms, conditions, restrictions, and covenants contained herein shall not be altered or amended unless such alteration or amendment shall be made with the written consent of the County or its successors or assigns, and any such alteration or amendment shall be consistent with the purposes of preserving and protecting the Conservation Values and Open Space Values and shall not affect the perpetual duration of the Conservation Easement. No amendment shall be allowed that would adversely affect the qualifications of this Conservation Easement or the status of the County under any applicable laws. Any such amendment shall be recorded in the land records of King County, Washington. Nothing in this Subsection 10.11 shall require Landowner or the County to agree to any

amendment.

- 10.11 Encumbrances. No provisions of this Conservation Easement shall be construed as impairing Landowner's right to use the Protected Property as collateral for a loan or otherwise encumber the Protected Property; provided, however, that any encumbrance including, without limitation, mortgage, deed of trust, lease, license, agreement or similar instrument after the Effective Date shall be, and is, subordinated to this Conservation Easement.
- 10.12 Covenant Against Encumbrances. Landowner covenants that it has not done or executed, or allowed to be done or executed, any act, deed, or thing whatsoever whereby this Conservation Easement hereby reserved, or any part thereof, now or at any time hereafter, will or may be charged or encumbered in any manner or way whatsoever.
- 10.13 Recitals. The Parties agree that the terms and recitals set forth in this Conservation Easement are material to this Conservation Easement, and that each Party has relied on the material nature of such terms and recitals in entering into this Conservation Easement. Each recital set forth in this Conservation Easement is hereby incorporated into this Conservation Easement as though fully set forth herein.
- 10.14 Interpretation. This Conservation Easement shall be interpreted to resolve any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its Purpose. The use in this Conservation Easement of the words "including," "such as," and words of similar import following a general statement, term, or matter, shall not be construed to limit such statement, term, or matter in any manner, whether or not language of non-limitation (such as "without limitation" or "but not limited to") is used in connection therewith, but rather shall be deemed to refer to all of the provisions or matters that could reasonably fall within the scope of the general statement, term, or matter. The captions and headings of this Conservation Easement are for convenience only and shall not define, limit, or describe the applicability, scope, meaning, or intent of any provision of this Conservation Easement. Personal pronouns shall be construed as though of the gender and number required by the context, the singular including the plural, the plural including the singular, and each gender including other genders, all as may be required by the context and in a manner most consistent with the terms and conditions of the Conservation Easement. Wherever in this Conservation Easement the term "and/or" is used, it shall mean: "one or the other, both, any one or more, or all" of the things, events, persons or parties in connection with which the term is used. The Parties confirm that they have mutually negotiated this Conservation Easement and that none of the terms or provisions of this Conservation Easement shall be construed by presumption against either Party.

10.15 Construction. Any ambiguities in this Conservation Easement and questions as to the validity or interpretation of any of its specific provisions shall be resolved in favor of the County so as to preserve the agricultural and open space uses of the Protected Property and to obtain the goals and objectives expressed in the Conservation Values and Open Space Values. If any section or provision of this Conservation Easement is found to be subject to two constructions, one of which would render such section or provision invalid, and one of which would render such section or provision valid, then the latter construction shall prevail. If any section or provision of this Conservation Easement is determined to be ambiguous or unclear, it shall be interpreted in accordance with the Conservation Values and Open Space Values expressed herein.

10.16 Governing Law. This Conservation Easement shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts and conveyances made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions. In the event that either Party shall bring a lawsuit related to or arising out of this Conservation Easement, venue shall be in a court of competent jurisdiction in King County, Washington.

10.17 Rights and Obligations.

10.17.1 A Party's rights and obligations under this Conservation Easement terminate upon transfer of the Party's interest in the Conservation Easement or Protected Property, *except* that such Party's liability for acts or omissions occurring prior to transfer shall survive transfer.

10.17.2 Notwithstanding any other provision of this Conservation Easement to the contrary, the obligations under this Conservation Easement of Landowner, and of each of Landowner's respective successors and assigns, shall only be as to the portion of the Property owned by Landowner, and of each of Landowner's respective successors and assigns, such that the obligations imposed by this Conservation Easement shall not be joint and several.

10.17.3 Landowner shall obtain any and all required permits from the agency of the appropriate government responsible for issuing permits, in connection with any activities on the Protected Property that require such permits.

10.18 Cooperation. Each Party agrees to reasonably cooperate with the other in carrying out the purposes of this Conservation Easement and in that connection to do all such things and execute all such documents as may be reasonably necessary to assist the other in performing its rights and obligations hereunder.

IN WITNESS WHEREOF, the undersigned have executed this Conservation Easement on or about the _____ day of _____, 2015.

**KELLER FAMILY DAIRY, LLC,
a Washington limited liability company**

By: _____

Steve Keller

Its: Co-Managing Member

By: _____

Janet Keller

Its: Co-Managing Member

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

By _____

Name: Anthony Wright

Title: Director, Facilities Management Division

APPROVED AS TO FORM:

By: _____

Senior Deputy Prosecuting Attorney

Date: _____

EXHIBIT A
LEGAL DESCRIPTION

That portion of Government Lots 6 and 7, Section 4, Township 24 North, Range 7 East, Willamette Meridian, in King County, Washington, lying Westerly of County Road 228 (West Snoqualmie River Road Southeast);
Together with that portion of the South Half of the Northeast Quarter of Section 5, Township 24 North, Range 7 East Willamette Meridian, in King County, Washington, lying Westerly of County Road 228;

Except any portion thereof lying Westerly of the following described line:

Beginning at a point on the West line of said Northeast Quarter of said Section 5, South 11°14'05" West a distance of 558.43 feet from the Northwest corner thereof;
Thence South 12°55'30" East a distance of 1285.76 feet;
Thence South 07°16'50" West a distance of 592.98 feet to the terminus of said line, said terminus being a point on the South line of said subdivision, South 88°15'21" East a distance of 575.00 feet from the Southwest corner thereof;

Together with Government Lots 1 and 2, in said Section 5;

Except the North 13 acres of said Government Lots 1 and 2; and

Except any portion thereof lying Easterly of the Westerly margin of said County Road No. 228; and

Except that portion thereof described as follows:

Beginning at the intersection of the South line of said North 13 acres and the East line of the West 30 feet of said Government Lot 2, said intersection being the Northwest corner of that certain tract of land conveyed to Joe E. Monahan and Carole A. Monahan, his wife, by Statutory Warranty Deed recorded under Recording Number 6094031;
Thence South 11°14'05" West, along said East line, and along the Westerly line of said Monahan Tract, a distance of 72.65 feet to an angle point in said Westerly line;
Thence South 78°45'55" East, at right angles to said East line, and continuing along said Westerly line of said Monahan Tract, a distance of 14.50 feet to an angle point in said Westerly line;
Thence South 40°15'55" East, continuing along said Westerly line of said Monahan Tract, a distance of 99.85 feet to an angle point in said Westerly line;
Thence South 41°45'55" East, continuing along said Westerly line of said Monahan Tract, a distance of 188.22 feet to the most Southwesterly corner of said Monahan Tract;
Thence North 87°14'05" East, along the South line of said Monahan Tract, a distance of 166.13 feet to the Southeast corner of said Monahan Tract;

