

**ATTACHMENT A TO ORDINANCE:**

**INTERGOVERNMENTAL LAND TRANSFER AGREEMENT**

**INTERGOVERNMENTAL LAND TRANSFER AGREEMENT  
BY AND BETWEEN KING COUNTY AND THE CITY OF BELLEVUE**

This Intergovernmental Land Transfer Agreement (hereafter "Agreement"), dated for reference purposes only as of \_\_\_\_\_, 2014 ("Effective Date"), by and between the CITY OF BELLEVUE, a municipal corporation of the State of Washington (hereafter the "City"), and KING COUNTY, a political subdivision of the State of Washington (hereafter the "County"). The City and County are collectively referred to as the "Parties" and individually as a "Party" as context may require.

**Recitals**

WHEREAS, the County is the owner of that certain real property comprised of 66,429 square feet and located at 11101 NE 6<sup>th</sup> Street, in the City of Bellevue, County of King, State of Washington, the legal description of which is attached hereto as **Exhibit A** (hereafter the "Real Property");

WHEREAS, the County acquired the Real Property with proceeds from a federal grant from the Federal Transit Administration ("FTA") for use as a public transit facility. Pursuant to the terms of that grant, the FTA must approve of any sale subject to a review of the appraisal;

WHEREAS, the County and City previously entered into negotiations that resulted in a Letter of Intent, dated March 13, 2012, as modified on May 29, 2012, which set forth certain agreed terms to guide negotiations on the sale of the Real Property. The County intends to sell the Real Property to the City in accordance with the provisions herein;

WHEREAS, the City intends to eventually use the Real Property for its contribution to the East Link light rail project being undertaken by the Central Puget Sound Regional Transit Authority ("Sound Transit") which consists of both permanent and temporary uses by Sound Transit;

WHEREAS, the City and Sound Transit continue to refine the design for the East Link light rail project as it impacts the Property and adjacent city-owned property. It is understood that a portion of the Real Property will be conveyed to Sound Transit for East Link infrastructure through a permanent property interest, either in fee or a permanent easement (the "Sound Transit Portion"). All or portions of the Real Property may also be granted to Sound Transit for use through temporary rights, including but not limited to rights of entry, leasehold interests, or temporary construction easements ("Third Party Interests");

WHEREAS, the County and the City previously entered into an appraisal agreement, fully executed on October 15, 2012, which established the means by which an appraisal and review appraisal were obtained and opinions of the fair market value of the Real Property rendered and reconciled, all in compliance with FTA regulations (the "Appraisal Agreement"); and

WHEREAS, having established the structure of the transaction and the purchase price of the Real Property, the County is desirous of selling the Real Property and the City is desirous of purchasing the Real Property in accordance with the terms of this Agreement. The County and the City are entering into this Agreement pursuant to the authority granted in Chapter 39.33 Revised Code of Washington, (Intergovernmental Disposition of Property Act) which permits a political subdivision of the State of Washington to sell real property to the state or any municipality or any political subdivision thereof on such terms and conditions as may be mutually agreed upon by the proper authority of the state and/or the subdivisions concerned.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and other agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## AGREEMENT

1. The Property. Subject to and upon the terms and conditions set forth in this Agreement, the County shall sell, convey, assign, transfer and deliver to the City and the City shall buy, assume and accept from the County the following assets and properties:
  - (a) All of the County's right, title and interest in the Real Property;
  - (b) All of the County's right, title and interest in any improvements and structures on the Real Property;
  - (c) All of the County's right, title and interest in and to tangible personal property, if any, owned by the County and attached, appurtenant to or used in connection with the Real Property (hereafter "Personal Property"); and
  - (d) all of the County's tenements, hereditaments, easements and rights appurtenant to the Property including but not limited to, all of the County's right, title, and interest in and to streets, alleys or other public ways adjacent to the Real Property, easements for public utilities, all sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Real Property.

Hereafter, the term "Property" shall include all the Real Property and all other assets and properties conveyed by the County to the City under this Agreement.

2. Payment Obligation. The total purchase price is SEVENTEEN MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$17,950,000) for the Property (the "Purchase Price"), which shall be due and payable at the Final Closing, the date of which shall be established by mutual written agreement of the Parties but no later than December 31, 2026 ("Payment Obligation Date"). Interest shall accrue on that portion of the Purchase Price that remains outstanding from the time of the Initial Closing (as defined below in Section 9), pursuant to the payment provisions contained in Section 14, and as may be reduced at the Interim Final Closing, until the Purchase Price is paid in full in cash or immediately available funds. Interest shall be compounded annually at the rate equal to the yield for Moody's "Aaa" 15 year municipal bond rating in effect as of the date of Initial Closing until full satisfaction of the Purchase Price. Interest shall accrue for any partial year on a pro-rata basis assuming a 360 day year.
3. Title.

3.1 Nature of Title. The Property, including the Sound Transit Portion, shall be conveyed by Deed(s) to the City as defined in Subsection 9.3 and subject only to the Permitted Exceptions (as defined below). The City is willing to accept the Property on this basis subject to the terms of this Agreement.

3.2 Title Commitment. Attached to the Appraisal Agreement is the First American Title Insurance Company (the "Title Company") title commitment dated August 22, 2012 (as File No. NCS-366711) (the "Title Commitment"). The City shall obtain an update to the Title Commitment for an owner's extended coverage policy of title insurance issued by the Title Company describing the Property, listing the City as the prospective named insured and showing as the policy amount the Purchase Price for the Property. At such time as the updated Title Commitment is obtained by the City, the City shall further obtain legible copies of all instruments referred to in the updated Title Commitment as restrictions or exceptions to title to the Property.

3.3 Survey. Prior to the expiration of the Review Period (as defined in Section 4), the City shall have the option, at its expense, to have prepared and furnished to the Title Company and the City a survey (the "Survey") of the Property prepared by a licensed public surveyor. The Survey shall be certified to the County, the City and the Title Company, shall be sufficient for the Title Company to issue an owner's extended coverage title policy, identify the Property by legal

description and shall set forth the number of square feet contained within the Property, show all natural monuments, existing fences, drainage ditches and/or courses, flood plain limits, any building or other site improvements and/or objects, any rights-of-way for streets, existing driveways, alleys or highways, easements and other restriction lines existing and/or proposed which shall affect any portion of the Property, and such other items as required by the City.

