

PURCHASE AND SALE AGREEMENT

by and between

**THE CITY OF SEATTLE,
a first class charter city of the State of Washington**

and

**SCD ACQUISITIONS WEST LLC,
a Delaware limited liability company**

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “*Agreement*”) is entered into and made as of this _____ day of _____, 2017 (the “*Effective Date*”) by and between THE CITY OF SEATTLE, a first class charter city of the State of Washington (“*City*”) acting by and through its Departments of Transportation and Finance and Administrative Services, and SCD ACQUISITIONS WEST LLC, a Delaware limited liability company (“*Skanska*”). Skanska and City may each be referenced herein as a “*party*” or, collectively, as the “*parties*.”

RECITALS

A. City is the owner of certain improved real property located at 314 Fairview Avenue N. in Seattle, Washington, upon which City’s streetcar maintenance facility is situated (the “*Facility*”). City intends to expand the Facility in connection with the pending expansion of City’s streetcar system known as the Center City Connector Streetcar Project (the “*Facility Expansion*”), and such expansion and redevelopment of the Facility will require use of the property on which the Facility is located to a height sufficient to accommodate the expanded Facility.

B. City is interested in selling the Sale Property (as defined herein) to Skanska and Skanska is interested in purchasing the Sale Property from City. Skanska desires to purchase the Sale Property, as well as adjacent properties, for the purpose of developing an office building with ground level retail space and below-grade parking (the “*Project*”). (The adjacent properties, King County Assessor parcel numbers 2467400085 and 2467400090, are referenced herein as the “*Adjacent Properties*”). Skanska and City are interested in entering into a Development Agreement (as defined herein) to provide for the terms and conditions of development of Skanska’s Project and expansion of the Facility to address, among other things, how the parties will work together while Skanska is constructing the Project and City is expanding the Facility, including design integration of both projects, access, and project schedules.

C. City will at all times retain ownership of all improvements comprising the Facility, and any personal property located on the land upon which the Facility is situated. In order to ensure continuing control and operation of the Facility, from and after Closing (as defined herein) City will leaseback the surface of such land for City’s continued use and operation of the Facility during construction of the Project and expansion of the Facility.

D. The parties intend the Land described herein will ultimately be subjected to a condominium regime under which the Facility will comprise one unit owned by City and one or more units will comprise the Project to be owned by Skanska.

E. The parties desire to document the terms and conditions on which such purchase and sale, condominium, leaseback, and development will occur.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Skanska agree as follows:

1. Defined Terms. Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the meanings given to them in Schedule 1 attached hereto.

2. Sale Property. The property to be sold pursuant to this Agreement (the “*Sale Property*”) consists of the following:

a. The land legally described on Exhibit A attached hereto; expressly excluding all improvements located thereon (the “*Land*”); and

b. All rights, privileges and easements appurtenant to the Land owned by City, including, without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the Land, as well as all development rights, air rights, water, water rights and water stock relating to the Land, any rights to any land lying in the bed of any existing dedicated street, road or alley adjoining the Land and to all strips and gores adjoining the Land, and any other easements, rights-of-way, or appurtenances used in connection with the beneficial use and enjoyment of the Land.

3. Agreement of Purchase and Sale. City hereby agrees to sell the Sale Property to Skanska, and Skanska agrees to purchase the Sale Property from City, for the Purchase Price (defined below), payable as provided below and subject to adjustment as provided herein and otherwise on and subject to the terms and conditions of this Agreement.

4. Earnest Money Deposit. Upon expiration of the Inspection Period (defined below), Skanska shall deposit with the Seattle office of Chicago Title Insurance Company (“*Escrow Agent*”) a sum of money equal to 2.5% of the Purchase Price (including all interest earned thereon, the “*Deposit*”) to secure performance of Skanska’s obligations under this Agreement. The Deposit shall be paid by wire transfer of immediately available federal funds and shall be handled by Escrow Agent pursuant to the terms of this Agreement.

5. Purchase Price. Subject to the adjustments described in this Section, the purchase price for the Sale Property (the “*Purchase Price*”) shall be Twelve Million Nine Hundred Thousand and 00/100 dollars (\$12,900,000). The Purchase Price is based upon (i) an expected maximum allowable Project size of 343,980 square feet, (ii) the Property comprising seventy-five percent (75%) of the Project site and (iii) an agreed market value of \$50.00 per floor to area ratio (“*FAR*”) square foot. Thirty (30) days prior to Closing, the Purchase Price shall be adjusted based on the actual number of FAR square feet allowed for development of the Project site under then applicable law (without regard to any improvements then existing on the Project site), as follows: The Total square footage of the Project site including the Property and the Adjacent Parcels is 43,200 and the total square footage of the Property is 32,400 (or 75% of the square footage of the Project site). In the event that applicable law permits development of the Project site to include greater or fewer than 343,980 square feet (such legally permitted Project size, the “*Maximum Allowable Project Size*”), the Purchase Price shall be increased or decreased to a price that results from multiplying \$50.00 by 75% of the Maximum Allowable Project Size, but not below \$12,250,000 and not above \$13,550,000. By way of example, (i) if the Maximum Allowable Project Size is 330,000 square feet, the Purchase Price would be decreased to \$12,375,000, which is the result obtained by multiplying 75% of the Maximum Allowable Project Size (247,500) by \$50.00, and (ii) if the Maximum Allowable Project Size is 350,000 square feet, the Purchase Price would be increased to \$13,125,000, which is the result obtained by multiplying 75% by the

Maximum Allowable Project Size (262,500) by \$50.00. But in no event shall the purchase price be greater than 13,545,000 or less than \$12,255,000.

6.

7. Authorizing Ordinance. The passage of an authorizing ordinance authorizing City's sale of the Sale Property to Skanska on the terms described in this Agreement (the "**Authorizing Ordinance**") by the Seattle City Council ("**City Council**") and such Authorizing Ordinance becoming effective law are conditions to City's obligation to sell the Sale Property to Skanska. No later than September 25, 2017, City shall submit to the Mayor of The City of Seattle for his transmittal to City Council the proposed Authorizing Ordinance with contemporaneous notice to Skanska of such submittal. Skanska acknowledges that approval of the Authorizing Ordinance is made at the discretion of a majority of the members of the City Council and failure of the Authorizing Ordinance to be passed by the City Council and subsequently to become effective shall not constitute a default by City under this Agreement. City shall keep Skanska reasonably informed as to the status of the Authorizing Ordinance. If the Authorizing Ordinance is passed by City Council, but prior to the effectiveness thereof, a petition for referendum is filed with the Office of the City Clerk of Seattle with respect to the Authorizing Ordinance, then (y) if the King County Records and Elections Division issues a determination that the petition is invalid or insufficient, the parties shall proceed to Closing (subject to the terms and conditions of this Agreement) and the Target Closing Date shall be automatically extended until the date that is five (5) days after the Authorizing Ordinance becomes effective, or (z) if the King County Records and Elections Division issues a Certificate of Sufficiency with respect to the petition for referendum, then Skanska shall have the absolute right by written notice to City, which notice must be delivered to City within ten (10) days following the issuance of the Certificate of Sufficiency, to (A) immediately terminate this Agreement or (B) extend the Target Closing Date until the public ballot vote on the Authorizing Ordinance. If the Target Closing Date is extended to the public ballot vote and the Authorizing Ordinance is approved, the parties shall proceed to Closing (subject to the terms and conditions of this Agreement) and the Target Closing Date shall be automatically extended until the date that is five (5) days after the Authorizing Ordinance becomes effective. If the Target Closing Date is extended to the public ballot vote and the Authorizing Ordinance does not become effective, either Skanska or City may terminate this Agreement upon five (5) days' written notice to the other party. Notwithstanding anything to the contrary contained above in this Agreement, if the Authorizing Ordinance has not become effective law as of the date that is nine (9) months immediately following the Effective Date, then Skanska shall have the absolute right by written notice to City, which notice may be given until such time as the Authorizing Ordinance becomes effective law, to immediately terminate this Agreement. If this Agreement is terminated pursuant to an express termination right granted by the provisions of this Section 6, Escrow Agent shall return the Deposit to Skanska and neither party shall have any further rights or obligations under this Agreement, except those which expressly survive termination of this Agreement. The condition described in this Section 6 is referred to herein as the "**Ordinance Condition.**"

8. Inspection Period. Skanska's obligation to close the transactions described in this Agreement is conditioned upon Skanska being satisfied that the Sale Property is acceptable to Skanska (in Skanska's sole discretion) in all respects (the "**Inspection Contingency**"). The "**Inspection Period**" shall commence upon the Effective Date and shall expire at 5:00 p.m. Pacific time one hundred eighty (180) days after the Effective Date, which Skanska may extend by up to

thirty (30) days to conduct a phase II environmental assessment, if recommended by its environmental consultants, by written notice to City delivered prior to expiration of such 180 day period. Skanska may terminate this Agreement any time prior to expiration of the Inspection Period without penalty by written notice to City, whereupon the parties shall have no further obligations under this Agreement except those obligations, if any, which expressly survive termination and Escrow Agent shall return the Deposit to Skanska. If Skanska gives written notice to City prior to expiration of the Inspection Period that Skanska is satisfied with the Sale Property and will proceed to Closing (subject to the Closing conditions stated herein), the Inspection Contingency shall be deemed satisfied. If Skanska fails to notify City that the Inspection Contingency has been satisfied and that Skanska will proceed to Closing, then Skanska will be deemed to have terminated this Agreement and Escrow Agent shall return the Deposit to Skanska.

9. Due Diligence Materials. To the extent such materials are in City's possession or control, City shall arrange for Skanska to have access to the information and materials listed on Schedule 2 attached hereto (collectively, the "***Due Diligence Materials***") within five (5) Business Days after the Effective Date, which may be provided by means of an electronic data room. City disclaims any express or implied obligation to undertake independent investigation of any of the Due Diligence Materials, and City does not warrant the accuracy or completeness of any Due Diligence Materials that have been prepared by third-parties, provided that any such third-party materials will be delivered to Skanska without intentional alteration or omission by City. Subject to the terms of any confidentiality agreement agreed to by Skanska with respect to the Sale Property, all Due Diligence Materials made available to Skanska under this Agreement shall be held in strict confidence, but may be disclosed to Skanska's investors, prospective investors, members, partners, employees, agents, attorneys, accountants, advisors, and other professionals, lenders and prospective lenders (and their advisors) in accordance with the terms of such confidentiality agreement, and either promptly returned to City or destroyed by Skanska (with written confirmation of such destruction to City) if Closing does not occur.