Thence North $00^{\circ}15'55''$ West, along the East line of said Monahan Tract, a distance of 274.76 feet, more or less, to said South line of said North 13 acres, and the Northeast corner of said Monahan Tract;

Thence North $88^{\circ}43'30''$ West, along said South line of said North 13 acres a distance of 354.73 feet, more or less, to the Point of Beginning; and

Except any portion thereof lying Westerly of the following described line:

Beginning at a point on the West line of said Northeast Quarter of said Section 5, South $11^{\circ}14'05''$ West a distance of 558.43 feet from the Northwest corner thereof;

Thence South $12^{\circ}55'30''$ East a distance of 1285.76 feet;

Thence South $07^{\circ}16'50''$ West a distance of 592.98 feet to the terminus of said line, said terminus being a point on the South line of said subdivision, South $88^{\circ}15'21''$ East a distance of 575.00 feet from the Southwest corner thereof;

Together with the East Half of the Southeast Quarter of said Section 5; and

Together with the East Half of the East Half of the Northwest Quarter of the Southeast Quarter of said Section 5; and

Together with that portion of the said Northwest Quarter of the Southeast Quarter of said Section 5, described as follows:

Beginning at the Northwest corner of the East Half of the East Half of said subdivision;
Thence South $07^{\circ}37'29''$ West, along the Westerly line of said subdivision a distance of 270.00 feet;

Thence North $19^{\circ}22'31''$ West a distance of 106.00 feet;

Thence North $02^{\circ}52'29''$ East a distance of 169.73 feet, more or less, to the North line of said subdivision;

Thence South $88^{\circ}15'21''$ East, along said North line, a distance of 62.51 feet, more or less, to the Point of Beginning.

(Also known as Parcel 2 of Large Lot Segregation Number L96M0170, recorded under Recording Number 9703049006; and Parcels 1 and 2 of Large Lot Segregation Number L98M0131, recorded under Recording Number 9811259001)



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

Northwest Regional Office • 3190 160th Ave SE • Bellevue, WA 98008-5452 • 425-649-7000
711 for Washington Relay Service • Persons with a speech disability can call 877-833-6341

January 11, 2011

Thomas M. Pors
Law Office of Thomas M. Pors
1700 Seventh Avenue
Suite 2100
Seattle, WA 98101

RE: Tentative Determination of Extent and Validity Tall Chief Golf Course Claims

Dear Mr. Pors:

Per your request I have prepared that attached document to summarize my analysis of the evidence supporting the extent and validity of two claims to vested water rights filed by the Tall Chief Golf Course during the first opening of the claims registry in the early 1970's (G1-25318CL and G1-26873CL). A third claim filed by Tall Chief Golf Course in the 1998 registry opening (G1-30166CL) appears to duplicate the earlier claims.

The analysis that I supply summarizes the tentative determination of extent and validity that was performed as part my investigations of the applications for change (CG1-25318CL and CG1-26873CL) which were filed in 2008 by Ames Lake Water Association (ALWA).

Subsequent to completing my investigation of the two change applications, ALWA, through your office, requested that our work the applications be suspended as a result of the district gaining an alternative source to supply expansion of its service area.

ALWA has since finalized access to the alternative supply and seeks now to have the Department of Ecology (Ecology) withdraw it applications for change. The district however requests, that prior to withdrawal of the two change applications, Ecology provide a written account of its analysis of the extent and validity of the claims.

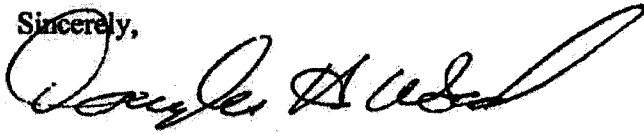
Please convey to your clients that my analysis is not a formal evaluation, and even as a tentative evaluation it represents our opinions at the time the investigation was made. Any formal evaluation of the priority, extent, and validity must be made by a Superior Court Judge through the adjudication procedures as outlined in RCW 90.03.105 through 90.03.245, RCW 90.03.610 through 90.03.645, and RCW 90.44.220.



Thomas M. Pors
January 11, 2011
Page 2 of 2

If you have any questions, please contact me at 425.649.7077 or at Doug.Wood@ecy.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas H. Wood". The signature is written in a cursive style with a large, looping initial "D".

Douglas H. Wood, M.S., LHG
Water Resources Hydrogeologist

dh/mc

Enclosure: Tall Chief Golf Course Water Right Claims Summary

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

Background

The Tall Chief Golf Course occupies lands first settled in the 1880's and used for cattle and dairy farming from the 1890's until the mid 1960's. During the 1960's the property was re-developed as a golf course and has remained so since that time.

In 2006 Ames Lake Water Association (ALWA), with permission from the directors of Tall Chief Golf Inc., filed applications CG1-126873CL and CG1-125318CL with the Department Ecology seeking to change the purpose of use, place of use, season of use, and add new points of withdrawal. The changes were intended to allow redevelopment of portions of the property from recreational use to housing.

In 2008 ALWA requested that the change applications be withdrawn from active consideration when an alternative source of water was obtained for the housing development. Prior to this request the NWRO office of the Water Resources Program had essentially completed its examination of the proposed change, including an investigation into the extent and validity of the claims.

The purpose of this document is to provide a summary of the investigation by Water Resources staff regarding the extent and validity of claims G1-126873CL and G1-125318CL. Please note that these determinations are tentative and represent the opinion of Water Resources staff at the time of the investigation. A full determination of the extent and validity of these claims to vested rights can only be made by a Superior Court judge through the water right adjudication process as provided in RCW 90.03.105 through 90.03.245, RCW 90.03.620 through 90.03.645, and RCW 90.44.220.

Investigation

Whenever Ecology investigates an application for change, a tentative determination is made of the extent and validity of that right (Policy 1120). In the case of a change involving a claim to vested water right it is necessary first to establish whether water use began prior to the passage of the Water Code. For surface water right claims, this means that use must have begun prior to 1917 and for groundwater claims, prior to 1945. Together with an analysis of whether the right was either abandoned or relinquished, this part of the investigation evaluates the validity of the claim and is provided here in the subsequent section on the history of water use.