3.4. Review of Title Commitment and Survey – Initial Closing. The City shall have until thirty (30) days after receipt of the last of the updated Title Commitment and the Survey (the “Review Period”) in which to notify the County of any objections the City has to any matters shown or referred to in the updated Title Commitment or Survey and of any title insurance endorsements required by the City. Any exceptions or other items that are set forth in the updated Title Commitment or the Survey and to which the City does not object within the Review Period shall be deemed to be permitted exceptions (“Permitted Exceptions”). With regard to items to which the City does object within the Review Period, the County shall notify the City within ten (10) days after the County receives the City’s notice of objections of any exceptions to title or items on the survey which the County is not able to remove or otherwise resolve and any endorsements that the County is not able to provide following the City’s request within the Review Period, and the City may, at the City’s option, either waive the objections not cured or the City may terminate this Agreement by notice to the County. Permitted Exceptions shall include any matters arising on title pursuant to the process established in Section 7.4.

3.5. Review of Supplement or Amendment to Title Commitment – Interim and Final Closings. The City shall obtain a supplement or update to the Title Commitment and Survey prior to the Interim Final Closing and, at the City’s election, the Final Closing subject to the process described in this Section. The City shall have until thirty (30) days after receipt of each such supplement or update (the “Final Review Period”) in which to notify the County of any matters dated after the Initial Closing shown or referred to in the updated Title Commitment or Survey, other than the Permitted Exceptions, to which it objects (“New Matters”). The County shall be obligated to remove or otherwise resolve, to the satisfaction of the City, any New Matters prior to each Interim Final Closing Date and the Final Closing Date. Failure to remove or resolve such matters shall be deemed a breach of this Agreement, and shall entitle the City to, in its sole discretion and without limitation of any other remedy available at law or in equity to: a) proceed to Closing with the New Matters considered a Permitted Exception; b) proceed to Closing with an adjustment to the Purchase Price based on an appraisal approved by the FTA and performed by a M.A.I. certified appraiser selected by the City with the cost to be born evenly between the Parties (the “New Appraisal”) of the fair market value of the Property considering the New Matters, adjusted to the date of value of the original appraisal obtained by the Parties in 2012, or c) termination of this Agreement and refund of any portion of the Purchase Price and interest paid as of such termination date that exceeds fair market rental value for the Property based on the New Appraisal.

#### 4. Inspection and Contingencies.

4.1 Due Diligence Inspection Contingency. The City, its designated representatives, contractors or agents shall have the right, at the City’s expense, to enter upon the Property to (i) perform any and all tests, inspections, studies, surveys or appraisals of the Property deemed necessary, on any subject, by the City; and (ii) examine due diligence materials pertaining to the Property that are provided by the County, if any (“Inspection Contingency”). Any Due Diligence Materials (hereafter defined) that the County provides to the City are provided as a convenience only in “AS IS, WHERE IS” condition and without any representation or warranty whatsoever as to the truth or accuracy of the any of the facts/findings in such materials and the City shall solely rely on its own judgment and due diligence investigations to satisfy itself as to the condition of the Property. The City and the City’s designated representatives or agents shall have the right and the County hereby grants to the City and the City’s designated representatives the right to enter the Property and conduct tests, investigations and studies set forth in Section 4.1 upon three (3) days advance written notice;

provided that such right of entry will be limited to those times and dates that will not disrupt the County's use of, or the County's operations and activities, on the Property. Invasive tests of the Property, such as drilling or excavation shall be subject to the County's prior written approval. The City will not be permitted to undertake activities that damage County property. In connection with any such inspections and tests, the City agrees to hold harmless, indemnify and defend the County, its officers, agents and employees, from and against all claims, losses, mechanics or other liens, or liability for injuries, sickness or death of persons, including employees of the City caused by or arising out of any act, error or omission of the City, its officers, agents, contractors, subcontractors or employees in entering the Property for the above purposes, to the extent not caused by or arising out of any act, error, omission or negligence of the County, its officers, agents and employees.

4.1 Legislative Approval Contingency. The County's and the City's performance under this Agreement are contingent on approval of this Agreement through an effective ordinance by each entity's respective legislative body.

4.2 FTA Approval. The County's and the City's performance under this Agreement are contingent on approval by the FTA of the terms and conditions of this Agreement and an appraisal supporting this transaction. Such approval was granted by letter dated October 21, 2013, and is attached hereto as **Exhibit D**.

4.3 Removal of Contingencies. The Parties shall have until the Initial Closing (the "Due Diligence Period") to satisfy or waive each Party's respective Contingencies. The Parties may only satisfy or waive such Contingencies by issuing written notice thereof to the other or performing at the Initial Closing, which shall be deemed a waiver of the Contingencies. If all Contingencies are not removed within the Due Diligence Period, then the Initial Closing may be delayed by agreement of the Parties until the contingencies can be satisfied or waived, but no longer than ninety (90) days from the original Initial Closing Date, provided however, that if all Contingencies are not removed prior to or at the Initial Closing then either Party may terminate this Agreement, in which case neither Party shall have any further rights or obligations under this Agreement; and provided further that the City may decline to waive its Inspection Contingency for any reason or no reason, in its sole discretion. City may terminate this Agreement for any reason and for no reason by delivering written notice of such termination to the County at any time prior to expiration of the Due Diligence Period, in which event the parties shall have no further obligations hereunder other than those obligations that expressly survive by their terms.

4.4 Assistance with Due Diligence. The County shall exercise prompt and commercially reasonable efforts to cooperate with City's due diligence activities. The County shall promptly deliver, or make available, to the City all documents and materials concerning the Property (the "Due Diligence Materials") which the City may request during the Due Diligence Period that are in the County's possession or control and that are not subject to attorney-client privilege, work product rule or otherwise prohibited from being disclosed by law.

## 5. Condition of the Property.

5.1 The City has been allowed to make an inspection of the Property as set forth in Article 4. Except for the County's express representations, warranties and obligations under this Agreement and the Deed(s), THE CITY AS OF THE INITIAL CLOSING IS PURCHASING ITS INTERESTS IN THE PROPERTY IN AN "AS-IS WITH ALL FAULTS" BASIS WITH ANY AND ALL PATENT AND LATENT DEFECTS, IS NOT RELYING ON, AND HEREBY WAIVES ANY WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER FROM THE COUNTY WITH RESPECT TO ANY MATTERS CONCERNING THE PROPERTY INCLUDING, BUT NOT LIMITED TO THE PHYSICAL CONDITION OF THE PROPERTY; ZONING STATUS; TAX CONSEQUENCES OF THIS TRANSACTION; UTILITIES; OPERATING HISTORY OR PROJECTIONS OR VALUATION; COMPLIANCE BY THE PROPERTY WITH