10. Inspections. City agrees that Skanska and its authorized agents or representatives shall be entitled to enter upon the Land during normal business hours upon reasonable advance notice to City to make such investigations, studies and tests including, without limitation, surveys, engineering studies, soil and groundwater tests as Skanska deems reasonably necessary or advisable, all as more specifically set forth in this Section 9, copies of which shall be provided to City upon request. Such entry and inspections may be conducted commencing on the Effective Date and ending upon expiration of the Inspection Period. Skanska shall provide reasonable prior notice to City of its intention (which may be oral), or the intention of its agents or representatives, to enter upon the Land. Skanska shall bear the cost of all inspections, tests, investigations and analyses. At City's option, City or its representative may accompany Skanska or its agents or representatives while on the Land. In conducting any inspections, investigations or tests of the Land, Skanska and its agents and representatives shall: (i) not unreasonably disturb City or interfere with its use of the Land; (ii) not unreasonably interfere with the operation and maintenance of the Land or City's facilities located thereon; (iii) not damage any part of the Land or any real or personal property owned or held by City or any third party; (iv) not injure or otherwise cause bodily harm to City, or its agents, guests, invitees, contractors or employees; (v) provide to City, prior to any entry onto the Land, a certificate of insurance issued by an insurance carrier having an AM Best rating of A-VII, naming City as an additional insured, and evidencing the following coverage against any claims or damages arising from the presence of

Skanska, its agents and representatives on the Land: commercial general liability insurance with limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and workers compensation and employers' liability insurance with minimum limits of not less than \$1,000,000, and maintain that coverage as a condition of any entry onto the Land prior to Closing; (vi) promptly pay when due the costs of all tests, investigations, and examinations done with regard to the Land; (vii) not permit any liens to attach to the Land by reason of the exercise of its rights hereunder; and (viii) fully restore the Land to the condition in which the same was found before any such inspection or tests were undertaken. Skanska agrees to indemnify, defend and hold City and all of its officers, directors, agents, employees, attorneys, representatives and contractors, harmless from and against any and all liens, claims, causes of action, damages, liabilities and expenses (including reasonable attorneys' fees) arising out of Skanska's inspections or tests permitted under this Agreement or out of the presence of Skanska and/or its representatives on the Land during the Inspection Period (or, if City permits Skanska and/or its representatives to come upon the Land after the Inspection Period, until Closing) (collectively, "**Inspection Loss**") or any violation of the provisions of this Section 9; provided, however, that Skanska shall have no liability for, nor shall City be indemnified against, (i) Inspection Loss arising from the mere discovery of conditions on the Land, or (ii) Inspection Loss to the extent arising from City's own negligence or misconduct, or the negligence or misconduct of City's agents, employees, or independent contractors. Notwithstanding any other provision of this Agreement, no termination of this Agreement shall terminate Skanska's obligations under this Section 9; instead, those obligations shall survive any termination or expiration of this Agreement. FOR THE SOLE PURPOSE OF GIVING EFFECT TO SKANSKA'S INDEMNIFICATION OBLIGATIONS UNDER THIS SECTION, SKANSKA HEREBY WAIVES ITS INDUSTRIAL INSURANCE IMMUNITY, IF ANY, UNDER WASHINGTON LAW FOR CLAIMS BROUGHT BY ITS EMPLOYEES BUT ONLY WITH RESPECT TO AND FOR THE BENEFIT OF CITY AND THE FOREGOING INDEMNITY. SUCH WAIVER IS NOT INTENDED TO, AND SHALL NOT, WAIVE ANY IMMUNITY WHICH SKANSKA MAY HAVE FOR CLAIMS MADE DIRECTLY AGAINST SKANSKA BY ITS EMPLOYEES.

11. Title and Survey Review. Within three (3) Business Days after the Effective Date, City shall cause Escrow Agent to provide Skanska with a preliminary commitment for an owner's policy of title insurance on the Land (the "**Commitment**"), together with a copy of the documents forming the basis for each exception from coverage described therein. Skanska shall have twenty (20) days from receipt of the Commitment to advise City in writing of Skanska's approval or disapproval thereof, stating with specificity the basis for any objections. If Skanska timely provides City with written objections to any matter described in the Commitment, then City shall advise Skanska within ten (10) days thereafter of City's proposed resolution (if any) of each of Skanska's title objections. If City does not give Skanska written notice within such ten (10) day period that it will endeavor to resolve one or more of Skanska's title objections, then Skanska shall advise City in writing within three (3) Business Days thereafter whether Skanska will (a) waive its objection(s) to all such items, or (b) elect to terminate this Agreement, in which event the Deposit shall be refunded to Skanska and this Agreement shall thereupon be terminated, except as to any rights or obligations that expressly survive termination of this Agreement. Skanska's failure to timely respond shall be deemed its election to waive its objection(s) and the matters to which objections were originally made shall be deemed Permitted Exceptions.

Within five (5) days after Skanska's receipt of any supplement to the Commitment, Skanska shall notify City in writing of any objections thereto. City and Skanska shall have the same rights and duties with respect to an objection by Skanska to a supplement to the Commitment as they do with respect to an objection by Skanska to matters contained in the Commitment, except that City shall have five (5) days to respond to Skanska's notice of objections.

Within five (5) days after Skanska's receipt of its completed ALTA Survey (if any), Skanska shall provide a copy thereof to City and notify City in writing of any objections thereto; provided that such objections shall be made prior to expiration of the Inspection Period. City and Skanska shall have the same rights and duties with respect to an objection by Skanska to the ALTA Survey as they do with respect to an objection by Skanska to a matter contained in the Commitment, except that City shall have five (5) days to respond to Skanska's notice of objections.

For purposes of this Agreement, the term "***Permitted Exceptions***" shall mean (i) liens for real property taxes and assessments not yet delinquent; (ii) any title or survey matter that Skanska and City have expressly agreed to be a Permitted Exception (or are deemed hereunder to have so agreed); and (iii) any title matter disclosed by the Commitment to which Skanska did not object; provided, that in no event shall Skanska be obligated to object to any title matter that may be satisfied at Closing solely by City's payment of money and in no event shall any such matter be deemed a Permitted Exception. Prior to expiration of the Inspection Period, Skanska and City shall jointly prepare an agreed preliminary schedule of Permitted Exceptions.

12. Required State of Title. At Closing, City shall convey to Skanska marketable fee simple title to the Land by bargain and sale deed in the form attached hereto as Exhibit B, subject only to the Permitted Exceptions and provisions of existing building zoning laws.

13. Skanska's Permit Applications. City acknowledges that, (i) prior to Closing, Skanska will pursue Permits for its proposed redevelopment of a portion of the Land, and (ii) application for and issuance of the Permits will require cooperation by City. City covenants to cooperate in all material respects with Skanska's efforts to obtain the Permits, which cooperation may require execution of any number of Permit applications or requests and participation in government processes necessary to obtain the Permits; provided, that City shall not be required to incur any out-of-pocket cost or other liabilities in connection therewith and Skanska shall be the sole financially responsible party in connection all Permit applications. Nothing in this Agreement shall be construed as an approval by City, or a contractual agreement by City, in the exercise of its governmental authority and police power, to review and approve applications for any Permit, and the appropriate City departments and personnel shall review all Permit applications in accordance with Applicable Law.

14. Target Closing Date and Closing Date. Subject to all closing conditions stated herein, the consummation of the transaction contemplated in this Agreement (the "***Closing***") shall occur on the Target Closing Date through an escrow closing arrangement at the offices of Escrow Agent. The date on which Closing actually occurs and City's deed to Skanska is recorded in the real property records of King County shall be the "***Closing Date***."

15. Prorations of Taxes and Assessments. All real and personal property taxes and assessments attributable to the year in which Closing occurs shall be prorated and adjusted as of the Closing Date (regardless of whether such taxes and special assessments are then due and

payable or delinquent). Skanska acknowledges that pursuant to RCW 84.36.010 the Sale Property is not currently subject to property tax because City is a public entity, and that, if Closing occurs hereunder, this public entity tax exemption will not extend to Skanska's ownership of the Sale Property. Skanska shall be responsible for any property taxes imposed as a result of the transfer of the Sale Property or cessation of exempt use, including, without limitation, supplemental taxes imposed pursuant to statute, including without limitation RCW 84.40.360, none of which shall be prorated. City shall be responsible for payment of all taxes and assessments with respect to the Sale Property relating to the period prior to Closing, including, without limitation, any special assessments or LID assessments, and Skanska shall be responsible for payment of all taxes and assessments with respect to the Sale Property relating to the period after Closing, including, without limitation, any special assessments or LID assessments. If any tax or assessment for the year in which Closing occurs is not finally determined as of the Closing Date, then the tax figures for the immediately prior year shall be used for the purposes of proration on the Closing Date, and a further adjustment shall be made after Closing within sixty (60) days after the bills for the applicable period are received by either party.

16. Closing Costs. At Closing, City shall pay: (i) all state, county and local transfer taxes with respect to the Sale Property, including, but not limited to, any real estate excise tax due upon sale of the Sale Property; (ii) the base premium for an ALTA 2006 standard coverage Owner's Policy of Title Insurance insuring Skanska's title to the Sale Property in the amount of the Purchase Price; (iii) one-half (1/2) of any fees charged by Escrow Agent; (iv) recording charges for any instrument necessary to release and discharge any lien created or suffered by City and any other lien and/or title exceptions to be released by City pursuant to this Agreement, together with all other costs associated with releasing or discharging such liens and/or title exceptions; and (v) other closing expenses required to be paid by City under other provisions of this Agreement. At Closing, Skanska shall pay: (i) all recording fees (other than those required to be paid by City above); (ii) the premiums for any extended title insurance coverage and any title insurance endorsements requested by Skanska; (iii) one-half (1/2) of any fees charged by Escrow Agent; and (iv) other closing expenses required to be paid by Skanska under other provisions of this Agreement.