The evaluation of the extent of the water right looks into the quantities beneficially used in developing the water right. With claims to a vested water right, it is necessary to determine the scope of the original project since the usual investigation accompanying an application for a permit to develop the right is not part of the record. In addition to determining the original scope of the vested right, it is necessary to look at whether past and present usage conform so that a maximum quantity can be determined and the potential for partial relinquishment may be established (or not).

History of Water Use

The first European settlement in the Fall City area was at Fort Patterson in the 1850's. Fort Patterson was located at the confluence of Patterson Creek and the Snoqualmie River at a point that appears to have been approximately 1/8 mile (~650 feet) east of the present boundary of the Tall Chief Golf Course property.

Land Survey records dating from 1884 describe the land along the northern boundary of the NE1/4 of Section 5 as having first rate soils and that the west bank of the Snoqualmie River was at that time at the boundary between sections 4 and 5. The 1884 survey map shows that, south of the north edge of Township 24N, the river bank cuts through a small portion of section 5 before trending east into section 4. This places a portion of the NE1/4 of section 5 on the bank of Snoqualmie River in the late 1800's. Today the river bank lies entirely within section 4 in this area.

Land records dating to the 1880's were researched by ALWA consultant Robert Pancoast. These records reveal that the land now occupied by the Tall Chief Golf Course in Section 5, T24N, R7E was originally part of the Railroad Land Grant of 1864 to the Northern Pacific Railroad.

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

The land covered by the claim, specifically the East 1/2 of the Northeast 1/4 of Section 5, Township 24 North, Range 7 East, Willamette Meridian, began to be developed between approximately 1883 and 1890 when the land was sold by the Union Pacific Railroad to two families that had earlier homesteaded adjacent lands in Sec. 32, T25N, R7E (Peter Peterson, granted in 1883) and in Sec. 4, T24N, R7E (Otto Hogonson, granted in 1893).

The NE1/4 of Section 5, T24N, R7E was developed beginning in May 1883 when the N1/2 of the NE1/4 were sold by the railroad to Peter Peterson, owner of the homestead land immediately north of the section boundary in the S1/2 of SE1/4 of Section 32, T25N, R7E. Peterson then sold this land to James W. Bush, a pioneer who had homesteaded in the Issaquah valley in 1864.

Between 1884 and 1924 the Peterson land was bought and sold several times until purchased in 1924 by James Profit whose family farmed on this land until late 1950's (Figures 1 and 2). In 1957 the property was sold by the Profit's to Clyde and Beulah Davis who deeded it to the developer of the Tall Chief Golf Course in 1979. Air photo evidence indicates the property was growing crops in 1965 (Figure 3), but was being developed as part of the golf course by 1971 (Figure 4). Other air photos show that in 1981 (Figure 5) and 1993 (Figure 6) the area was part of the golf course (Figure 1).

Otto Hogonson settled on the west bank of the Snoqualmie River in the mid or late 1880's in Section 4. He patented Government Lots 5, 6, and 7 of section 4, totaling 25.2 acres, in January 1890 under the Homestead Act. The Hogonson family farmed the South 1/2 of the NE 1/4 of Sec. 5 until 1945 when they deeded the property to Earl and Anna Twigg. The Twigg family sold their farm in 1962 to Frank Avant, the developer of the Tall Chief Golf Course.

Early irrigation of the site is evident from historical records of dairy farming dating from the late 1880's. The property is adjacent to the Snoqualmie River and a perennially filled oxbow lake, either or both of which likely supplied irrigation water prior to and possibly after 1945.

The Twigg family is reported to have replaced surface water sources with wells in the spring of 1945 (Avant affidavits). It is unclear if irrigation was fully accomplished using groundwater prior to the conversion of the property from agricultural to recreational use in the 1960's.

Air photos of the area taken in 1965 shows that the Twigg property had been partially converted to golf course use by that time (Figure 3). The Profit (Davis) property was still being used to grow crops in 1965. The 1965 photo also shows that the entrance to the golf course was from the county road adjacent to the oxbow lake, which connects directly west to the clubhouse (originally the Twigg residence). The 1971 air photo (Figure 4) shows the golf course entrance road had been moved to its current location approximately 1/2 way into the Profit (Davis) property. The 1971 photo also shows that trees were planted where the original entrance road had been. The original entrance road is preserved today as a tree-lined raised path used by golf carts. Cloud cover on the date of the 1971 photos makes it difficult to determine whether the golf course had been completed. The next available air photos are dated 1981 and these clearly show that the golf course is completed over what had been both the Profit and Twigg properties.

Affidavits signed by Frank and Anne Avant and dated August 6, 1998 state that they developed the Tall Chief Golf Course in two phases beginning in 1965 with the first nine holes located in the western portion of the Hogonson/Twigg property. The second phase involved the construction of an additional nine holes on both the Hogonson/Twigg and Profit/Davis properties. The Avant affidavits assert that the second phase was begun in 1967.

Springs drain the lower slopes of Tolt Hill in the western portion of the Tall Chief Golf Course property. An orchard, adjacent to the likely location of these springs, can be seen in 1940's vintage aerial photography of the area (Figures 1 and 2). The probable location of a spring, situated approximately 50 yards northwest of where the Profit home was located was visited in October 2008. Although all spring collection equipment has been removed, evidence remains that the spring was developed during the past.

Extent of Water Use

The quantities available for transfer under claims G1-126873CL and G1-125318CL are limited to those quantities that were established and vested through beneficial use for the purposes of agricultural activities performed on the properties that are now occupied by the Tall Chief Golf Course.

Agricultural water rights holders have not traditionally kept records of water use in this area of the state. The only source of actual water use are records collected by the Tall Chief Golf Course since 2003 and submitted with applications for change CG1-126873CL and CG1-125318CL. It is however possible to estimate usage for the original agricultural purposes if it is assumed that farmers now use the same quantities to grow crops as was the custom when the property was originally developed as farm land.