ENVIRONMENTAL LAWS (DEFINED BELOW) OR OTHER LAWS, STATUTES, ORDINANCES, DECREES, REGULATIONS AND OTHER REQUIREMENTS APPLICABLE TO THE PROPERTY; THE PRESENCE OF ANY HAZARDOUS SUBSTANCES (DEFINED BELOW), WETLANDS, ASBESTOS, LEAD, LEAD-BASED PAINT OR OTHER LEAD CONTAINING STRUCTURES, UREA FORMALDEHYDE, OR OTHER ENVIRONMENTALLY SENSITIVE BUILDING MATERIALS IN, ON, OR UNDER THE PROPERTY; THE CONDITION OR EXISTENCE OF ANY OF THE ABOVE GROUND OR UNDERGROUND STRUCTURES OR IMPROVEMENTS, INCLUDING TANKS AND TRANSFORMERS IN, ON OR UNDER THE PROPERTY; THE CONDITION OF TITLE TO THE PROPERTY, AND PERMITS, GRANT CONDITIONS, ORDERS, OR OTHER AGREEMENTS, AFFECTING THE PROPERTY (collectively, the "Condition of the Property").

5.2 The City represents and warrants to the County that except for the County's express representations, warranties and obligations under this Agreement and the Deed(s), the City has not relied and will not rely on, and the County is not liable for or bound by, any warranties, guaranties, statements, representations or information pertaining to the Property or relating thereto made or furnished by the County, any agent or contractor of the County, or any real estate broker or agent representing or purporting to represent the County, to whomever made or given, directly or indirectly, orally or in writing.

5.3 Subject to the County's express representations, warranties and obligations under this Agreement and the Deed(s), the City as of the Initial Closing assumes the risk that Hazardous Substances or other adverse matters may affect the Property that were not revealed by the City's or other prior inspections and except to the extent of the County's express representations, warranties and obligations under this Agreement, the City waives, releases and discharges forever the County from any and all present or future claims or demands, and any and all 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 City might have asserted or alleged against the County arising from or in any way related to the Condition of the Property or the alleged presence, use, storage, generation, manufacture, transport, release, leak, spill, disposal or other handling of any Hazardous Substances in, on or under 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 by order of or agreement with any governmental authority, or that is necessary or otherwise is reasonable under the circumstances, (b) Losses for injury or death of any person, and (c) Losses arising under any Environmental Law enacted after transfer of the Property. The term "Environmental Law" means 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 or the environment, including without limitation, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Model Toxics Control Act, the Water Pollution Control Act, laws concerning above ground or underground storage tanks, and any similar or comparable state or local law. The term "Hazardous Substance" means any hazardous, toxic, radioactive or infectious substance, material or waste as defined, listed or regulated under any Environmental Law, and includes without limitation petroleum oil and any of its fractions.

5.4 The City and the County acknowledge that the County's willingness to convey the Property reflects that the Property is being conveyed subject to the provisions of this Section 5.

5.5 Notwithstanding any provision of this Agreement to the contrary, the provisions of this Section 5 shall survive all the Closings of the transaction contemplated herein and the delivery of the Deed(s) to the City.

6. Initial Closing Conditions.

6.1 The City's obligation to purchase the Property shall be subject to the following conditions that must be satisfied as of the Initial Closing:

6.1.1 All representations and warranties of the County contained herein and in each of the documents and instruments to be delivered at Closing shall be true, accurate and complete in all material respects at the time of the Initial Closing; and

6.1.2 The County shall have performed all obligations to be performed by it hereunder on or before the Initial Closing (or, if earlier, on or before the date set forth in this Agreement for such performance).

6.2 If the conditions set forth in Subsection 6.1 are not satisfied as of the Initial Closing and the City does not waive the same, the County and the City shall extend the Initial Closing Date an additional thirty (30) days.

6.3 The County's obligation to sell the Property shall be subject to the following conditions that must be satisfied as of the Initial Closing:

6.3.1 All representations and warranties of the City contained herein shall be true, accurate and complete in all material respects at the time of the Initial Closing; and

6.3.2 The City shall have performed all obligations to be performed by it hereunder on or before the Initial Closing (or, if earlier, on or before the date set forth in this Agreement for such performance).

6.4 If the conditions set forth in Subsection 6.3 are not satisfied as of the Initial Closing and the County does not waive the same, the County and the City shall extend the Initial Closing Date an additional thirty (30) days.

6.5 If the Initial Closing Date is extended pursuant to Section 6.2 above, and the respective conditions remain unsatisfied as of the extended Initial Closing Date, then the City shall have the right, in its sole discretion to elect to 1) waive the condition and proceed with the Initial Closing; 2) terminate this Agreement and thereafter the parties shall have no further obligations or liabilities hereunder other than those obligations which survive the termination of this Agreement by their express terms, or 3) seek specific performance of the County's obligations to perform hereunder.

7. Representations and Warranties of the County. The County hereby makes the following representations and warranties, which representations and warranties shall be deemed made by the County to the City as of the Initial Closing, and, except for 7.2, as of the Interim Final Closing and Final Closing Dates:

7.1 The County will timely perform all of the obligations required by the terms of this Agreement to be performed by the County.

7.2 Prior to the Initial Closing, the County will notify the City of any significant change in the condition of the Real Property, title thereto, or change in any material respect which creates a limitation of or a conflict with the County's representations and warranties in this Agreement of which the County becomes aware, promptly upon learning of such change in condition.

7.3 The County is a political subdivision and municipal corporation of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington, has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations under this Agreement and the transactions contemplated hereby.

7.4 From the Initial Closing to the Final Closing, the County will not grant, create or amend any temporary or permanent easement, right-of-way, encumbrance, restriction, covenant, lease, license, permit, right of use or entry or any other right or interest whatsoever which would affect the Property prior to or after the Initial Closing without the City's written consent first having been obtained, which consent may be withheld in the City's sole discretion.

7.5 To the extent the County's consent is legally required or required pursuant to the terms of this Agreement, from the Initial Closing to the Final Closing, the County shall grant temporary Third Party Interests to Sound Transit directly related to and in support of the East Link light rail project, as currently or as hereafter defined by Sound Transit, upon the written direction of both the City and Sound Transit with commercially reasonable terms that are consistent with the terms of similar agreements used by the County and that are reasonably acceptable to the County with respect to any term relating the County's performance or County's interest in the Real Property, the City and Sound Transit; provided, however, that additional compensation beyond that contemplated in this Agreement shall not be required or requested by County in connection with granting such interest.

