

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