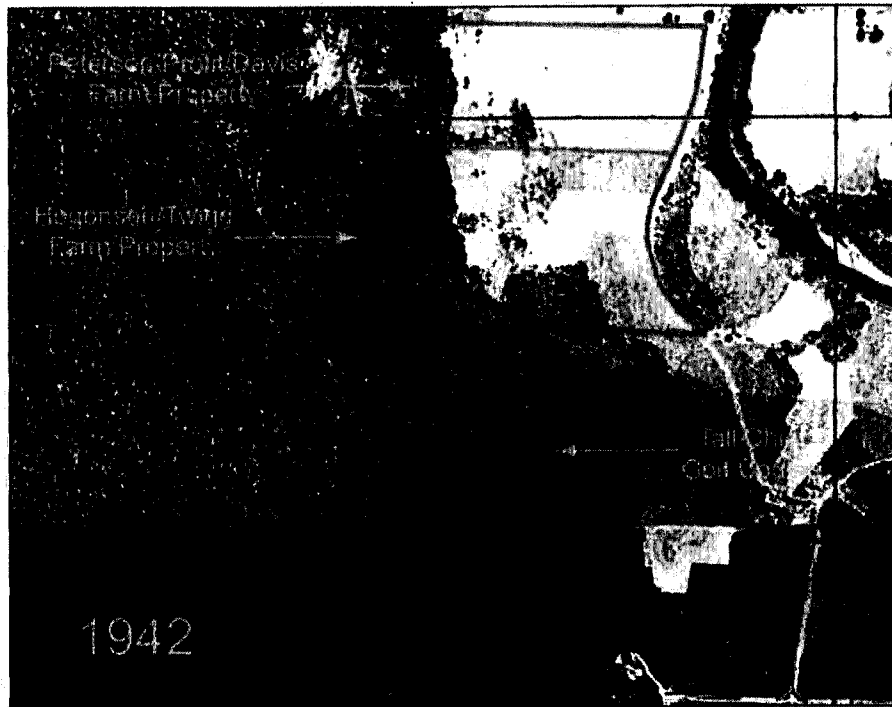
Historical records indicate that the alluvial plain of the Snoqualmie River Valley was fully cleared and developed for agricultural purposes by the turn of the 20th century. Land transactions and census records show that the parts of the Tall Chief property that occupy the alluvial plain were in agricultural use beginning in the 1880's and had been completely developed by the 1920's.

Aerial photography from 1942 was used by the US Army to produce orthophoto maps of the Fall City area. These maps clearly show cultivated fields occupying the northwestern portion of what is now the Tall Chief Golf Course property. Land records indicate that at that time these cultivated areas were owned by James Profit and Earl Twigg (Figure 1).

The 1942 orthommap was imported into ArcGIS, modified to fit known geographical landmarks (georeferenced), irrigated areas were outlined based on crop pattern, and then irrigated acreage calculated using the XTools utility (Figure 2). The resulting calculated irrigated area is 51.36 acres, 24.11 acres of which were irrigated by Twigg and 27.25 acres by Profit.

Using the Washington Irrigation guide for a crop of hay/pasture annual irrigation requirement would be 14.32 inches/acre at an average efficiency of 75% (19.09 inches/acre total usage), giving a likely annual water duty of 81.7 acre-feet. Factoring in return flows at 15% gives total consumptive use of 69.5 afy. The total transferable consumptive use for irrigation purposes utilized prior to the enactment of the Groundwater Code (RCW 90.44) in 1945 was likely therefore to have been approximately 69.5 afy.

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)



**Figure 1: Air photos of the Tall Chief site dated 1942.
(Note the different shades of grey for cultivated and irrigated farmland.)**



**Figure 2: Irrigated areas highlighted on the 1942 air photo
(Calculation of irrigated acreage done using ArcGIS).**

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

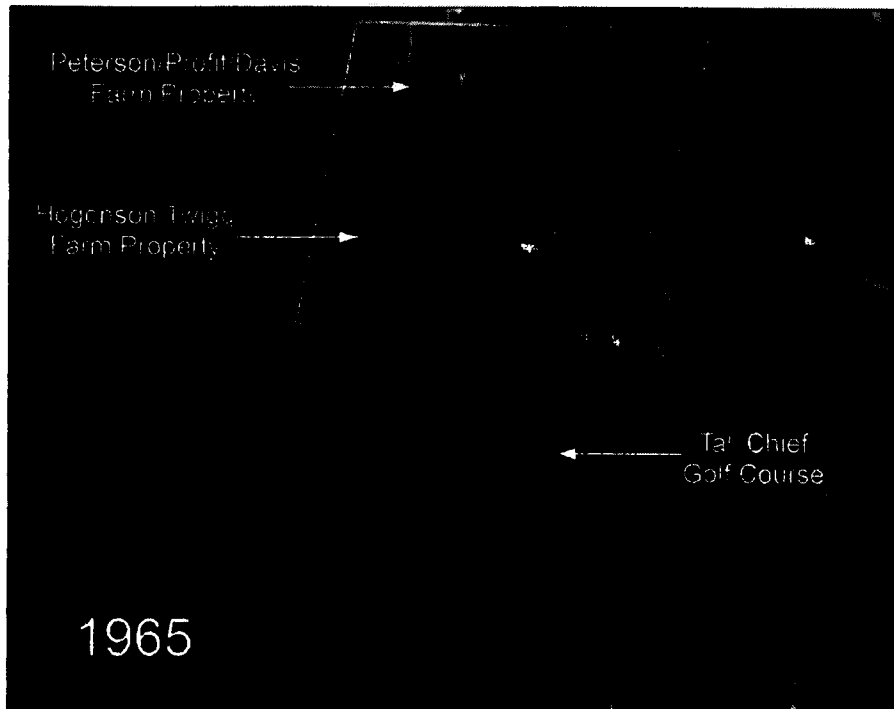


Figure 3: Air photo dated 1965. Note that golf course is being constructed on the Twigg property.