7.6 The County and City agree to cooperate in securing any permits or approvals necessary to accomplish the conveyance of the Sound Transit Portion to Sound Transit as provided in Section 9.1.2 or Section 7.5, including but not limited to pursuing boundary line adjustments or subdivision approvals, which shall in all instances result in no cost to the County. To the extent the County's consent is legally required or required pursuant to the terms of this Agreement, the County has no obligation to grant Third Party Interests to any party other than Sound Transit. Further the County may not mortgage or otherwise encumber the Property or this Agreement as financial security for any reason.

7.7 Except as disclosed in writing to the City during the Due Diligence Period, there is no pending, or to the County's knowledge (which knowledge shall be limited to the actual knowledge of a specific County employee performing an electronic search of relevant records who shall be identified in writing by the County in a timely manner prior to each Closing), threatened lawsuit, litigation, proceeding or material claim against or relating to the County with respect to the Property that would impede or materially affect the County's ability to enter into or perform the terms of this Agreement, and there is no pending or, to the County's actual knowledge, contemplated condemnation or similar proceeding with respect to the Property or any part thereof. The parties acknowledge the identified use of a portion of the Property for the East Link project.

8. Representations and Warranties of the City. The City hereby makes the following representations and warranties, which representations and warranties shall be deemed made by the City to the County as of the Initial Closing and as of the Interim Final Closing and Final Closing Dates:

8.1 The City shall timely perform all of the obligations required by the terms of this Agreement to be performed by the City.

8.2 The City is a municipal corporation of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington, has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations under this Agreement and the transactions contemplated hereby.

8.3 The City shall set aside for each year of its normal biennial budget process sufficient appropriations to satisfy the City's financial obligations under this Agreement, for the two years of the biennial budget then under consideration, including but not limited to the periodic payments of interest and that portion of the principle balance due and payable within the years covered by the biennial budget then under consideration. Notwithstanding any provision of this Agreement to the contrary, the provisions of this Subsection 8.3 shall survive the Initial Closing of the transaction contemplated herein.

9. Closings.

9.1 Time and Place. Following the Initial Closing, the closings of this sale shall take place in separate closings as described in this Agreement:

9.1.1 Initial Closing. The Initial Closing shall take place at the offices of First American Title Insurance Company, Seattle, Washington, escrow agent for the Initial Closing of this transaction (“Escrow Agent”), within thirty (30) days of written notice by the City or December 31, 2014, whichever occurs first (“Initial Closing Date”); provided, however that either party may extend the Initial Closing Date for up to thirty (30) days by giving written notice of such extension to the other Party at least fifteen (15) days in advance of the Initial Closing Date.

9.1.2 Interim Final Closing. The City may elect to close on a portion of the property for the purpose of conveying the Sound Transit Portion to Sound Transit (the “Interim Final Closing” or “Interim Final Closing Date”), establishing an Interim Final Closing Date, which shall be no less than sixty (60) days following written notice by the City of its desire to establish a closing date for the Sound Transit Portion of the Property to the County and to the Escrow Agent, or its successor entity. The City shall, at the City’s sole expense, provide the County with legal descriptions and a surveyor’s estimate of the square footage of both the Sound Transit Portion and the remaining portion of the Property as provided in Section 3, along with documentation showing that the Sound Transit Portion has been legally subdivided or otherwise created to allow for its conveyance, within 30 days of its providing written notice to the County pursuant to this Section 9.1.

9.1.3 Final Closing. The Final Closing date shall occur within sixty (60) days following written notice by the City of its desire to establish a closing date for the Property to the County and to the Escrow Agent or its successor entity. In no event shall the Final Closing on the Property take place any later than December 31, 2026.

9.2 County Obligations at Initial Closing. At or before the Initial Closing, the County shall deliver to Escrow Agent, for delivery to the City, the following:

9.2.1 Third Party Interests. Copies of any Third Party Interests granted by the County pursuant to Subsection 7.4;

9.2.2 Excise Tax Affidavit. An appropriate excise tax affidavit, signed and notarized by the responsible and authorized officials of the County and citing any applicable exemptions;

9.2.3 Bill of Sale. A fully executed bill of sale for any Personal Property;

9.2.4 Other Documents. Such other documents and funds as may be required to close this transaction, including a Foreign Investment in Real Property Tax Act (“FIRPTA”) certificate; and

9.2.5 Memorandum of Agreement. One original executed copy of the Memorandum of Agreement described in Section 17.4.

9.3 County Obligations at Interim and Final Closing. At or before the Interim Final Closing and the Final Closing, the County shall deliver to Escrow Agent, for delivery to the City, a fully executed Bargain and Sale Deed in substantially the form attached hereto as **Exhibit B** (“Deed”), subject only to the Permitted Exceptions.

9.3.1 Conditions to Interim and Final Closing. Each of the conditions set forth in Section 6.1 shall be satisfied at the time of Interim and Final Closing.

9.3.2 Third Party Interests. Copies of any Third Party Interests granted by the County pursuant to Subsection 7.4.

9.4 City's Obligations at Initial Closing. At or before the Initial Closing, the City shall deliver to Escrow Agent, for delivery to the County, the following:

9.4.1 Other Documents. Such other documents and funds as may be required to close this transaction;

9.4.2 Payments. Interest payment for the period between Initial Closing and commencement of the payment obligations provided in Section 14; and

9.4.3 Memorandum of Agreement. One original executed copy of the Memorandum of Agreement described in Section 17.4.

9.5 City's Obligations at Interim and Final Closing. At or before the Interim and/or Final Closing, the City shall deliver to Escrow Agent in cash or immediately available funds the Purchase Price and any interest accrued as calculated pursuant to Section 2 and Section 14. In the event the Interim Final Closing is for less than the whole of the Property, the Purchase Price shall be prorated based on the total square footage of the portion subject to the Interim Final Closing as a percentage of the Property. The City shall be credited for any portion of principal paid toward the Purchase Price pursuant to Section 14 at any Interim Final Closing.

9.5.1 Legal Descriptions. At the Interim Final Closing, the City shall provide to the County legal descriptions for both the Sound Transit Portion and the remaining portion of the Property as required in Sections 3 and 9.1.2.

10. Proration. All taxes, assessments, interest and other expenses associated with the Property, shall be prorated as of Final Closing Date.

11. Closing Costs. The County and the City shall share equally the escrow fees with respect to the sale of the Property. The City shall be solely responsible for the cost of title insurance premiums, title endorsements, extended coverage or other title coverage requested by the City.

12. Possession. The City shall be entitled to exclusive possession, use and control of the Property immediately following the Initial Closing.