17. Condominium Documents. Prior to Closing, or as soon as reasonably practicable thereafter, Skanska shall cause to be prepared at its sole cost and expense a condominium declaration (the "**Condominium Declaration**") and survey map and plans ("**Survey Map and Plans**") to be recorded against title to the Land at such time as its recordation is legally permitted under the Washington Condominium Act ("**Condominium Act**"). The Condominium Declaration and Survey Map and Plans (collectively referred to as the "**Condominium Documents**") shall be subject to the review, comment and approval of City, none of which shall be unreasonably withheld, conditioned or delayed. The Condominium Declaration and the Survey Map and Plans shall be consistent with the terms set forth in the term sheet attached hereto as Exhibit C. The Condominium Declaration and Survey Map and Plans shall, among other things, provide for the following:

a. Creation of a condominium unit to be owned by City and used by City for purposes consistent with the mission of The City of Seattle's Department of Transportation (the "**SDOT Unit**") and one or more additional condominium units to be owned by Skanska.

b. That the boundaries of the SDOT Unit shall be sufficient to encompass all of City's improvements located on the Land (as such improvements may be expanded from time to time, but not above or below agreed vertical and horizontal datum points to be established by the Survey Map and Plans).

c. Allocation to the SDOT Unit as limited common elements all systems and facilities necessary to own and operate the SDOT Unit and reciprocal easements among the units to permit reasonable vehicular and pedestrian access and utility and systems installation, maintenance, repair and replacement.

d. The creation of a condominium unit owners' association for which City shall have at least one director on the owners' association's board.

e. Allocation of voting rights and common expense liability (except as to any common expenses that are specially allocated to one or more particular units and except as to voting matters (including certain "major decisions") that are specially addressed in the Condominium's governing documents) to the SDOT Unit based on the pro rata gross floor area of those improvements constructed within the SDOT Unit compared to the gross floor area of all improvements in all units of the condominium.

f. That utilities to all units shall be separately metered and contracted for by each applicable unit owner, and that no utility expense (whether incurred in connection with development, installation, repair, replacement or service) shall be paid as a common expense except as otherwise agreed by the unit owners.

g. That each unit shall be insured by the owner of the applicable unit, and that no insurance expenses shall be paid as a common expense except as otherwise agreed by the unit owners.

h. That all interior and exterior maintenance performed on each unit shall be at the sole cost of the applicable unit owner and shall not be a common expense except as otherwise agreed by the unit owners.

i. The reservation to Skanska, as declarant of the condominium, of such development rights and special declarant rights as are necessary for Skanska to complete Skanska's anticipated development project on the Land, provided that exercise of such rights shall be exercised in a manner so as to limit disruption of the use or enjoyment of the SDOT Unit as much as reasonably possible during the development and construction of Project, and shall not be exercised in any manner that would disrupt City's continuous operation and control of the Facility;

j. That Skanska shall be the sole declarant of the condominium.

k. That Skanska, on behalf of itself and its successors in interest to the Project, shall defend, indemnify and hold City harmless from and against all claims or liabilities asserted against, and damages suffered by, City in connection with any residential use of the Condominium or the construction, marketing or sale of residential units within the Condominium or, alternatively, the Condominium Declaration shall contain a covenant prohibiting residential use of the Condominium ("**Residential Use Restriction**"). If the Declaration contains a Residential Use

Restriction, the Declaration shall also provide that the Residential Use Restriction shall be deleted from the Declaration upon the payment to City of an amount of money equal to the excess (if any) of the then applicable appraised value of the Land (excluding City's interest in the Land) if put to its highest and best use over the then applicable appraised value of the Land (excluding City's interest in the Land) if put to non-residential use.

18. Development Agreement. The parties agree to exercise best efforts to agree on the provisions of, execute, and exchange duplicate counterpart originals of a development agreement that incorporates the terms set forth in the term sheet attached hereto as Exhibit E (the "***Development Agreement***") within ninety (90) days of the Effective Date.

19. Leaseback to City. In the event the Condominium Documents are not in recordable form at or prior to Closing and, as an interim arrangement until the Condominium Documents have been recorded, at Closing the parties shall execute and exchange duplicate counterpart originals of a leaseback agreement substantially in the form attached hereto as Exhibit D (the "***Leaseback***"). If entered into, the term of the Leaseback shall commence upon Closing and shall terminate upon recording of the Condominium Documents and transfer to City of the SDOT Unit (or shall terminate as otherwise stated in the Leaseback).

20. City's Closing Conditions. City's obligation to sell the Sale Property to Skanska is subject to the following closing conditions (any of which may be waived in whole or in part by City in its discretion):

- a. The Ordinance Condition shall have been satisfied.
- b. City shall have obtained the FTA Approval (defined in Section 34 below).
- c. The parties shall have agreed on the final form of the Development Agreement.
- d. No action, suit or legal or administrative proceedings shall have been instituted by or before any governmental authorities seeking to enjoin and/or invalidate the transactions contemplated by this Agreement or that would otherwise have a material impact on the Sale Property or the transactions contemplated by this Agreement.
- e. The representations and warranties made by Skanska in this Agreement shall be true and correct in all material respects as of the Closing Date with the same force and effect as though such representations and warranties had been made as of the Closing Date.
- f. Skanska shall have performed in all material respects all covenants and obligations required by this Agreement to be performed by Skanska on or prior to the Closing Date, including, without limitation, execution and delivery of Skanska's Closing Documents to Escrow Agent.

If any closing condition described in (a) through (d) above has not been satisfied on the Target Closing Date, then this Agreement shall automatically terminate on the Target Closing Date, the Deposit, expressly excluding any Extension Payments, shall be refunded to Skanska and

neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination.

If any of the conditions described in (e) through (f) above is not satisfied on the Target Closing Date and City has performed all of its obligations hereunder, then City shall have the right to either (A) waive any unsatisfied condition and proceed with Closing, or (B) terminate this Agreement by providing written notice to Skanska, in which case the Deposit shall be forfeited to City and neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination.

21. Skanska's Closing Conditions. Skanska's obligation to purchase the Sale Property is subject to the following closing conditions (any of which may be waived in whole or in part by Skanska in its discretion):

a. Skanska having received from all applicable permitting agencies all discretionary permits (the "**Permits**") necessary in Skanska's sole judgment for construction, development and use of the Project, and such Permits being in form and substance acceptable to Skanska and in final, unappealable form (the "**Permit Condition**").

b. The parties shall have agreed on the final form of the Development Agreement.

c. Skanska shall have acquired title to or have the unconditional contractual right to acquire title to the Adjacent Properties.

d. The representations and warranties made by City in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made as of the Closing Date.

e. City shall have performed in all material respects all covenants and obligations required by this Agreement to be performed by City on or prior to the Closing Date, including, without limitation, execution and delivery of City's Closing Documents to Escrow Agent.

f. Except for the payment of the premiums due Escrow Agent for its issuance of an ALTA 2006 standard coverage Owner's Policy of Title Insurance (or if Skanska obtains and provides to Escrow Holder a recently prepared ALTA/ACSM survey of the Land, an ALTA Extended Coverage Owner's Policy of Title Insurance) insuring Skanska's title to the Land in the amount of the Purchase Price and subject only to the Permitted Exceptions (the "**Title Policy**"), Escrow Agent shall be unconditionally committed to issue the Title Policy with no "gap" to Skanska at Closing.

g. No action, suit or legal or administrative proceedings shall have been instituted by or before any governmental authorities seeking to enjoin and/or invalidate the transactions contemplated by this Agreement or that would otherwise have a material impact on the Sale Property or the transactions contemplated by this Agreement.

If the Permit Condition described in (a) above is not satisfied within eighteen (18) months after the expiration of the Inspection Period, then (A) Skanska may terminate, waive, or extend the deadline to satisfy the Permit Condition for up to two (2) additional six (6) month periods by delivering (i) written notice to City prior to expiration of the then applicable deadline for satisfying the Permit Condition and, in each case, (ii) together with such notice, a payment to City of Twenty Five Thousand and 00/100 Dollars (\$25,000.00) for each such extension period (each, an “**Extension Payment**”), (B) after giving effect to any extension periods, City may terminate this Agreement upon ten (10) days written notice to Skanska, unless Skanska affirmatively waives the Permit Condition within ten (10) days after receiving such termination notice, and (C) in the event of any termination under this paragraph, the Deposit, expressly excluding any Extension Payments, shall be refunded to Skanska and neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination. All Extension Payments shall be non-refundable to Skanska (except in the event this Agreement terminates due to City’s default) and deemed fully earned when paid, but shall be applied to the Purchase Price at Closing.

If either of the closing conditions described in (b) or (c) above has not been satisfied on the Target Closing Date, then, unless the unsatisfied condition is affirmatively waived in writing by Skanska, this Agreement shall automatically terminate on the Target Closing Date, the Deposit, expressly excluding any Extension Payments, shall be refunded to Skanska and neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination.

If any of the conditions described in (d) through (g) above is not satisfied on the Target Closing Date and Skanska has performed all of its obligations hereunder, then Skanska shall have the right to either (A) terminate this Agreement by providing written notice to City, in which case the Deposit shall be refunded to Skanska and neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination, or (B) waive any unsatisfied condition and proceed with Closing.

22. City’s Closing Deliverables. On or before the Closing Date, City shall deliver each of the following items to Escrow Agent (collectively, “**City’s Closing Documents**”):

a. A certified copy of the Authorizing Ordinance and such additional evidence reasonably satisfactory to Escrow Agent and Title Company of City’s authority to convey the Sale Property pursuant to this Agreement.

b. A duly executed and acknowledged bargain and sale deed in recordable form conveying the Sale Property to Skanska in the form attached hereto as Exhibit B, subject to (i) the Permitted Exceptions, and (ii) such utility easements as may be necessary to document, permit and otherwise accommodate the “as-built” location of existing utility systems serving the Land all of which shall be subject to Skanska’s review and approval prior to expiration of the Inspection Period.

c. A duly executed counterpart Real Estate Excise Tax Affidavit (the “**REETA**”).

d. An executed counterpart of the Leaseback.

- e. An executed counterpart of the Development Agreement.
- f. A certificate of non-foreign status acceptable to Escrow Agent.
- g. Customary affidavits sufficient for Escrow Agent to issue extended coverage title insurance to Skanska.
- h. A Certificate from City stating that all of City’s representations and warranties set forth in this Agreement remain true, accurate and complete in all material respects as of the Closing Date.
- i. Such other instruments as Skanska, Title Company or Escrow Agent may reasonably require to perform the transaction contemplated by this Agreement without additional liability or expense to City.

23. Skanska’s Closing Deliverables. On or before the Closing Date, Skanska shall deliver each of the following items to Escrow Agent (collectively, “*Skanska’s Closing Documents*”):

- a. The Purchase Price by wire transfer in readily available funds (less the Deposit);
- b. A duly executed counterpart REETA.
- c. An executed counterpart of the Leaseback.
- d. An executed counterpart of the Development Agreement.
- e. A Certificate from Skanska stating that all of Skanska’s representations and warranties set forth in this Agreement remain true, accurate and complete in all material respects as of the Closing Date.
- f. Such other instruments as City, Title Company or Escrow Agent may reasonably require to perform the transaction contemplated by this Agreement without additional liability or expense to Skanska.