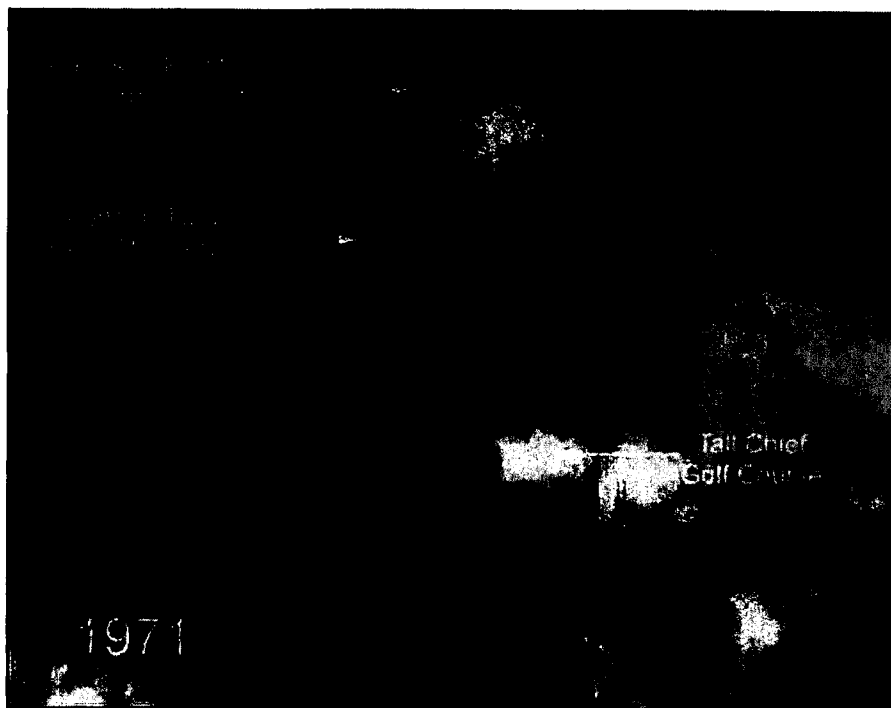
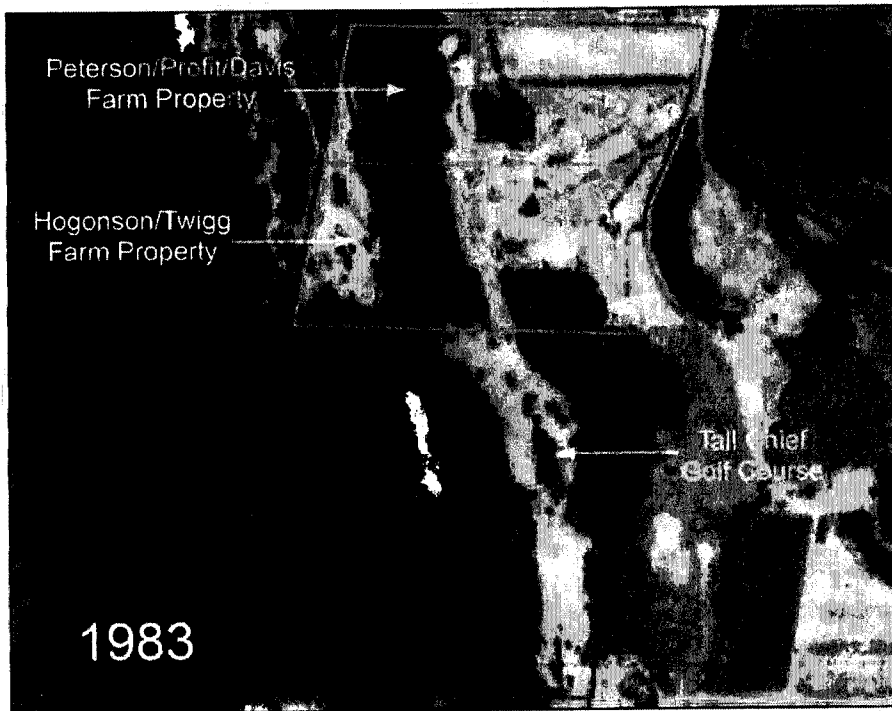
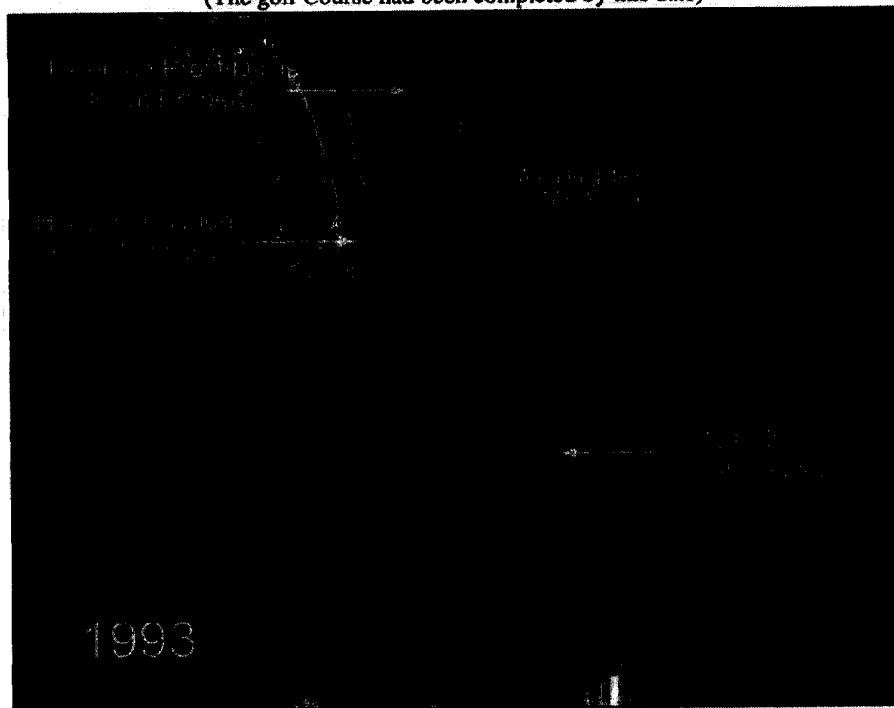


Figure 4: Air photo dated 1971 of the Tall Chief property. Although clouds obscure much detail it can be seen that the entrance road to the golf course is located on the former Profit property.

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)



**Figure 5: Air photo dated 1983 of the Tall Chief site.
(The golf Course had been completed by this date)**



**Figure 6: Air photo of the Tall Chief site dated 1993.
(No additional changes are seen from 1983 photo.)**

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

The instantaneous quantity (Qi) of 200 gpm asserted under claim G1-126873CL, while comparable to similar golf course and agricultural irrigation operations of similar acreage is not supported by materials supplied by the applicant. The applicant provides evidence that actual pumping rates for golf course irrigation are 100 gpm. The proposed change for G1-126873CL is for 150 gpm. The amount that can be transferred is limited to what can be demonstrated, thus approval of a transfer to G1-126873CL would be limited to 100 gpm.

ALWA provided golf course irrigation use data for the years 2003 to 2005 (Table 1) which states that annual use ranged from 69.7 to 95.1 afy. A portion of excess quantities above 81.7 afy, while not established under the claim for irrigation, has been established through historical use for stockwatering. Since stockwatering was at least in part perfected with those quantities asserted as vested under claim G1-125318CL, the amount of excess irrigation that can be tied to stockwatering would be considered under an application for change to claim G1-125318CL.

Year	Gallons	Acre-Feet
2003	30,988,404	95.1
2004	23,937,551	73.5
2005	22,700,409	69.7
Maximum	30,988,404	95.1

Year	Gallons	Acre-Feet
2003	599,580	1.8
2004	628,750	1.9
2005	429,210	1.3
Max. (Cal. Year)		1.9
Max. (12 mo.)		2.2

Farm Owner	Head of Cattle	Acre-Feet
Hogason/Twigg	60	0.81
Profit	60	0.81
Maximum	120	1.62

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

Table 4: Estimated Irrigation Use 1910 to 1962		
Farm Owner	Acres Irrigated	Acre-Feet
Hogson/Twigg	24.11	38.4
Profitt	27.25	43.4
Total	51.36	81.7
Less 15% return		69.5

Two claims cover water use on the Tall Chief Golf Course (G1-126873CL and G1-125318C). A third claim (G1-301661CL) was filed 1998 that also references irrigation quantities already covered under the 1974 irrigation claim (G1-126873CL). The stockwatering and domestic quantities used at Tall Chief Golf Course are the subject of claim number G1-125318CL.