13. Indemnification.

13.1 By County. Subject to and without in any way limiting the provisions of Section 5 of this Agreement, the County shall pay, protect, pay the defense costs of, indemnify and hold the City and its successors and assigns harmless from and against any and all loss, liability, claim, damage and expense suffered or incurred by reason of (a) the breach of any representation, warranty or agreement of the County set forth in this Agreement prior to Final Closing; (b) the failure of the County to perform any obligation required by this Agreement to be performed by the County prior to Final Closing; (c) liabilities from occurrences prior to the Initial Closing caused by the County's negligence arising out of the ownership, maintenance and/or operation of the Property by the County; or (d) any injuries to persons or property from occurrences prior to the Initial Closing from any cause occasioned in whole or in part by any acts or omissions of the County, its agents or employees.. The County upon notice from the City shall defend any such claim at its expense and with counsel reasonably satisfactory to the City. This indemnification shall survive the Initial Closing and Final Closing of the transaction contemplated by this Agreement and the delivery of the Deed(s) to the City. This indemnification is intended for the sole benefit of the City and shall not inure to the benefit of any third party.

13.2 By City. Subject to and without in any way limiting the provisions of Section 5 of this Agreement, the City shall pay, protect, pay the defense costs of, indemnify and hold the County and its successors and assigns harmless from and against any and all loss, liability, claim, damage and expense suffered or incurred by reason of (a) the breach of any representation, warranty or agreement of the City set forth in this Agreement prior to Final Closing; (b) failure of the City to perform any obligation required by this Agreement to be performed by the City prior to Final Closing; (c) liabilities caused by the City's negligence arising out of the use, possession, maintenance and/or operation of the Property by the City on or after Initial Closing and before Final Closing; or (d) any injuries to persons or property from any cause occasioned in whole or in part by any acts or omissions of the City, its agents or employees, that occurred on or after Initial Closing and prior to Final Closing. City upon notice from the County shall defend any such claim at its expense and with counsel reasonably satisfactory to the County. This indemnification shall survive both the Initial Closing and Final Closing of the transaction contemplated by this Agreement and the delivery of the Deed(s) to the City. This indemnification is intended for the sole benefit of the County and shall not inure to the benefit of any third party.

13.3 Additional Indemnification Provisions. Solely to give full force and effect to the indemnification provisions contained herein and not for the benefit of any person, each party specifically and expressly waives any immunity it may have under the Washington State Industrial Insurance Act, RCW Title 51 or any other industrial insurance, workers' compensation or similar laws of the State of Washington and acknowledge that this waiver was mutually negotiated by the parties hereto as part of the consideration for this Agreement. This provision shall not be interpreted or construed as a waiver of any party's right to assert such immunity, defense or protection directly against any of its own employees. In no event shall either party's indemnification obligations under this Agreement be limited to the extent of any insurance available to or provided by the obligated party.

14. Periodic Interest Payments. The City shall make payments to the County equal to the annual accrued interest on any unpaid portion of the Purchase Price at the interest rate provided in Section 2 herein, compounded annually commencing from the Initial Closing Date, due and payable on the last day of each calendar year commencing on the last day of the first full calendar year following the Initial Closing Date. The City shall pay a total of at least twenty-five (25) percent of the Purchase Price prior to the end of year twelve (12) as provided herein. Payment for a partial year shall be prorated as provided in Section 2. Payment of interest and principal shall be based on the following:

14.1 Tier I. For year one (1) through five (5) following the Initial Closing Date, the annual payment amount shall be no less than the full interest accrued in each such year on the unpaid portion of the Purchase Price. Assuming an Initial Closing Date in 2014, years one (1) through five (5) would apply to the period from 2015 to 2019.

14.2 Tier II. For year six (6) through ten (10) following the Initial Closing Date, the annual payment amount shall be no less than the full interest accrued in each such year on the unpaid portion of the Purchase Price plus an annual amount sufficient to ensure that at least fifteen (15) percent of the total Purchase Price has been paid to the County at the end of year ten (10). Assuming an Initial Closing Date in 2014, years six (6) through ten (10) would apply to the period from 2020 to 2025. By way of example, 15 percent of the total Purchase Price is \$2,692,500.00. If no portion of the Purchase Price has been paid at the Initial Closing or during Tier I, for each year of Tier II the City would pay \$538,500.00 towards the Purchase Price, together with the amount of interest due as described herein. The Purchase price shall be adjusted to reflect payments made on the principal balance by the City and on a proportional basis commencing on the Interim Final Closing Date as provided in Section 9.5.

14.3 Tier III. For years eleven (11) and twelve (12) following the Initial Closing Date, the annual payment amount shall be no less than the full interest accrued in each such year on the unpaid portion of the Purchase Price plus an amount for years eleven (11) and twelve (12)

equal to at least five (5) percent of the total Purchase Price for each year. By way of example, 5 percent of the Purchase Price is \$897,500.00. For year eleven (11) and twelve (12), the City would pay \$897,500.00 each year towards the Purchase Price, together with the amount of interest due as described herein, so that at the end of year twelve (12), the City will have paid at least twenty-five (25) percent of the Purchase Price, as well as accrued interest. Accrued interest and the Purchase Price payment for year twelve (12) shall be included in the final payment of the principal balance on or before the Payment Obligation Date of December 31, 2026.

14.4 Upon conveyance of the Sound Transit Portion as provided in Section 9.1.2, the proportionate amount of the Purchase Price attributable to such portion of the Property, plus any accrued interest as of the Interim Final Closing Date shall be immediately due and payable. The proportionate amount of the Purchase Price so paid shall be included in the determination of the annual amount of principal that the City is required to pay during Tier II and Tier III. By way of example, if the City paid \$1,000,000.00 to the County under this Section 14.4 in year three (3) after the Initial Closing, then during Tier II [years six (6) through ten (10)] the City would pay \$338,500.00 annually, together with interest due as described in Section 14.2.

14.5 The provisions of Subsection 14.4 notwithstanding, the full balance of the Purchase Price shall be due and payable by the City to the County on December 31, 2026, plus any remaining accrued interest. In the event of a default by the City of its obligations in this Section 14, upon such event of default the outstanding balance of the Purchase Price and applicable interest shall be accelerated and due in full.

14.6 The initial Metro Site Purchase Price payment schedule is attached hereto as **Exhibit E**.

15. Default.

15.1 By the County. If there is an event of default under this Agreement by the County, the City will be entitled to seek specific performance of the County's obligations under this Agreement, and shall further have the right to pursue any other remedies in law or equity.