24. “AS IS” Sale; Waiver of Seller Disclosure Statement. The Sale Property shall be conveyed AS-IS, WHERE-IS, WITH-ALL-FAULTS, AND, WITH THE EXCEPTION OF EXPRESS REPRESENTATIONS AND WARRANTIES CONTAINED ELSEWHERE IN THIS AGREEMENT, WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO ITS CONDITION, ENVIRONMENTAL OR OTHERWISE, OR ITS SUITABILITY OR SUFFICIENCY FOR SKANSKA’S INTENDED USES AND PURPOSES. PURSUANT TO RCW CH. 64.06, AS AMENDED BY CHAPTER 64, LAWS OF 2010, AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, SKANSKA HEREBY WAIVES ITS RIGHT TO RECEIVE THE SELLER DISCLOSURE STATEMENT REFERRED TO THEREIN. THIS WAIVER DOES NOT EXTEND TO THE “ENVIRONMENTAL” SECTION OF THE SELLER DISCLOSURE STATEMENT, WHICH (i) CITY SHALL PROVIDE TO SKANSKA ON OR PRIOR TO THE EFFECTIVE DATE, AND (ii) IS NOT PART OF THIS AGREEMENT. SKANSKA SHALL ACKNOWLEDGE IN WRITING

RECEIPT OF SELLER’S DISCLOSURE STATEMENT. UNLESS SKANSKA RESCINDS THIS AGREEMENT WITHIN THE TIMEFRAME REQUIRED UNDER RCW CH. 64.06, SKANSKA WILL BE DEEMED TO HAVE WAIVED ALL OF ITS RIGHTS UNDER RCW CH. 64.06.

25. City’s Representations and Warranties. As of the Effective Date, City represents and warrants to Skanska as follows:

a. There are no actions, suits or other legal proceedings pending or, to the best of City’s knowledge, threatened with respect to the Sale Property or against City with respect to the Sale Property, or any portion thereof, or any of City’s interests therein, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality

b. City is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington.

c. Subject to the Authorizing Ordinance becoming effective law, the individual(s) executing this Agreement and the documents to be executed by City referenced herein on behalf of City has the legal power, right and actual authority to bind City to the terms and conditions thereof.

d. Except as disclosed in the Due Diligence Materials or by the Permitted Exceptions, there are no leases, subleases, rental agreements, licenses, occupancy or similar agreements or tenancies creating or granting possessory interests in the Sale Property.

e. There are no management or service contracts or other agreements relating to the operation or management of the Sale Property for which Skanska will be liable or otherwise responsible after Closing.

f. City has not received written notice that it is in default under any of the covenants, easements, regulations, laws, rules, ordinances, orders or restrictions affecting or encumbering the Sale Property, including, without limitation, the Permitted Exceptions.

g. City has not entered into any consent decree or administrative order for any alleged violation of Environmental Laws and has not received any written notice or communication from any governmental authority or other Person regarding any violation of or liability under Environmental Laws or relating to Hazardous Substance in regard to the Land; and except as disclosed in Schedule 3 attached hereto, to City’s knowledge, there has been no generation, storage, discharge, migration, disposal, arrangement for disposal, or release of any Hazardous Substance from, into, on, at, under or about the Land in violation of any applicable Environmental Law.

All of City’s representations and warranties contained in this Section 24 shall survive for a period of one year after the Closing Date (the “*Survival Period*”) and Skanska must bring any claim alleging City’s breach of any representation or warranty prior to expiration of the Survival Period or such claim shall be forever barred. City’s liability for any breach of the representations and warranties contained in this Section 24 shall not exceed the actual damages suffered by

Skanska which are proximately caused by such breach and proven with reasonable certainty and shall be subject to the mutual waiver of consequential damages set forth in Section 31 below.

To the extent that any representation or warranty of City contained herein is qualified by or limited to City's "knowledge" or "actual knowledge" such phrases shall mean the actual knowledge (as opposed to the imputed knowledge), without inquiry or investigation, of the fact or condition by the following people: Fred Podesta, Sam Spencer, _____ (collectively, "**City's Representatives**"). City represents and warrants to Skanska that City's Representatives are the primary City personnel involved with, and responsible for, managing the transactions described in this Agreement.

26. Skanska's Representations and Warranties. As of the Effective Date, Skanska represents and warrants to City as follows:

a. Skanska is a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware qualified to do business in the State of Washington; this Agreement and all documents executed by Skanska which are to be delivered to City at Closing will be duly authorized, executed and delivered by Skanska, and do not and at the time of Closing will not, violate any provisions of any agreement or judicial order to which Skanska is subject.

b. No consent, waiver, approval or authorization is required from any Person (that has not already been obtained) in connection with the execution and delivery of this Agreement by Skanska or the performance by Skanska of its obligations hereunder.

c. The individual executing this Agreement and the instruments and documents that are to be executed by Skanska referenced herein on behalf of Skanska has the legal power, right and actual authority to bind Skanska to the terms and conditions thereof.

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

27. Casualty. City shall deliver the Land to Skanska at Closing in substantially the same physical condition as of the date of City's execution of this Agreement, ordinary wear and tear and risk of loss due to casualty excepted. City shall bear the risk of loss or damage to the Land until Closing. Thereafter, Skanska shall bear the risk of loss. The Sale Property shall be delivered to Skanska free and clear of all leases, occupancy agreements and parties in possession, except as contemplated by the Leaseback.

28. Disclaimer. Notwithstanding any other provision of this Agreement to the contrary, City is under no obligation to, nor shall it construct or supervise the construction of the Project. Except as otherwise provided herein, no part of the cost of construction of the Project shall ever

become an obligation of City. City is not responsible to any contractors or to any subcontractors under any subcontracts for design, development, repair, renovation or construction of the Project or any other third parties for any purpose whatsoever. Nothing contained in this Agreement shall be construed as the consent or request of City, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, repair or demolition of or to the Land (or any part thereof). Skanska shall include in the construction contracts and the contracts for architectural and engineering services the following or substantive equivalent disclaimer: NOTICE IS HEREBY GIVEN THAT THE CITY OF SEATTLE WILL NOT BE LIABLE FOR ANY LABOR, SERVICES, MATERIALS OR EQUIPMENT FURNISHED OR TO BE FURNISHED TO SKANSKA, OR ANYONE HOLDING AN INTEREST IN THE SALE PROPERTY (OR ANY PART THEREOF).

29. Default and Remedies. If either party to this Agreement defaults in the performance of its obligations hereunder, the non-defaulting party may seek the remedies described below, subject to the mutual waiver of consequential damages set forth in Section 31 below and without prejudice to any party's rights to enforce any indemnity obligation of the other party hereunder.

a. City's Remedies for Skanska's Default. In the event that Skanska defaults in its obligation to purchase the Sale Property on the terms stated in this Agreement, City shall have the right to terminate this Agreement and terminate its obligation to sell the Sale Property to Skanska, and shall be entitled to recover the Deposit as liquidated damages for such default.

b. Skanska's Remedies for City's Default. So long as Skanska has performed all of its obligations and is not in default hereunder beyond any applicable notice and cure period, if, at or prior to Closing, City fails to perform its obligations pursuant to this Agreement for any reason except failure by Skanska to perform its obligations hereunder, or if before Closing, City causes or permits any of City's representations or warranties to be untrue and fails, within five (5) days after Skanska's written notice thereof to City, to take further action necessary to make the applicable representation or warranty true and correct, then Skanska may, either: (i) terminate this Agreement by giving City written notice of its election and recover the Deposit and any Extension Payments previously made by Skanska, together with Skanska's actual, out-of-pocket third-party costs not to exceed Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) incurred in connection with the negotiation and documentation of this Agreement, Skanska's conduct of inspections, tests and other due diligence activities relating to the Sale Property and costs incurred by Skanska in preparation for Closing (which costs shall include, but not be limited to, Skanska's fees payable to its attorneys, engineers, surveyors and environmental consultants); or (ii) bring suit to compel specific performance of City's obligations under this Agreement. Any suit seeking specific performance of City's obligations under this Agreement must be commenced within forty-five (45) days after the scheduled date of Closing or shall thereafter be barred.

30. Waiver of Subrogation. Skanska hereby waives any claims, causes of action or other rights of any nature that Skanska may have against City arising out of property damage or bodily injury occurring in connection with the construction and development of the Project, to the extent that Skanska carries insurance against the risk of the matter giving rise to such claim. Skanska shall obtain any special endorsements required by its insurer to allow such waiver of rights of subrogation but the failure to obtain same shall not impair the effectiveness of this waiver and/or release between City and Skanska.

31. No Recourse to The City of Seattle. Skanska shall have no recourse under this Agreement to any assets or property of City other than the Land and the proceeds from City's sale of the Land for the payment or collection of any judgment, arbitral award, fee or cost or for any other obligation or claim arising out of or based upon this Agreement requiring the payment of money by City. The provisions of this paragraph shall survive Closing or earlier expiration or termination of this Agreement.

32. Mutual Waiver of Consequential Damages. City and Skanska hereby mutually waive claims against each other for consequential damages arising out of or relating to this Agreement, which waiver includes, without limitation, damages incurred for loss of use, income, profit, financing, business and/or reputation, loss of management or employee productivity or of the services of such persons. The provisions of this paragraph shall survive Closing or earlier expiration or termination of this Agreement.

33. No Brokers. Skanska and City each warrants and represents to each other that neither of them has dealt with any real estate broker or similar intermediary in connection with the transactions described in this Agreement, and each of them shall hold harmless, indemnify and defend the other from and against any claim or loss arising from any alleged fact inconsistent with such party's warranty and representation contained in this Section 32. The foregoing indemnification obligations shall survive Closing or earlier expiration or termination of this Agreement.

34. Assignment; Successors and Assigns. Skanska may assign or transfer its rights under this Agreement only to an Affiliate, a joint venture entity in which it has a controlling interest, successor by operation of law, wholly owned subsidiary, entity controlled by Skanska or under common control with Skanska and to any entity owning or purchasing all or substantially all of the assets of Skanska; provided that Skanska shall first notify City of the proposed transfer and shall deliver to City such reasonable documentary evidence as City may request in order to confirm that Skanska's proposed assignment complies with the conditions described in this Section 33. Upon such an assignment, the assignee shall assume all of Skanska's obligations under this Agreement and Skanska shall be released therefrom.

35. FTA Approval. City's obligation to sell the Sale Property to Skanska is conditioned upon City obtaining approval of the transactions described herein from the Federal Transportation Authority ("**FTA**") or such other definitive determination from the FTA that the transactions described herein will not compromise City's eligibility to receive a grant of funds from the FTA to be used in connection with the Facility Expansion (the "**FTA Approval**"). City and Skanska covenant to diligently pursue the FTA Approval and cooperate in obtaining the same, at no out-of-pocket cost to Skanska. If the FTA Approval has not been obtained by expiration of the Inspection Period, then Skanska may anytime thereafter terminate this Agreement by written notice to City and, in the event of such termination, the Deposit and any Extension Payments shall be refunded to Skanska and neither party shall have any further rights or obligations under this Agreement except those, if any, which expressly survive termination. If, after the Effective Date, City determines that the FTA Approval is not required in order for the Project and Facility Expansion to proceed, then City shall promptly notify Skanska and the parties shall amend this Agreement to delete all references to the FTA Approval.