ALWA supplied information on water usage for both the Hogonson and Profit farm properties. Pancoast (2007) suggests that usage for the Profit farm was 30.92 afy for the irrigation of 26 acres, and for the Hogonson farm, estimates of irrigation use are 20.4 to 35.6 afy. Adding these gives between 51.3 and 66.5 afy, similar to the quantities derived through Ecology's GIS analysis and the Washington Irrigation Guide (Table 4).

Claim G1-125318CL was filed in 1973 by the Tall Chief Golf Course for 200 gpm and 320 afy for the purpose of irrigation of 220 acres. Two points of withdrawal associated with the irrigation claim are described as Well 2 and Well 3 in documents supplied by the applicant and in Ecology Well logs.

Ecology estimates stockwatering uses for the Profit and Hogonson farms at approximately 1.62 afy based on 12 gpd per head of cattle, and 0.67 afy for domestic use based on 300 gpd per household. This proves a total of 2.3 afy for both farms. Recent use for the golf course club house (2003 to 2005) documents a maximum of 2.2 afy for domestic purposes during a 12 month period between May 2003 and April 2004.

Irrigation of the golf course fairways and greens (Table 1) exceeds the total estimated use for the two farm properties by 13.4 afy (95.1 afy less 81.7 afy that can be considered vested through agricultural irrigation use). The excess irrigation (less return flows) can be, in part, construed as use of the portion of the domestic and stockwatering quantities claimed under G1-125318CL. This would account for the difference between the historical farm domestic and stockwatering use of 2.3 afy and the current clubhouse maximum use of 2.2 afy.

The two wells used to irrigate the present golf course are located in the flood plain of the Snoqualmie River approximately half-way between the West Snoqualmie River Road and the base of the slope of Tolt hill. Water that is pumped from these wells is stored in ponds on the fairways, and from there distributed to sprinklers located on golf course fairways and greens.

Tentative Findings

The evidence reviewed supports a finding that the two claims (G1-26873CL and G1-25318CL) represent continuous beneficial usage of water on the site beginning in the late 1880 from adjacent riparian sources (Snoqualmie River and oxbow lake) and from springs located along the west edge of the alluvial plain of the Snoqualmie River. Groundwater sources utilized since the 1940's are directly connected to the Snoqualmie River and thus do not in reality represent exploitation of a separate source. Differences in the timing of impacts would remain relevant to an analysis of the potential for impairment.

Tall Chief Golf Course Vested Water Right Claims (G1-126873CL & G1-125318CL)

The extent and validity of the two Tall Chief Golf Course claims were tentatively determined to be as follows:

Claim	First Use	Qi	Qa	Acres	Season
G1-126873CL	Pre-1917 Surface and Pre-1945 Groundwater	100 gpm	81.7 afy (69.5 afy consumptive*)	51.36	Irrigation Season
G1-125318CL	Pre-1917 Surface and Pre-1945 Groundwater	25 gpm	2.2 afy	N/A	All Year

* Irrigation quantities include return flows that contribute to flows of the Snoqualmie River, and to the availability of water used under other water rights, both junior and senior. Any future changes that result in moving the source of the Irrigation quantities from the alluvial aquifer would necessitated a reduction in quantities to account for these return flows (see RCW 90.03.380 sec. 1).

The extent and validity analysis presented here is tentative, and represents what Ecology staff had determined were the transferable quantities under these two claims through a change application as of the end of 2008. Both of these claims are subject to relinquishment as provided in RCW 90.14. A full determination of the extent and validity of a water right or claim can only be made by Superior Court judge through the water right adjudication process as provided in RCW 90.03.105 through 90.03.245, RCW 90.03.620 through 90.03.645, and RCW 90.44.220.



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

RECEIVED
JUN 26 1968
DEPT. OF ECOLOGY

1. NAME TALL CHIEF ASSOCIATES LIMITED
ADDRESS 7714 GREENWOOD AVENUE NO.
SEATTLE, WASHINGTON ZIP 98103
CODE

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: GROUND WATER
(SURFACE OR GROUND WATER)
W.R.I.A. 07
(LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS WELL

B. IF SURFACE WATER, THE SOURCE IS _____

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:

A. QUANTITY OF WATER CLAIMED 200 GPM PRESENTLY USED 175 GPM
(CUBIC FEET PER SECOND OR GALLONS PER MINUTE)

B. ANNUAL QUANTITY CLAIMED 320 PRESENTLY USED 280
(ACRE FEET PER YEAR)

C. IF FOR IRRIGATION, ACRES CLAIMED 220 PRESENTLY IRRIGATED 70

D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: MARCH 1 THRU NOVEMBER 1

4. DATE OF FIRST PUTTING WATER TO USE: MONTH MARCH YEAR 1968

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 1650 FEET SOUTH AND 600

FEET WEST FROM THE NORTHEAST CORNER OF SECTION 5

BEING WITHIN S.E. 1/4 N.E. 1/4 OF SECTION 5 T. 24 N., R. 7 (E. OR W.) W.M.

IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____

(GIVE NAME OF PLAT OR ADDITION)

6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: E 1/2 N.E. 1/4 SEC 5

T 24 N R 7 E WM

KING COUNTY, WASHINGTON

7. PURPOSE(S) FOR WHICH WATER IS USED: IRRIGATION

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: APPROPRIATION

DO NOT USE THIS SPACE
THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATERS AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.

DATE RETURNED THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO.

FEB 20 1968 75126873

DIRECTOR - DEPARTMENT OF ECOLOGY

I HEREBY SWEAR THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

[Signature]
DATE 6-26-68

IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.