15.2 By the City. If there is an event of default under this Agreement by the City, the County will be entitled to seek specific performance of the City's obligations under this Agreement, and shall further have the right to pursue any other remedies in law or equity, including but not limited to an action to recover any sum owed by the City under this Agreement without offset or deduction of any kind.

16. Notices. All notices to be given by each party to the other pursuant to this Agreement shall be delivered in person, by facsimile or deposited in the United States mail, properly addressed, postage fully prepaid, for delivery by certified or registered mail, return receipt requested. Notices given by personal delivery or facsimile shall be deemed effective upon receipt (provided notice by facsimile is on a business day and receipt is acknowledged); notices given by mail shall be deemed effective on the third business day after deposit. Notices may be given at the following addresses and facsimile numbers, until further notice by either party:

If to the County: King County  
Department of Transportation  
Transit Division  
201 S. Jackson Street  
Seattle, WA 98104-3856

With a copy to: King County  
Facilities Management Division  
Manager, Real Estate Services Section  
500 Fourth Avenue, Ste 800

Seattle, WA 98104

If to the City: City of Bellevue  
450 110<sup>th</sup> Avenue NE  
Bellevue, Washington 98004  
Attn: Lori M. Riordan, City Attorney  
Telephone No. (425)452-6829  
Facsimile No. (425)452-7256

With a copy to: City of Bellevue  
450 110<sup>th</sup> Avenue NE  
Bellevue, Washington 98004  
Attn: Nora Johnson, Director, Civic Services  
Telephone No. (425)452-4167

17. Miscellaneous:

17.1 Governing Law/Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any action at law or equity shall be filed in the superior court of King County located in Seattle.

17.2 Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the sale of the real property interests in the Property and any and all prior agreements, understandings or representations with respect to its subject matter are hereby canceled in their entirety and are of no further force or effect. The Parties do not intend to confer any benefit under this Agreement to any person, firm or corporation other than the Parties.

17.3 Modification or Amendment. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by the Parties hereto, subject to any legislative approvals as required by law.

17.4 Memorandum of Agreement. At the time of the Initial Closing, the Parties shall execute and record in the real property records of King County, a memorandum of Agreement in form and substance substantially similar to **Exhibit C**.

17.5 Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original.

17.6 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of the Parties. The City or the County shall not assign this Agreement, or any part thereof, without the other Party's prior written consent, which consent may be withheld in the other Party's sole and absolute discretion.

17.7 Event Date. If any event date falls on a Saturday, Sunday or legal holiday, then the time for performance shall be extended until the next business day.

17.8 Non-Waiver. No term or condition of this Agreement will be deemed to have been waived or amended unless expressed in writing, and the waiver of any condition or the breach of any term will not be a waiver of any subsequent breach of the same or any other term or condition.

17.9 Exhibits and Schedules. This Agreement contains the following Exhibits which are attached and made a part of this Agreement:

|           |                                       |
|-----------|---------------------------------------|
| Exhibit A | Legal Description                     |
| Exhibit B | Bargain and Sale Deed                 |
| Exhibit C | Memorandum of Agreement               |
| Exhibit D | FTA Approval Letter                   |
| Exhibit E | Metro Purchase Price payment schedule |

17.10 Brokers. Neither Party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee based on the purchase and sale contemplated by this Agreement.

17.11 Time. Time is of the essence of this Agreement.

17.12 Attorneys Fees/Litigation Expenses. Each Party shall pay their respective attorney's fees with respect to this Agreement and the Initial Closing and Final Closing. In any controversy, claim or dispute arising out of, or relating to, this Agreement, the substantially prevailing party shall be entitled to recover its costs and expenses of suit, including reasonable attorneys' fees.

17.13 Recitals; Construction; Definitions. Each of the recitals set forth above is incorporated into this Agreement as though fully set forth herein. Captions are solely for the convenience of the Parties and are not a part of this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had jointly prepared it.

17.14 Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby; and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

17.15 Survival. The terms and provisions of this Agreement shall not merge in, but shall survive, all Closings and conveyances of Deed(s) for the transaction contemplated under this Agreement.

17.16 Compliance with Laws. Commencing upon the Initial Closing, the City shall obey all laws and regulations, including orders issued by administrative agencies of the state or federal government, pertaining to its exclusive use, possession and control of the Property.

17.17 Waiver of Right to Rescind; Disclosure. To the extent RCW ch. 64.06 may apply to this Agreement, the City hereby waives, to the fullest extent permitted by law, the right to rescind this Agreement pursuant to any provision of RCW ch. 64.06. Further, to the fullest extent permitted by RCW ch. 64.06, the City expressly waives its right to receive from the County a seller disclosure statement as provided for in RCW ch. 64.06 ("Seller Disclosure Statement"). The County and the City acknowledge and agree that the City cannot waive its right to receive the environmental section of the Seller Disclosure Statement (which is contained in Section 6 of the form). The County will provide the same, with only such environmental section completed by the County, to the City within five (5) days after the Effective Date. Nothing in the Seller Disclosure Statement creates a representation or warranty by the County, nor does it create any rights or obligations in the Parties except as set forth in RCW ch. 64.06. The City is advised to use its due diligence to inspect the Property as allowed for by this Agreement, and that the County may not have knowledge of defects that careful inspection might reveal. The City specifically

acknowledges and agrees that the Seller Disclosure Statement is not part of this Agreement, the County has no duties to the City other than those set forth in this Agreement, the City has no independent cause of action under the Seller Disclosure Statement and specifically and without limitation, the City will not have a remedy for economic loss resulting from negligent errors, inaccuracies or omissions on the Seller Disclosure Statement. Nothing in this Section is a waiver of the representations and warranties inherent in or set forth in the Deed(s).

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first set forth above.

**KING COUNTY:**

By \_\_\_\_\_

Name:  
Its:

Approved as to form:

By \_\_\_\_\_

Name:  
Its:

**CITY OF BELLEVUE:**

By \_\_\_\_\_

Name: Nora Johnson  
Its: Civic Services Director

Approved as to form:  
Lori M. Riordan

By \_\_\_\_\_

Name: Mary Kate Berens  
Its: Deputy City Attorney

STATE OF WASHINGTON

COUNTY OF KING } ss.

On this day personally appeared before me \_\_\_\_\_, to me known to be the \_\_\_\_\_ of KING COUNTY, the municipal corporation and political subdivision of the State of Washington that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipal corporation and political subdivision, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Printed Name \_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington, residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_

STATE OF WASHINGTON

COUNTY OF KING } ss.