36. Skanska’s Covenant to Pursue Permits. Skanska covenants and agrees that it shall diligently pursue all Permits necessary for the Project, including diligently filing applications for Permits and timely complying with all requirements of regulatory agencies.

37. 330 Fairview Building. The Due Diligence Materials include an Interdepartmental Agreement dated March 27, 2014 and First Amendment thereto dated February 13, 2017 (collectively, the “**Interdepartmental Agreement**”) pursuant to which Seattle City Light has the right to occupy a building located on the northwest corner of the Land at 330 Fairview Avenue (the “**330 Fairview Building**”) and has certain incidental parking rights in connection therewith. City shall cause the Interdepartmental Agreement to be terminated on or prior to Closing. City acknowledges that, in anticipation of demolishing the 330 Fairview Building, Skanska intends to pursue a landmark denial of the 330 Fairview Building, and City agrees to reasonably cooperate and not oppose such denial.

38. Confidentiality. Skanska recognizes that as part of the process of obtaining City Council approval of the Authorizing Ordinance, this Agreement and information relating to the material terms of the transaction contemplated herein will be made public. Additionally, Skanska recognizes that City is a public entity and is obligated to make records available to the public in accordance with the Washington State Public Records Act, Chapter 42.56 RCW (the “**Act**”). If, as part of this transaction, Skanska provides City with information reflected in documents or records which Skanska wishes to maintain confidential or believes is exempt from disclosure under the Act, Skanska shall identify the documents and records in writing as “confidential” at the time of the disclosure to City (“**Confidential Information**”). City shall limit the use of Confidential Information to internal City purposes and shall not voluntarily release Skanska’s Confidential Information to the general public. If (i) City receives any public disclosure request under the Act and City’s response to such request will include documents, information or records identified by Skanska in writing as Confidential Information, or (ii) City is otherwise required or compelled to disclose any Confidential Information under Applicable Law, rule or regulation, legal process, subpoena, court order, civil investigative demand, or request of other legal or regulatory authority, then City shall promptly provide Skanska with written notice of such disclosure request or requirement, as applicable, and City shall not disclose the Confidential Information for fifteen (15) Business Days in order to permit Skanska time to seek a protective order or injunction preventing the release and disclosure of the Confidential Information. If Skanska obtains an injunction or other court-ordered protective order, then City shall not release or disclose any of the Confidential Information pursuant to such order. Skanska acknowledges that City shall not assert an exemption or seek a protective order on Skanska’s behalf. City shall not oppose Skanska’s effort to seek any protective order or other restriction or limitation on the release or disclosure of the Confidential Information. The provisions of this Section 37 shall survive the expiration or earlier termination of this Agreement and, if the Closing occurs hereunder, the Closing.

39. Notice. Any notice required or permitted to be delivered under this Agreement shall be in writing and shall be deemed given (i) when delivered by hand during regular business hours, (ii) three (3) days after being sent by United States Postal Service, registered or certified mail, postage prepaid, return receipt requested and first class mail, postage prepaid, (iii) the next Business Day if sent by a reputable national overnight express mail service that provides tracing and proof of receipt or refusal of items mailed, or (iv) when sent if sent by facsimile during business hours, addressed to City or Skanska, as the case may be, at the address or addresses or

facsimile number set forth below or such other addresses as the parties may designate in a notice similarly sent. Any notice given by a party to Escrow Agent shall be simultaneously given to the other party. Notices to City, Skanska and/or Escrow Agent shall be delivered as follows:

If to City: THE CITY OF SEATTLE
Department of Finance and Administrative Services
Attn: Director
701 Fifth Avenue, Suite 5200
Seattle, WA 98104
PO Box 94689
Seattle, WA 98124-4689
Phone: (206) 733-9238
Email: Bill.Craven@seattle.gov

Note: If sending by U.S. Mail, address must include P.O. Box

With a copy to: The Seattle City Attorney's Office
Attn: Helaine Honig
Seattle City Attorney's Office
701 Fifth Avenue, Suite 2050
Seattle, WA 98104
Phone: (206) 684-8222
Email: Helaine.Honig@seattle.gov

If to Skanska: _____

Attn: _____
Email: _____
Fax: _____

With a copy to: McCullough Hill Leary, P.S.
701 Fifth Avenue, Suite 6600
Seattle, WA 98101
Attn: John C. McCullough
Email: jack@mhseattle.com
Fax: (206) 812-3389

If to Escrow Agent: Chicago Title Insurance Company
701 Fifth Avenue, Suite 2700
Seattle, WA 98101
Attn: Michael Costello
Email: michael.costello@CTT.com
Fax: 206.628.8371

40. Termination of Agreement. Notwithstanding anything to the contrary contained elsewhere in this Agreement, in the event the Authorizing Ordinance fails to become effective law

by the one year anniversary of the Effective Date, or in the event that Closing has not occurred by the date that is two years after the Effective Date, either party may terminate this Agreement by written notice to the other party, whereupon the Deposit (and, in the event the Closing has not occurred due to City’s default, any Extension Payments previously made by Skanska) shall be refunded to Skanska and the parties shall have no further rights or obligations hereunder except those, if any, that expressly survive termination or expiration of this Agreement.

41. Miscellaneous.

a. No Joint Venture. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

b. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any Person, other than (i) the parties hereto and their respective successors and permitted assigns, and (ii) indemnified Persons specifically referenced herein, any rights or remedies under or by reason of this Agreement.

c. Interpretation. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words of a similar number shall be held to include the plural and vice versa, unless the context requires otherwise.

d. Captions. The captions used in this Agreement are for convenience only and shall not be deemed to extend, limit or otherwise define or construe the meaning of the language of this Agreement.

e. Business Day. Unless otherwise expressly provided in this Agreement, all references to ‘days’ shall mean calendar days. In the event any date hereunder (including the Closing Date) falls on a Saturday, Sunday or any other day that is recognized as a holiday by The City of Seattle, the date applicable shall be the next Business Day. The term “**Business Day**” means a date that is not a Saturday, Sunday or any other day that is recognized as a holiday by The City of Seattle.

f. Time is of the Essence. Time is of the essence of this Agreement.

g. Amendments. This Agreement may be amended only by a written instrument executed by City and Skanska (or Skanska’s permitted assignee).

h. Governing Law; Venue. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Washington without regard to otherwise applicable principles of conflicts of laws. Any action arising out of this Agreement must be commenced in King County Superior Court or the United States District Court of Washington. Each party consents to the jurisdiction of those courts in any such action and the laying of venue in the State of Washington.

i. Waiver of Jury Trial. Each party hereto, knowingly and voluntarily, and for their mutual benefit, waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

j. Severability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

k. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original but such counterparts together shall constitute one and the same instrument.

l. Integration. This Agreement, including the Schedules and Exhibits attached hereto, embodies the entire agreement between City and Skanska with respect to the transactions contemplated in this Agreement. There are no understandings, covenants, agreements, representations or warranties between City and Skanska with regard to the Sale Property or the transactions contemplated by this Agreement other than those set forth in this Agreement and the closing documents contemplated herein.

42. Schedules and Exhibits. The following schedules and exhibits are attached to this Agreement and are hereby incorporated by reference:

Schedule 1 - Index of Definitions
Schedule 2 - Due Diligence Materials
Schedule 3 - City's Environmental Reports

Exhibit A - Legal Description of the Land
Exhibit B - Form of Bargain and Sale Deed
Exhibit C - Term Sheet for Condominium Declaration
Exhibit D - Form of Leaseback
Exhibit E - Term Sheet for Development Agreement

[signatures on following page]

SIGNATURE PAGE TO PURCHASE AND SALE AGREEMENT

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by its duly authorized officer or representative, as of the day and date first set forth above.

CITY:

THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
Name: _____
Its: _____

SKANSKA:

SCD ACQUISITIONS WEST LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

SCHEDULE 1

Index of Definitions

1. “**Affiliate**” means any person who controls, is controlled by, or is under common control with the referenced person. A person “controls” another person if the person: (a) is a general partner, officer, director, or employer of the referenced person; (b) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the referenced person; (c) controls in any manner the election of a majority of the directors of the reference person; or (d) has contributed more than twenty percent of the capital of the referenced person. A person “is controlled by” another person if the other person: (i) is a general partner, officer, director or employer of the person; (ii) directly or indirectly or acting in concert with one or more persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the person; (iii) controls in any manner the election of a majority of the directors of the person; or (iv) has contributed more than twenty percent of the capital of the person. Control does not exist if the powers described in this subsection are held solely as security for an obligation and are not exercised.
2. “**Applicable Law**” means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, directions, rules, administrative order, Environmental Law or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Property, or both, including, without limitation, City of Seattle ordinances, the Revised Code of Washington, the Washington Administrative Code, United States Code, the Code of Federal Regulations, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities); building and Seattle Municipal Codes, and all rules, and regulations arising under Title III of the Americans With Disabilities Act (the “**ADA**”) and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities.
3. “**Environmental Laws**” is defined within the definition of Hazardous Substances.
4. “**Hazardous Substances**” means inflammable explosives, radioactive materials, radon, asbestos, polychlorinated biphenyls, urea formaldehyde, lead, lead-based paint, under and/or above ground tanks, Hazardous Substance, hazardous wastes, hazardous substances, oil or other petroleum products or related materials, including any which are listed or regulated in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 6901, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 1401, et seq.), the Hazardous Substance Transportation Act (49 U.S.C. Section 1801, et seq.), and the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), and any other applicable federal, state or local laws or regulations covering or relating to pollution or protection of the environment, public or worker healthy safety or environmental conditions (all of the foregoing, collectively, “**Environmental Laws**”) or any wastes, materials or substances for which standards of conduct or liabilities may be imposed under any Environmental Laws. A list of all environmental reports, including all modifications, amendments and

supplements thereto, in City’s possession and control is set forth in Schedule 3 attached hereto.

5. “**Person**” means a natural person, corporation, trust, partnership, limited partnership, limited liability company or other legal entity or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality.
6. “**Target Closing Date**” means a mutually agreeable date, not later than thirty (30) days after the last to occur of the following: (i) satisfaction or Skanska’s waiver of the Permit Condition; (ii) satisfaction of the Ordinance Condition; and (iii) the FTA Approval.
7. “**Title Company**” means the downtown Seattle office of Chicago Title Insurance Company.