GUSCAR N. HAIN
7714 GREENWOOD AVEN

ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE

A FEE OF \$2.00 MUST ACCOMPANY THIS WATER RIGHT CLAIM
ORIGINAL DWR

RETURN ALL THREE COPIES WITH CARBONS INTACT, ALONG WITH YOUR FEE TO:
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION
P.O. BOX 829 OLYMPIA, WASHINGTON 98504



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
WATER RIGHT CLAIMS REGISTRATION

WATER RIGHT CLAIM

1. NAME TALL CHIEF ASSOCIATES LIMITED
 ADDRESS 7714 GREENWOOD AVENUE NO.
SEATTLE, WASHINGTON ZIP CODE 98103

2. SOURCE FROM WHICH THE RIGHT TO TAKE AND MAKE USE OF WATER IS CLAIMED: GROUND WATER
 (SURFACE OR GROUND WATER)
 W.R.I.A. 07 (LEAVE BLANK)

A. IF GROUND WATER, THE SOURCE IS WELL
 B. IF SURFACE WATER, THE SOURCE IS _____

3. THE QUANTITIES OF WATER AND TIMES OF USE CLAIMED:
 A. QUANTITY OF WATER CLAIMED 25 GPM PRESENTLY USED 1 - 5 GPM
 (CUBIC FEET PER SECOND OR GALLONS PER MINUTE)
 B. ANNUAL QUANTITY CLAIMED 40 PRESENTLY USED 1.6 - 8
 (ACRE FEET PER YEAR)
 C. IF FOR IRRIGATION, ACRES CLAIMED _____ PRESENTLY IRRIGATED _____
 D. TIME(S) DURING EACH YEAR WHEN WATER IS USED: JAN. 1 THRU DEC 31

4. DATE OF FIRST PUTTING WATER TO USE: MONTH JUNE YEAR 1974

5. LOCATION OF THE POINT(S) OF DIVERSION/WITHDRAWAL: 1500 FEET SOUTH AND 1600
 FEET EAST FROM THE NORTHEAST CORNER OF SECTION 5
 BEING WITHIN SW 1/4 NE 1/4 OF SECTION 5 T. 24 N., R. 7 E (E. OR W.) W.M.
 IF THIS IS WITHIN THE LIMITS OF A RECORDED PLATTED PROPERTY, LOT _____ BLOCK _____ OF _____

(GIVE NAME OF PLAT OR ADDITION)

6. LEGAL DESCRIPTION OF LANDS ON WHICH THE WATER IS USED: PORTION OF N.W. 1/4 NE 1/4
SEC 5 T 24N R 7 E WM

KING COUNTY WASHINGTON

7. PURPOSE(S) FOR WHICH WATER IS USED: DOMESTIC

8. THE LEGAL DOCTRINE(S) UPON WHICH THE RIGHT OF CLAIM IS BASED: APPROPRIATION

DO NOT USE THIS SPACE.
 THE FILING OF A STATEMENT OF CLAIM DOES NOT CONSTITUTE AN ADJUDICATION OF ANY CLAIM TO THE RIGHT TO USE OF WATER AS BETWEEN THE WATER USE CLAIMANT AND THE STATE OR AS BETWEEN ONE OR MORE WATER USE CLAIMANTS AND ANOTHER OR OTHERS. THIS ACKNOWLEDGEMENT CONSTITUTES RECEIPT FOR THE FILING FEE.
 DATE RETURNED _____ THIS HAS BEEN ASSIGNED WATER RIGHT CLAIM REGISTRY NO. _____
 FEB 10 1975 125378
 DIRECTOR - DEPARTMENT OF ECOLOGY

I HEREBY SWORE THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF
 X Gilbert K. Hawks
 DATE 6-26-74
 IF CLAIM FILED BY DESIGNATED REPRESENTATIVE, PRINT OR TYPE FULL NAME AND MAILING ADDRESS OF AGENT BELOW.
GILBERT K. HAWKS
7714 GREENWOOD AVE N
 ADDITIONAL INFORMATION RELATING TO WATER QUALITY AND/OR WELL CONSTRUCTION IS AVAILABLE.

STATE OF WASHINGTON)
) ss
COUNTY OF)

On this ____ day of _____, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared STEVE KELLER and JANET KELLER, to me known to be the CO-MANAGING MEMBERS of the KELLER FAMILY DAIRY, LLC, the Washington limited liability company, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

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

Notary Public in and for said state, residing
at _____
My commission expires: _____
Print Name: _____

EXHIBIT C

FIRPTA CERTIFICATE

**Seller's Certification of Non-Foreign Status under
Foreign Investment in Real Property Tax Act (26 U.S.C. 1445)**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by King County ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is 91-6001327;
4. Transferor's office address is King County Facilities Management Division, Real Estate Services Section, Room 800 King County Administration Building, 500 Fourth Avenue, Seattle, WA 98104.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated this ____ day of _____, 2015.

King County, Transferor:

By: _____
Name: Anthony Wright
Title: Director, Facilities Management
Division

EXHIBIT D

**KING COUNTY SEPTIC ADDENDUM TO
PURCHASE AND SALE AGREEMENT**

**KING COUNTY SEPTIC ADDENDUM TO
PURCHASE AND SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated _____ 1
between Keller Family Dairy LLC ("Buyer") 2
Buyer Buyer
and King County ("Seller") 3
Seller Seller
concerning 1313 W Snoqualmie Valley Rd SE Fall City WA 98024 (the "Property"). 4
Address City State Zip

THIS ADDENDUM SUPERCEDES ANY OTHER PROVISIONS OF THIS AGREEMENT RELATING TO THE ON- 5
SITE SEWAGE SYSTEM ("OSS") SERVING THE PROPERTY. 6

1. **Type of OSS.** The Property is: 7
 Served by a private septic system 8
 Served by a shared septic system 9
 Not served by an approved public or private sewer system (if checked, only Paragraph 5 applies) 10

2. **Seller's Representations.** Seller represents that, to the best of Seller's knowledge, the OSS serving the Property 11
(a) does not require repair other than pumping and normal maintenance; (b) does not currently violate any 12
applicable local, state, and federal laws, standards, and regulations; and (c) has no material defects. 13

3. **King County Board of Health Code ("Health Code").** 14
a. **Health Code.** Seller will retain a licensed on-site system maintainer ("OSM") to prepare a monitoring and 15
performance inspection report of the OSS ("Operation and Maintenance Report") and to complete the other 16
requirements of Health Code § 13.60.030. As soon as the OSM completes the requirements of Health Code § 17
13.60.030, Seller shall deliver to Buyer a copy of the Operation and Maintenance Report and a copy of the 18
maintenance records for the OSS, if available. 19

b. **Operation and Maintenance Report Contingency.** Buyer's obligations under this Agreement are contingent 20
on Buyer's approval of the Operation and Maintenance Report. This contingency shall be deemed waived 21
unless Buyer gives notice of disapproval of the Operation and Maintenance Report within _____ days 22
(5 days if not filled in) after receipt of the Operation and Maintenance Report. If Buyer gives timely notice of 23
disapproval, the Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 24

c. **On-Site Sewage System Operation and Maintenance Requirements.** Seller shall deliver to Buyer a 25
Seller's Notice of On-Site Sewage System Operation and Maintenance Requirements, which shall be 26
recorded before Closing. Buyer shall deliver to Seller on or before Closing a Buyer's Declaration of Receipt of 27
Copy of Notice of On-Site Sewage System Operation and Maintenance Requirements. In addition, Buyer 28
shall pay the Operation and Maintenance Program Fee, as set forth in the applicable fee schedule. 29