On this day personally appeared before me \_\_\_\_\_, the \_\_\_\_\_ of CITY OF BELLEVUE, known to me to be the Buyer that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of the municipal corporation for the uses and purposes therein mentioned, and on oath stated that [he/she] was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Printed Name \_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington, residing at \_\_\_\_\_

My Commission Expires \_\_\_\_\_

**EXHIBIT A**

**[Legal Description]**

**LOT 3 OF CITY OF BELLEVUE SHORT PLAT NO. 81-17, RECORDED DECEMBER 3, 1981  
UNDER RECORDING NO. 8112039005, IN KING COUNTY WASHINGTON;**

**EXCEPT THAT PORTION CONVEYED TO THE CITY OF BELLEVUE BY DEEDS  
RECORDED MARCH 26, 1992 AND APRIL 18, 2002 UNDER RECORDING NOS. 9203261584  
AND 20020418000668.**

**EXHIBIT B**

**AFTER RECORDING RETURN TO:**

King County  
Facilities Management Division  
ADM-ES-0800  
500 Fourth Avenue, Rm 800  
Seattle, WA 98104

**BARGAIN AND SALE DEED**

GRANTOR: KING COUNTY, a political subdivision of the State of Washington

GRANTEE: CITY OF BELLEVUE, a municipal corporation of the State of Washington

Legal description:

Abbreviated legal: Lot 3 of City of Bellevue Short Plat NO. 81-17  
Additional legal below

Tax parcel number: 322505-9216-09

The Grantor herein, KING COUNTY, a political subdivision of the State of Washington, for and in consideration of **SEVENTEEN MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$17,950,000)** in hand paid, and other valuable consideration the sufficiency of which is hereby acknowledged, does hereby bargain, sell and convey to the Grantee, the CITY OF BELLEVUE, a municipal corporation of the State of Washington, the following described real property, situate in the City of Bellevue, County of King, State of Washington:

LOT 3 OF CITY OF BELLEVUE SHORT PLAT NO. 81-17,  
RECORDED DECEMBER 3, 1981 UNDER RECORDING NO.  
8112039005, IN KING COUNTY WASHINGTON;

EXCEPT THAT PORTION CONVEYED TO THE CITY OF  
BELLEVUE BY DEEDS RECORDED MARCH 26, 1992 AND APRIL  
18, 2002 UNDER RECORDING NOS. 9203261584 AND  
20020418000668.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.



## EXHIBIT C

After recording return to:

King County  
Facilities management Division  
800 King County Administration Building  
500 Fourth Avenue  
Seattle, WA 98104

### MEMORANDUM OF INTERGOVERNMENTAL LAND TRANSFER AGREEMENT

SELLER: KING COUNTY, a political subdivision of the State of Washington

BUYER: CITY OF BELLEVUE, a municipal corporation of the State of Washington

Legal Description:

Abbreviated form: Lot 3 of City of Bellevue Short Plat NO. 81-17  
Additional legal on Attachment A of document

Assessor's Property Tax Parcel Account Number(s): 322505-9216-09

THIS MEMORANDUM OF INTERGOVERNMENTAL LAND TRANSFER AGREEMENT (the "Memorandum") is dated for reference purposes as of \_\_\_\_\_, 2014 between KING COUNTY, a political subdivision of the State of Washington ("Seller") and the CITY OF BELLEVUE, a municipal corporation of the State of Washington ("Buyer").

1. Agreement. Seller and Buyer have entered into that certain Intergovernmental Land Transfer Agreement, dated for reference purposes as of \_\_\_\_\_, 2014, (the "Agreement") for the purpose of conveying fee simple title of the property legally described above (the "Property"). The Agreement provides a financing mechanism wherein Buyer shall make periodic payments of interest and principal for a term of years prior to conveyance of the title by bargain and sale deed. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Agreement.
2. Closings. The Agreement establishes three closing dates. The Initial Closing shall take place in 2014 at a date and time to be set by mutual agreement of Seller and Buyer for the purpose of executing the Agreement, opening an escrow account and providing Buyer possession and use of the Property. Buyer shall thereafter commence payment according to the terms of the Agreement. An Interim Final Closing shall take place on a date subsequent to the Initial Closing upon notice to Seller from Buyer, at which point a portion of the Property shall be conveyed to the City for transfer of an interest to Central Puget Sound Regional Transit Authority ("Sound Transit") for use in the East Link light rail project. A Final Closing shall take place on a date and time to be agreed upon by Seller and Buyer, but no later than December 31, 2026, at which time the fee to the remaining Property shall be conveyed to Buyer.
3. Possession. Under the terms of the Agreement, the City is entitled to exclusive possession, use and control of the Property immediately following the Initial Closing.
4. Tax Exemption. In accordance with WAC 458-61A-205, the Agreement shall be exempt from any taxes imposed under the authority of RCW 82.45.

5. Lien Notice. Notice is hereby given that Seller will not be liable for any labor, services, materials or equipment furnished or to be furnished to Buyer, its contractors, agents, lessees, or licensees or to anyone holding an interest in the Property as of the Initial Closing date.
  
6. Purpose of Memorandum. This Memorandum is prepared for purposes of recordation only and does not set forth all of the terms and conditions set forth in the Agreement. In the event there is any conflict between the terms and conditions of the Agreement and this Memorandum, the Agreement shall control.

DATED the date above first written.

**SELLER**

**KING COUNTY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**BUYER**

**CITY OF BELLEVUE**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Approved as to form:

\_\_\_\_\_

Senior Deputy Prosecuting Attorney



**Attachment A**  
(Legal description)

LOT 3 OF CITY OF BELLEVUE SHORT PLAT NO. 81-17, RECORDED DECEMBER 3, 1981 UNDER RECORDING NO. 8112039005, IN KING COUNTY WASHINGTON;

EXCEPT THAT PORTION CONVEYED TO THE CITY OF BELLEVUE BY DEEDS RECORDED MARCH 26, 1992 AND APRIL 18, 2002 UNDER RECORDING NOS. 9203261584 AND 20020418000668.