SCHEDULE 2

Due Diligence Materials

1. Title Documents.

Copies of the following title and other real property documents with respect to the Property and the equipment, machinery and other property owned or leased by Seller in connection with the Property:

- (a) The deed to Seller.
- (b) “As-built” recently dated metes-and-bounds survey showing the following:
 - (i) complete legal description of the land;
 - (ii) location of all easements and rights of ways encumbering or accruing to the benefit of the Property;
 - (iii) all encroachments;
 - (iv) all dedicated public and private streets and rights of way;
 - (v) location of all existing improvements including fences, power and telephone lines etc.; and
 - (vi) location of any easements necessary to bring off-site improvements to the land.
- (c) Site plan or plot plan indicating street frontages.
- (d) “As-built” architectural plans and specifications.
- (e) Existing title policies (together with any endorsements (the “**Title Policies**”).
- (f) All exceptions to coverage noted on the Title Policies, and copies of all other documents and agreements affecting the Property, including, without limitation, copies of all mortgages and deeds of trust, financing statements of record, leases, memorandums of leases, non-disturbance agreements, easements, covenants, restrictions, encumbrances and other documents and/or instruments evidencing security interests, liens or encumbrances.
- (g) Inventory of all furniture, fixtures and equipment located on or used in connection with the Property and belonging to Seller. Please provide a list of corresponding equipment warranties and maintenance agreements.

2. Leases and Other Agreements.

Copies of the following documents relating to leases and other agreements with respect to the Property and any other property owned or leased by Seller in connection with the Property:

(a) All space leases, subleases, licenses, sublicenses, concessions or similar agreements and all amendments, renewals, extensions, electricity or other agreements affecting the Property and copies of all material leases of or security agreements for any personal property proposed to be conveyed, if any, including conditional sales contracts, equipment leases, chattel mortgages, accounts receivable, financing agreements and factoring agreements.

(b) All management or consulting agreements, including, without limitation, the management agreements for the Property, as well as a description of all agreements, arrangements and/or understandings relating to the Property which are not in writing.

(c) Agreements for brokers' commissions outstanding with respect to the Property. Please note whether any installments of brokers' commissions remain unpaid.

(d) Copies of all standard forms of purchase orders.

(e) All service and maintenance agreements.

(f) A list of any facts or circumstances or existing claims which may give rise to the cancellation or termination of, or claim for damages or loss under, any of the agreements, arrangements or understandings referred to in this due diligence request list.

(g) A list and description of all leases, licenses, agreements and contracts (or other arrangements) not previously described, and any such agreements currently in the process of negotiation, including current drafts of any such agreements. Include all current arrangements or plans to enter into any leases, licenses, agreements and/or contracts, including current drafts of any such leases, licenses, agreements and/or contracts.

(h) A list of all insurance policies including property and casualty (including, flood insurance, if applicable) and environmental policies, including the name of the insurance company, policy number, property or risk covered, appraisal value of covered property (where appropriate), extent of coverage, annual premium and amount of premiums which are prepaid or are unpaid from prior years and all such actual policies.

3. Permits, Licenses, Consents and Filings.

Copies of the following documents relating to permits, licenses, consents and filings:

(a) Certificate(s) of occupancy for the Property (and any amendments).

(b) List of all governmental permits, licenses and approvals (excluding those listed elsewhere in this due diligence request list) required for the use and operation of the Property and the conduct of business therein. Include any food, liquor, cabaret, entertainment, admission, gaming, assembly and other licenses and permits required for the present operations of the Property.

(c) Zoning variances, zoning permits or related permissions; copies of any landmark designation and landmark or historic property permissions with respect to any improvements or work performed; notices regarding any proposed rezoning of the Property.

- (d) All recent filings with governmental agencies.
- (e) Any municipal or state violations, citations or orders noticed against the Property.

4. Litigation and Proceedings Affecting the Property or the Seller.

The following documents relating to any litigation or proceedings affecting the Property:

- (a) List and brief description of each threatened or pending claim, lawsuit, arbitration or investigation against the Property or by which the Property and/or the Seller may be bound.
- (b) List and brief description of any pending or threatened:
 - (i) claim or litigation involving alleged violations of laws or regulations for the protection of the environment or the health or safety of employees or others;
 - (ii) governmental or administrative proceedings; or
 - (iii) other material claim or litigation as to which, in either case, the Property and/or the Seller is affected.
- (c) List and brief description of all outstanding judgments, decrees or orders filed against the Property and/or the Seller.
- (d) Copies of all responses to the most recent auditors' request for information about litigation and/or contingent liabilities of the Property.

5. Physical Condition and Environmental Matters Relating to the Property.

The following documents relating to the physical condition of the Property, including environmental matters:

- (a) Most recent engineering reports on the physical condition of the Property and its plumbing, mechanical, electrical and heating, ventilation and air-conditioning systems. Please include schedule of projected capital improvements or replacements.
- (b) Copies of any environmental studies, reports (including any Phase I environmental site assessment or Phase II environmental site assessment reports), or data prepared for the Property including any asbestos reports, environmental compliance audits, insurance investigation reports and any examination of the subsurface or hydrogeological regime underneath the Property.
- (c) Copies of all reports (if any) required under federal or state law of hazardous waste activities including the generation, transport, treatment, storage or disposal of hazardous waste.
- (d) Copies of any inspection reports by any federal, state or local environmental or health and safety agency.
- (e) Statement whether asbestos or asbestos-containing material (“ACM”) is used, generated, stored, treated, disposed, removed or otherwise located at the Property. If ACM is

present at the Property, indicate what actions have been taken to determine if it is friable, and/or the cost of abatement.

(f) Description of how the Property is heated, including a list of any and all equipment burning fossil fuels (such as, boilers and incinerators). For each piece of equipment, specify the type of fuel used; and indicate if a permit has been obtained for such equipment pursuant to applicable federal or state air pollution requirements. Provide copies of all relevant documents.

(g) Description of any past or current enforcement actions or notices of violation, either judicial or administrative, for violations of any applicable federal, state or local environmental law or regulation and copies of any complaints, orders, judgments, rulings, or settlements related thereto.

(h) List of any underground storage tanks (either active or inactive) located at the Property. Please identify:

- (i) age, size and type of material;
- (ii) whether they are registered; and
- (iii) whether they have been tested and provide the results of such tests.

(i) Description of whether the Property has any transformers or other equipment containing PCBs.

(j) List of any hazardous chemicals used or stored at the Property.

6. Miscellaneous.

Copies of the following miscellaneous documents:

- (a) Appraisals and similar reports, and copies of all recent market studies.
- (b) List of memberships in trade associations.

SCHEDULE 3

List of Environmental Reports

EXHIBIT A

Legal Description of the Land

Parcel A:

Lots 1 and 2, Block, 3 Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel B:

Lot 3, Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel C:

The North half of Lot 5 and all of Lot 4; all in Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

EXHIBIT B

Form of Bargain and Sale Deed

RETURN ADDRESS:

BARGAIN AND SALE DEED

GRANTOR: THE CITY OF SEATTLE, a first class charter city of the State of Washington

GRANTEE: _____ a _____

ABBREVIATED LEGAL

DESCRIPTION: All of Lots 1-4 & a ptn of Lot 5, Block 3, Volume 1 of Plats, Page 119

See page 4 for full legal description

ASSESSOR'S TAX

PARCEL NOS.: 246740-0065-06; 246740-0073-06; 246740-0080-07

BARGAIN AND SALE DEED

(Land only)

THE GRANTOR, THE CITY OF SEATTLE, a first class charter city of the State of Washington, whose post office address is 700 Fifth Avenue, Suite 5200, Seattle, WA 98124-4689, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) in hand paid, bargains, sells and conveys to _____, _____, whose post office address is _____ the following described real property, *expressly excluding all improvements located thereon all of which are hereby reserved to Grantor:*

See Exhibit A attached hereto and hereby incorporated by reference.

TOGETHER WITH all tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

SUBJECT TO those liens, charges and encumbrances described on Exhibit B attached hereto and incorporated herein by this reference.

Dated this ___ day of _____, 2017.

GRANTOR:

THE CITY OF SEATTLE, a first class
charter city of the State of Washington

By: _____

Name: Fred Podesta

Title: Director of Finance and
Administrative Services

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that FRED PODESTA is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the DIRECTOR, FINANCE AND ADMINISTRATIVE SERVICES OF THE CITY OF SEATTLE, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal hereto affixed this _____ day of _____, 2017.

(Print or stamp name of Notary
NOTARY PUBLIC in and for the State of
Washington.
My Appointment Expires: _____

Exhibit A
Legal Description of the Property

Parcel A:

Lots 1 and 2, Block, 3 Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel B:

Lot 3, Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel C:

The North half of Lot 5 and all of Lot 4, all in Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Exhibit B

Permitted Exceptions

EXHIBIT C

TERM SHEET FOR MIXED USE OFFICE AND TROLLEY MAINTENANCE FACILITY CONDOMINIUM GOVERNING DOCUMENTS

The following is a summary of some of the terms and provisions that will be included in a Mixed Use Condominium Declaration (“**Declaration**”) and the Bylaws (“**Bylaws**”) and Articles of Incorporation (“**Articles of Incorporation**”) for the proposed mixed use project to be located at 300 Fairview, in the City of Seattle (“**Project**”). The Project will comprise two Units: a 13 story office building referred to below as the “**Office Unit**” and a maintenance facility for the South Lake Union Street Car referred to below as the “**City Unit.**”

1. Brief Description of the Project.

a. **General.** The entire site will be declared as a Condominium comprised of the Office Unit, City Unit and a few shared elements (referred to herein as the “**Common Elements**”), such as the land, an open space required by the City of Seattle land use code, and some shared infrastructure such as fire control and possibly some shared utility facilities. The City will own the City Unit and Skanska will own the Office Unit. Each “**Owner**” will also own an undivided interest in the Common Elements equal to such Owner’s Allocated Interest (defined in Section 4 below).

b. **Unit Boundaries.** Based on the preliminary conceptual design for the Project, the boundaries of the Units will be defined as follows:

(i) **City Unit.** The side boundaries of the City Unit will enclose the existing trolley maintenance facility, the existing rail yard area on the east side of the site fronting the alley, and an expanded rail yard area that will be installed above the parking garage after it is built. These side boundaries enclose most of the site at the ground level excluding the required open space at the intersection of Harrison Street and Fairview Avenue North, and the strip between the expanded rail yard and Fairview Avenue North. The bottom boundary of the City Unit for the existing facilities will be an elevation sufficient to include all of the footings, utilities and other improvements for those facilities; the bottom boundary for that portion of the City Unit comprised of the expanded rail yard will be the top of the future parking garage. The top boundary of the City Unit will be set at an elevation sufficient to enclose all existing trolley maintenance facilities (approximately 25 feet above ground level).