4. **Inspection and Pumping Contingency.** If checked, Seller shall have the OSS inspected and, if necessary, 30
pumped by an OSS service company at Seller's expense. Seller shall provide Buyer with a copy of the 31
inspection report within _____ days (15 days if not filled in) of mutual acceptance. If Seller had the OSS 32
inspected and, if necessary, pumped within _____ months (12 months if not filled in) of mutual 33
acceptance by an OSS service company and Seller provides Buyer with written evidence thereof, including an 34
inspection report, Seller shall have no obligation to inspect and pump the system unless otherwise required 35
by Buyer's lender. 36

This Agreement is conditioned on Buyer's approval of the inspection report from the OSS service company. 37
This contingency shall be deemed waived unless Buyer gives notice of disapproval of the inspection report 38
within _____ days (5 days if not filled in) after receipt of the inspection report. If Buyer gives timely 39
notice of disapproval, the Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 40

Buyer's Right to Attend Inspection. If checked and if Seller has not already conducted an inspection, Buyer 41
shall have the right to observe the inspection. Seller shall provide Buyer with 3 days notice of the date and 42
time of the inspection. 43

Advisory Notice Regarding Pumping. The OSS should not be pumped before the Operation and Maintenance 44
Report is performed by the OSM as required by Health Code § 13.60.030. The Operation and Maintenance 45
Report requires that the system be observed before it is pumped. 46

5. **Other.** 47


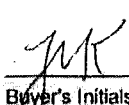

 9-9-15  9-9-15  9-9-15 _____ 48
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date 49
50
51
52

EXHIBIT E

**DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT
AND LEAD-BASED PAINT HAZARDS**

**DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT
AND LEAD-BASED PAINT HAZARDS**

Addendum to Purchase & Sale or Lease Agreement

Continued

Buyer's/Lessee's Acknowledgment 40

(c) Buyer/Lessee has received copies of all information listed above. 41

(d) Buyer/Lessee has received the pamphlet "Protect Your Family from Lead in Your Home." 42

(e) Buyer has (check one below only if Purchase and Sale Agreement): 43

Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. 44
45

Accepted an opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards on the following terms and conditions: 46
47

This Agreement is conditioned upon a risk assessment or inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards, to be performed by a risk assessor or inspector at the Buyer's expense. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in Your Home" for more information). 48
49
50
51

This contingency SHALL CONCLUSIVELY BE DEEMED SATISFIED (WAIVED) unless Buyer gives written notice of disapproval of the risk assessment or inspection to the Seller within _____ (10 days if not filled in) after receiving this Disclosure. Buyer's notice must identify the specific existing deficiencies and corrections needed and must include a copy of the inspection and/or risk assessment report. 52
53
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The Seller may, at the Seller's option, within _____ days (3 days if not filled in) after Seller's receipt of Buyer's disapproval notice, give written notice that Seller will correct the conditions identified by Buyer. If Seller agrees to correct the conditions identified by Buyer, then it shall be accomplished at Seller's expense prior to the closing date, and Seller shall provide Buyer with certification from a risk assessor or inspector demonstrating that the condition(s) has been remedied prior to the closing date. In lieu of correction, the parties may agree on any other remedy for the disapproved condition(s), including but not limited to cash payments from Seller to Buyer or adjustments in the purchase price. If such an agreement on non-repair remedies is secured in writing before the expiration of the time period set forth in this subparagraph, then this contingency will be deemed satisfied. 57
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If the Seller does not give notice that the Seller will correct the conditions identified in Buyer's risk assessment or inspection, or if the parties cannot reach an agreement on alternative remedies, then Buyer may elect to give notice of termination of this Agreement within _____ days (3 days if not filled in) after expiration of the time limit in the preceding subparagraph or delivery of the Seller's notice pursuant to the preceding subparagraph, whichever first occurs. The earnest money shall then be returned to the Buyer and the parties shall have no further obligations to each other. Buyer's failure to give a written notice of termination means that the Buyer will be required to purchase the Property without the Seller having corrected the conditions identified in Buyer's risk assessment or inspection and without any alternative remedy for those conditions. 66
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Buyer waives the right to receive an amended Real Property Transfer Disclosure Statement (NWMLS Form No. 17 or equivalent) pursuant to RCW 64.06 based on any conditions identified in inspection and/or risk assessment report(s). 75
76
77

Buyer has reviewed the information above and certifies, to the best of Buyer's knowledge, that the statements made by Buyer are true and accurate. 78
79

[Signature] 9-9-15
Buyer/Lessee Date

[Signature] 9-9-15
Buyer/Lessee Date

Brokers' Acknowledgment 81

Brokers have informed the Seller/Lessor of the Seller's/Lessor's obligations under 42 U.S.C. 4852(d) and are aware of their responsibility to ensure compliance. 82
83

Selling Broker _____ Date _____
[Signature] 9-9-15 [Signature] 9-9-15
Buyer/Lessee Initials Date Buyer/Lessee Initials Date

Listing Broker _____ Date _____
[Signature] 9-9-2015
Seller/Lessor Initials Date Seller/Lessor Initials Date

EXHIBIT F

BARGAIN AND SALE DEED

AFTER RECORDING RETURN TO:

ATTN: _____

BARGAIN AND SALE DEED

Grantor -- King County, Washington
Grantee -- Keller Family Dairy, LLC
Legal ---- _____
Tax Acct. -- 052407-9002; 9025; and 9026

The Grantor, **KING COUNTY**, a political subdivision of the State of Washington, for and in consideration of mutual benefits, pursuant to King County Ordinance No. _____, does hereby bargain, sell and convey unto the Grantee, **KELLER FAMILY DAIRY, LLC**, a Washington limited liability company, the the real property situate in King County, Washington and described in **EXHIBIT A**, attached hereto and incorporated herein by this reference, subject to the permitted exceptions set forth in **EXHIBIT B**, attached hereto and incorporated herein by this reference, and subject to Grantor's Reservation of Agricultural Conservation Easement set forth in **EXHIBIT C**, attached hereto and incorporated herein by this reference.

GRANTOR
KING COUNTY

GRANTEE
KELLER FAMILY DAIRY, LLC

BY: _____
Anthony Wright

BY: _____
Steve Keller

TITLE:
Director, Facilities Management Division

TITLE:
Co-Managing Member

DATE: _____

DATE: _____

Approved as to Form

BY: _____
Janet Keller

Senior Deputy Prosecuting Attorney

TITLE: Co-Managing Member

DATE: _____

EXHIBIT G

BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE is made as of this ____ day of _____, 2015, by **KING COUNTY**, a political subdivision of the State of Washington (“**Seller**”), in favor of **KELLER FAMILY DAIRY, LLC**, a Washington limited liability company (“**Buyer**”), with reference to the following facts.

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

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

SELLER:

By: _____
Name: Anthony Wright
Title: Director, Facilities Management
Division