**EXHIBIT D**  
**[FTA Approval]**



U.S. Department  
of Transportation  
**Federal Transit  
Administration**

REGION X  
Alaska, Idaho, Oregon,  
Washington

915 Second Avenue  
Federal Bldg. Suite 3142  
Seattle, WA 98174-1002  
206-220-7954  
206-220-7959 (fax)

October 21, 2013

Kevin Desmond  
General Manager  
Metro Transit Division  
Department of Transportation  
King County Metro  
KSC-TR-0415  
201 South Jackson Street  
Seattle, WA 98104-3856

Re: Property Appraisal & Disposition Concurrence  
King County property at 11101 NE 6<sup>th</sup> Street, Bellevue WA

Dear Mr. Desmond:

This responds to your letter of August 7, 2013 seeking Federal Transit Administration (FTA) concurrence on the appraisal of certain real property and its proposed disposition to the City of Bellevue (City). The property is located at 11101 NE 6<sup>th</sup> St., Bellevue, Washington, and aggregates 66,429 square feet. It was acquired by King County (County) in part with funds from FTA grant WA-03-0016 to provide layover space for buses as part of the original Bellevue Transit Center. The layover project was never built. The County has now declared this property surplus, and the City seeks to purchase the property for the purposes of furthering the Sound Transit East Link project. A portion of the property will be developed into a light rail station and guideway, while the remainder will be used for staging during construction of the East Link project. The County has obtained an appraisal and a review appraisal--and while the appraisals are slightly older than six months--both the City and the County are in agreement that the indicated value reflects current fair market value. The terms of the proposed property transfer are contained in the Intergovernmental Land Transfer Agreement that was provided for FTA review. Transfer of the title will occur following County's receipt of the purchase price and any interest payment(s). The County intends to place proceeds from the sale (including any interest) in a segregated account to fund future FTA eligible capital project(s). Since the property is being disposed under FTA's excess property process, the County is required to obtain FTA instruction for disposition.

FTA Circular 5010.1D, Chapter IV, provides, in part:

*j. Real Estate Disposition*

- (1) Disposition Alternatives. If the grantee determines that real property is no longer needed, FTA may approve use of the property for other purposes. This may include use in other Federal grant programs or in non-Federal programs that have consistent purposes with those authorized for support by FTA.
  - (a) Valuation of Property Pending Disposal. For properties no longer needed for transit purposes, the grantee is expected to follow the valuation requirements of 49 CFR part 24 and obtain an appraisal to ascertain the value of the property considered for disposal.
  - (b) ...
  - (c) Alternative Disposition Methods. When real property is no longer needed for any transit purpose, the grantee will request disposition instructions from FTA. The allowable alternative disposition methods are as follows:  
...
    3. Sell and Use Proceeds for Other Capital Projects. Sell property and use the proceeds to reduce the gross project cost of another FTA eligible capital transit project. See 49 U.S.C., 5334(h)(4). The grantee is expected to record the receipt of the proceeds in the grantee's accounting system, showing that the funds are restricted for use in a subsequent capital project, and reduce the liability as the proceeds are applied to one or more FTA approved capital projects. FTA must approve the application of the proceeds to a subsequent capital grant, which should clearly show that the gross project cost has been reduced with proceeds from the earlier transaction.

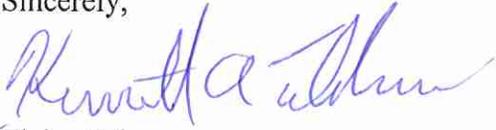
FTA reviewed the appraisal from Integra Realty Resources dated November 28, 2012 (with a valuation date of November 6, 2012), and the review appraisal from Paul Zemtseff dated January 8, 2013. Based on that review, FTA concurs with the appraised value in the amount of \$17,950,000 for the referenced property.

In addition, FTA concurs with disposition of the property to the City and the County's use of the proceeds for future eligible FTA capital project(s) in accordance with Alternative Disposition Method described above and in Circular 5010.1D, Chapter IV, Section 2(j)(c)3. Please ensure that the County retains records that show the federal contribution towards the original purchase of the property and federal percentage of the original acquisition price. This information will support the amount of federal funds or federal interest that you must account for from the proceeds of the disposition.

To encourage the complete due diligent assessment of contamination prior to project decision-making, the County is expected to notify the City and/or Sound Transit that FTA generally will not participate in the remediation of contamination discovered during construction on property previously determined to be free of contamination or hazardous waste.

If you have any questions, please feel free to contact Ted Uyeno at 206.220.7958 or Tom Radmilovich at 206.220.7953.

Sincerely,



*EW* Elaine Wine

Director, Office of Program Management and Oversight

cc: Randy Witt, King County Metro (KCM)  
Rand Juliano, KCM  
David Morrison, KCM

**Exhibit E**  
**Metro Site Purchase Price payment schedule**

|                                   |                          | End<br>of<br>Year | Payment<br>Date | Contract<br>Balance | Interest<br>Payment | Principal<br>Payment | Total<br>Payment    |
|-----------------------------------|--------------------------|-------------------|-----------------|---------------------|---------------------|----------------------|---------------------|
| <i>Purchase Price*</i>            | \$17,950,000             | 1                 | 12/31/2015      | \$17,950,000        | \$594,145           | \$0                  | \$594,145           |
| MMD "AAA"<br>Muni Rate**          | 3.31%                    | 2                 | 12/31/2016      | \$17,950,000        | \$594,145           | \$0                  | \$594,145           |
| Effective date of<br>Muni Rate**  | 10/22/2013               | 3                 | 12/31/2017      | \$17,950,000        | \$594,145           | \$0                  | \$594,145           |
| Initial Closing<br>Date           | 12/31/2014               | 4                 | 12/31/2018      | \$17,950,000        | \$594,145           | \$0                  | \$594,145           |
| <i>Amortization Requirements:</i> |                          | 5                 | 12/31/2019      | \$17,950,000        | \$594,145           | \$0                  | \$594,145           |
| Term:                             | 12 years                 | 6                 | 12/31/2020      | \$17,950,000        | \$594,145           | \$538,500            | \$1,132,645         |
| Years 1 - 5:                      | Interest only            | 7                 | 12/31/2021      | \$17,411,500        | \$576,321           | \$538,500            | \$1,114,821         |
| Years 6-10:                       | 15% of<br>purchase price | 8                 | 12/31/2022      | \$16,873,000        | \$558,496           | \$538,500            | \$1,096,996         |
| Year 11:                          | 5% of purchase<br>price  | 9                 | 12/31/2023      | \$16,334,500        | \$540,672           | \$538,500            | \$1,079,172         |
| Year 12:                          | 80% of<br>purchase price | 10                | 12/31/2024      | \$15,796,000        | \$522,848           | \$538,500            | \$1,061,348         |
|                                   |                          | 11                | 12/31/2025      | \$15,257,500        | \$505,023           | \$897,500            | \$1,402,523         |
|                                   |                          | 12                | 12/31/2026      | \$14,360,000        | \$475,316           | \$14,360,000         | \$14,835,316        |
|                                   |                          |                   |                 |                     | <b>\$6,743,546</b>  | <b>\$17,950,000</b>  | <b>\$24,693,546</b> |