(ii) **Office Unit.** The subterranean side boundaries of the Office Unit will extend to the property boundaries excluding that portion of the site beneath the existing rail yard and existing maintenance facility which will not be excavated. The side boundaries of the Office Unit above the existing rail yard and trolley maintenance facilities will extend to all property boundaries. The bottom boundary of the subterranean portion of Office Unit will be an elevation sufficient to include all of the footings, utilities and other improvements for the office building and parking garage. The bottom boundary of that portion of the Office Unit that extends above the existing trolley maintenance facilities and expanded rail yard will be the anticipated location of

the underside of the office building. The top boundary of the Office Unit will be the limit of fee ownership.

c. Common Elements. The preliminary conceptual design contemplates that each Unit will be nearly self-sufficient in the sense that all improvements, utilities, and access features will be contained within the boundaries of each Unit and each Unit will be generally served by separate systems and utilities. As a result, there will not be many Common Elements shared by the Owners. The Common Elements are generally defined as everything other than the Units, and will include: (i) the land beneath the existing rail yard and maintenance facility; (ii) the land beneath the parking garage for the office building; (iii) the open space amenity at the intersection of Fairview Avenue North and Harrison Street; (iv) the area between the top boundary of the City Unit and the bottom boundary of the Office Unit that will be used by both Owners for plumbing and mechanical drops, anchors for trolley electrical lines, etc.; and (v) any systems or facilities that are shared between the City Unit and the Office Unit such as fire control systems, sewer facilities, etc.

2. Maintenance Obligations. Each Owner will maintain, repair and replace such Owner's Unit and the Association will maintain, repair and replace the Common Elements. Because there are very few Common Elements, the Association's scope of responsibility and operating budget will be fairly limited.

3. Use Restrictions. The Declaration will specifically authorize the intended uses of each Unit (office community and trolley maintenance facility, respectively) and will require Board approval for any changes in those uses. The Declaration will also prohibit uses that are inconsistent with those intended uses or are inconsistent with the operation of a first class, mixed-use condominium community. The parties acknowledge that the City of Seattle is the recipient of federal grants through the Federal Transit Administration ("FTA"), which funded, in part, the City Unit. The Declaration will incorporate the FTA grant requirement that the City of Seattle must demonstrate and retain satisfactory continuing control over the use of the City Unit. The City of Seattle agreed that it will not exercise any rights permitted under condominium governing documents in a manner which compromises or otherwise diminishes the City of Seattle obligation to retain satisfactory continuing control over the City Unit. Satisfactory continuing control is defined as the legal assurance that FTA-funded property will remain available to be used for its originally authorized purpose throughout the City Unit's useful life or until disposition.

4. Allocated Interests. The Declaration will allocate voting, ownership of the Common Elements, and the obligation to pay the common expenses of the Association (known as the "**Allocated Interests**") based on the relative gross floor area of all improvements contemplated for the Project. The expenses of the Association (known as "**Common Expenses**") include general administrative expenses (e.g., legal, accounting, management, and enforcement of the governing documents), maintenance, repair and replacement of the Common Elements, premiums for insurance maintained by the Association including liability, fidelity, and director/officer coverages, and reserves for capital replacements of the Common Elements. Because there are very few Common Elements, we anticipate the Common Expenses and associated reserves will be low.

5. Association. The Declaration will provide for the creation of a condominium association to manage the Common Elements and otherwise govern the Condominium ("**Association**"). The Association will be a nonprofit corporation. Bylaws providing procedures

for governance, meetings, etc. will be adopted by the Association. The Association will have traditional powers and authority including those which are outlined in RCW 64.34.304 (e.g., adopt and enforce rules and regulations, approve an operating budget and submit it to the Owners for approval, collect assessments in accordance with the approved budget, hire management personnel and facilities staff, if necessary, regulate the use, maintenance, repair, replacement and modification of the Common Elements, and provide information regarding the Condominium and an Owner’s compliance with the governing documents to lenders and purchasers of a Unit).

6. Budgets and Assessments. The Board of Directors for the Association (the “Board”) will approve a budget of the estimated Common Expenses each year and send it to the Owners for approval. All directors on the Board are obligated to exercise reasonable care in managing the Condominium for the benefit of all Owners. This standard does not allow the directors to discriminate in favor of either Owner. At least one Board member will be appointed by the Owner of the City Unit.

7. Control and Operation of the Association. Because the Office Unit will be much larger than the City Unit, the Owner of the Office Unit will elect a majority of the directors to the Board. To protect the Owner of the City Unit, the Declaration will require the approval of the Owner of the City Unit (or its appointed Board member) for all “Major Decisions” which shall include, at a minimum, the following:

a. Any changes to formula for determining the Allocated Interests (i.e., relative Unit gross floor area);

b. Any changes to the boundaries of the City Unit or the Limited Common Elements assigned for the exclusive use of the City Unit;

c. Any amendment of the Declaration or Bylaws;

d. Termination of the Condominium;

e. Any decision to NOT rebuild the Common Elements following damage by casualty; and

f. Any amendment to the Declaration or Rules and Regulations, including the adoption of a new Rule or Regulation, which results in a “**Material Adverse Effect.**” “Material Adverse Effect” means any circumstance which: (i) materially and adversely affects the use of the City Unit or the Common Elements, or access to the City Unit; (ii) causes the Owner of the City Unit to be in breach of its obligations to any tenant of the City Unit; (iii) materially increases the cost of operations of, or common expense allocation to, the City Unit; (iv) would likely cause the City Unit to discontinue continuous operations, other than temporary closures for maintenance purposes; or (v) materially decreases the value of the City Unit.

8. Insurance. The Association will maintain insurance for any insurable Common Elements and liability insurance naming each of Owners as additional insureds on the liability policy. The Association will also maintain other insurance customary for a mixed-use condominium community including director/officer, and fidelity coverages. Each Owner will be obligated to maintain property insurance on its Unit and customary liability insurance in

accordance with specific requirements to be outlined in the Declaration. The City may self-insure for liability and/or property insurance.

9. Damage and Destruction. The Declaration will include procedures for rebuilding the Common Elements following damage and destruction by casualty. In general, the Association must reconstruct the damaged Common Elements if such rebuilding is permitted by then applicable building and land use codes unless the Owners have unanimously voted to terminate the Condominium. Any costs within a deductible or otherwise not covered by insurance shall be paid by the Owners in accordance with their Allocated Interests. Each Owner may decide whether to rebuild such Owner's Unit; However, an Owner must complete such rebuilding which the Board of Directors deems reasonably necessary to: (i) avoid further damage to the Common Elements or the other Unit; (ii) avoid substantially diminishing the value of the other Unit; (iii) to cause the damaged Unit to be compatible with the remainder of the Project; or (iv) to the extent required by law.

10. Creation of the Condominium. The parties will negotiate and approve the governing documents for the Condominium in accordance with the terms of the Purchase and Sale Agreement to which this Exhibit C is attached ("**Purchase and Sale Agreement**"). Those governing documents include a Declaration of Covenants, Conditions, Restrictions and Reservations (the "**Declaration**"), Survey Map and Plans containing the information required by RCW 64.34.232 (the "**Survey Map and Plans**"), Articles of Incorporation to create the Association, and Bylaws. Upon approval of the governing documents, Skanska will execute the Declaration and Survey Map and Plans, submit them to the King County Assessor for approval, and then record them with the King County Recorder. Following such recording, Skanska will file the Articles of Incorporation with the Secretary of State for the State of Washington. The Condominium will thereby be created. Upon creation of the Condominium, the parties will sign an organizational consent for the Association to adopt the Bylaws and elect directors and officers for the Board.

11. Construction. Skanska will sign the Declaration as the "Declarant" and will reserve special declarant rights to complete construction of the improvements anticipated for the Project. A separate development agreement ("**Development Agreement**") will establish the terms on which construction and development of the Project will occur. The Development Agreement will provide for the transfer of the City Unit from Skanska to the City. The Development Agreement will also require the parties to execute customary and commercially reasonable reciprocal temporary construction easements such as crane swine, shoring, access, staging, etc.

12. Other Customary Provisions. The Declaration will contain such other terms, covenants, conditions, restrictions and requirements as are customary for similar urban, mixed-use, first class condominium communities.

EXHIBIT D

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “*Lease*”) dated the ____ day of _____, 20__ (the “*Execution Date*”) is made and entered into by and between SCD ACQUISITIONS WEST LLC, a Delaware limited liability company (“*Lessor*”) and THE CITY OF SEATTLE, a first class charter city of the State of Washington (“*Lessee*”).

RECITALS

A. As of the Execution Date, Lessor purchased from Lessee and is now the owner of certain real property located at 314 Fairview Avenue N. in the city of Seattle, Washington, as legally described in Exhibit A attached hereto (the “*Land*”). Lessor intends to develop a portion of the Land for use as an office building above the Facility, with ground level retail space and below-grade parking below the Facility (the “*Development Project*”).

B. Lessee owns improvements and personal property that are situated upon the Land and which are utilized as Lessee’s South Lake Union streetcar maintenance facility (the “*Facility*” and collectively, the “*Improvements*”). Lessee intends to expand the Facility (the “*Facility Expansion*”) in connection with the pending expansion of City’s streetcar system known as the Center City Connector Project. Lessor does not have an ownership interest in the Improvements.

C. The parties’ respective rights and obligations with respect to the concurrent Development Project and Facility Expansion are further defined in that certain Development Agreement of even date herewith (the “*Development Agreement*”).

D. Lessor desires to lease the Premises (as defined herein) to Lessee, and Lessee desires to lease the Premises from Lessor, for the purposes of operating the Facility and carrying out the Facility Expansion.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

AGREEMENT

43. LEASE OF THE PREMISES. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, for the Term (defined below), and upon the terms and conditions set forth herein, approximately ____ square feet of surface of the Land (the “*Premises*”) upon which the Improvements are situated. The Premises are depicted on Exhibit B attached hereto. The Premises do not include, and Lessor reserves all rights to, i) the area beneath the Land’s surface and ii) the approximately 8,488 square foot building located at 330 Fairview Avenue North.

44. TERM. The term of this Lease (the “*Term*”) shall commence upon the Execution Date and continue for one (1) year from the Execution Date. This Lease shall automatically renew for successive periods of one (1) year unless earlier terminated by agreement of the parties.

45. USE OF THE PREMISES. Lessee shall use the Premises as a streetcar maintenance and storage facility for the South Lake Union Street Car, and any other streetcars as Lessee may desire, together with office and administrative use incidental thereto, and performance of all work related to the Facility Expansion as contemplated in Section 8 of this Lease and the Development Agreement (collectively, the “*Permitted Use*”).

46. RENT. Lessee shall pay to Lessor, without notice or demand, annual “*Rent*” in the amount of Ten Dollars (\$10.00). Rent payments shall be paid without deduction or offset in advance on or before each anniversary of this Lease during the Term to Lessor at Lessor’s address specified in the Notice provision of this Lease.

47. TAXES. Lessor shall be responsible for, and shall pay when due, all real property taxes and assessments levied against the Land and all improvements hereafter constructed upon the Land by Lessor (the “*Taxes*”). Lessor acknowledges that Lessee is a tax-exempt municipality.

48. NO ADDITIONAL RENT. Lessee shall not be responsible for any additional rent or any other assessments assessed against the Premises, and Lessor shall be solely responsible and shall pay all such additional rent or other assessments.

49. UTILITIES. Lessee shall separately contract for and meter to, and shall pay directly to the supplier, the cost of all charges for heat, natural gas, oil, electricity, sewer service, telephone, telecommunications, water, garbage, recycling, refuse disposal and all other utilities and services supplied to the Facility during the Term.

50. LESSEE’S FACILITY EXPANSION. Subject to the terms and conditions of the Development Agreement, Lessee may make any alterations, additions or improvements in or to the Premises as are reasonably necessary and consistent with the Permitted Use. Lessee may fully or partially demolish the Improvements and any buildings on the Premises. Lessee shall secure any and all governmental permits, approvals, or authorizations required in connection with Lessee’s Facility Expansion, and shall hold Lessor harmless from any and all liability, costs, damages, expenses and any and all liens resulting therefrom. All alterations, additions and improvements shall at all times be vested in Lessee. All alterations, additions and improvements made by Lessee and any demolition done to the Premises shall be performed in a good and workmanlike manner by well qualified contractors, subcontractors. Lessee shall comply with all applicable laws, ordinances, rules and regulations in connection with such activities and shall keep the Land free from liens arising from the construction of any alterations, additions or improvements.

51. QUIET ENJOYMENT. Lessor covenants and agrees that in consideration for Lessee’s performance of all of its obligations hereunder, Lessee shall have the right to and may peaceably and quietly hold and enjoy the Premises for the Term, in accordance with the provisions of this Lease.

52. INSURANCE.

a. Insurance to be maintained by Lessee. During the Term, Lessee shall maintain all insurance coverages required to be maintained by it under the Development Agreement.

b. Insurance to be maintained by Lessor. During the Term, Lessor shall maintain all insurance coverages required to be maintained by it under the Development Agreement.

c. Waiver of Subrogation. Unless such waiver would void the property insurance coverage to be provided pursuant to this Section 10, Lessor and Lessee waive all subrogation rights each may have against the other, or any subtenant, for damages caused by fire or other perils to the extent covered by property insurance obtained pursuant to this Lease (or the Development Agreement) or other property insurance applicable to the Premises, except such rights as they have to proceeds of such insurance held by Lessor or Lessee or both as fiduciaries. The parties shall require similar waivers from its subtenants, contractors and their subcontractors. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity has an insurable interest in the property damaged.

d. Evidence of Insurance. Each party shall furnish the other with complete copies of all insurance policies required to be maintained hereunder.

53. INDEMNIFICATION.

a. Lessor's Indemnification. Lessor shall indemnify, defend and hold Lessee and Lessee's officers, agents, employees, and affiliates harmless from and against any and all claims, losses and liabilities arising from: (i) Lessor's activities related to or in connection with the construction of the Development Project; (ii) Lessor's use of the Land, including below-grade and aerial portions; (iii) any breach or default in the performance of any obligation of Lessor hereunder; and (iv) the negligent acts or omissions of Lessor, its employees, agents, officers, affiliates, contractors, guests or invitees. Lessor shall promptly notify Lessee of casualties or accidents occurring on or about the Land or the Premises. The provisions of this Section 11.1 shall survive the expiration or termination of this Lease.

b. Lessee's Indemnification. Lessee shall indemnify, defend and hold Lessor and Lessor's owners, officers, agents, employees and affiliates harmless from and against any and all claims, losses and liabilities arising from: (i) Lessee's use of the Premises; (ii) any activity permitted or suffered by Lessee in or about the Premises; (iii) any breach or default in the performance of any obligation of Lessee hereunder; and (iv) the negligent acts or omissions of Lessee, its employees, agents, officers, affiliates, contractors, guests or invitees. Lessee shall promptly notify Lessor of casualties or accidents occurring on or about the Land or Premises. The provisions of this Section 11.2 shall survive the expiration or termination of this Lease.

c. Waiver of Immunity.

53.c.1 Lessor and Lessee agree that the foregoing indemnities shall apply, without limitation, claims brought by any of their respective employees against any other such party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO GIVE EFFECT TO THE FOREGOING INDEMNITIES. LESSOR AND LESSEE ACKNOWLEDGE THAT THE

INDEMNIFICATION PROVISIONS OF THIS SECTION WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

53.c.2 The indemnities set forth above shall survive the expiration or other termination of this Lease, but only as to claims arising prior to such expiration or termination.

54. ENVIRONMENTAL.

a. Definition of Hazardous Materials. As used herein, the term “*Hazardous Materials*” means any hazardous or toxic substances, materials or wastes which are or become regulated by any local governmental authority, the State of Washington or the United States Government, including, without limitation, any materials or substances which are (i) defined or listed as a “hazardous waste,” “extremely hazardous waste,” “restricted hazardous waste,” “hazardous substance,” “hazardous material,” infectious waste,” “toxic substance,” medical waste,” “pollutant” or “biohazardous waste” under any applicable federal, state or local law or administrative code promulgated thereunder, (ii) petroleum, (iii) asbestos, PCBs and similar compounds, (iv) explosives, or (v) radioactive materials.

b. Handling and Disposal of Hazardous Materials. Neither Lessee nor Lessor nor either its agents, employees, contractors, licensees, sublessees, assignees or invitees shall use, generate, handle, store, treat, practice or dispose of any Hazardous Materials in, on, under or about the Premises, except that Lessee may handle and dispose of Hazardous Materials as a matter of its regular course of business or in connection with performing the alterations, improvements, or demolition in association with the Facility Expansion, provided it does so in a safe manner, in accordance with all applicable laws, regulations, orders and agreements and in accordance with the provision of this Lease. Each party shall deliver to the other party copies of all permits, approvals, filings, reports and hazardous wastes manifests, if any are required, reflecting the legal and proper generation, production, use, storage, treatment or disposal of all such Hazardous Materials. Upon expiration or earlier termination of this Lease, Lessee shall cause all Hazardous Materials arising out of or related to the use or occupancy of the Premises placed on or discovered after the Commencement Date by Lessee, or its agents, employees, contractors, sublessees, invitees or assigns, to be removed from the Premises and transported for use, storage or disposal in accordance with all applicable laws, regulations and ordinances. Each party shall be responsible for the disposal of its respective Hazardous Materials. All disposal of Hazardous Materials performed hereunder shall be performed at Lessee’s sole cost and expense, under generator numbers or permits issued to Lessee and Lessor shall have no responsibility or liability therefor.

c. Lessor’s Indemnity. Lessor shall indemnify, defend and hold Lessee harmless from and against any and all claims, damages, liabilities and losses incurred in connection with or arising from Lessor’s generation, production, release, use, handling, storage, treatment or disposal of any Hazardous Materials in or about the Land. This indemnification of Lessee by Lessor includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work. Lessor shall promptly take all actions as are necessary to remediate any Hazardous Materials introduced to the Land by Lessor, or any person claiming by, through or under Lessor, including the contractors, agents, employees, licensees or invitees of Lessor, and shall restore the Land to the condition existing prior to the introduction of any such Hazardous Materials.

d. Lessee's Indemnity. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all claims, damages, liabilities and losses incurred in connection with or arising from Lessee's generation, production, release, use, handling, storage, treatment or disposal of any Hazardous Materials in or about the Land. This indemnification of Lessor by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work. Lessee shall promptly take all actions as are necessary to remediate any Hazardous Materials introduced to the Land by Lessee, or any person claiming by, through or under Lessor, including the contractors, agents, employees, licensees or invitees of Lessee, and shall restore the Land to the condition existing prior to the introduction of any such Hazardous Materials.

e. Duty to Notify. Lessor or Lessee shall notify the other party in writing of, and provide such parties copies of all documents related to: (A) any accidental, unexpected or illegal spill, release, discharge or disposal of any Hazardous Materials in, on or under the Land or any portion thereof; (B) any enforcement, clean up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials laws or ordinances; (C) any claim made or threatened by any person against Lessor or Lessee, as applicable, or the Land relating to damage, contribution, cost, recovery, compensation, loss or injury resulting from, or claim to result from, any Hazardous Materials; and (D) any reports of Lessor or Lessee, as applicable, made to any environmental agency arising out of or in connection with any Hazardous Materials in, on or removed from the Land including any complaints, notices, warnings, reports or asserted violations in connection therewith.

f. Survival. The defense and indemnity obligations set forth in this Section 12 shall survive the expiration or earlier termination of this Lease.

55. MEMORANDUM OF LEASE. At the request of Lessee, a memorandum of this Lease shall be signed and recorded; provided that Lessee shall execute a recordable termination of such memorandum upon expiration or earlier termination of this Lease.

56. ESTOPPEL AND SUBORDINATION. Lessee agrees it will execute, acknowledge and deliver to Lessor and/or the requesting party an estoppel statement in writing certifying that (i) this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same are in full force and effect as modified, and setting forth such modifications), and (ii) to Lessee's knowledge, neither Lessor nor Lessee is in default hereunder and there is no existing condition which, with the passage of time or the giving of notice (or both) would constitute an event of default by either party. In no event will City be required to execute a subordination agreement to any lender, mortgagee, or other party or otherwise subordinate its interest in this Lease to any person.

57. DEFAULT AND REMEDIES. Failure of either party to perform or keep any of the terms, conditions, covenants or obligations to which it is bound under this Lease, where such failure continues for a period of ten (10) days after written notice thereof from the other party, shall be a default under this Lease; provided, however, that if the nature of such default is such that more than ten (10) days are reasonably required for its cure, then neither party shall be deemed to be in default if it has commenced such cure within such ten (10) day period and thereafter diligently prosecutes such cure to completion within sixty (60) days. Upon an Event of Default, the non-defaulting party may pursue all remedies available at law or equity.

58. ASSIGNMENT AND SUBLETTING. Lessee may assign its interest in this Lease or sublease the whole or part of the Premises at any time. Any such assignment or subletting shall be subject to all of the terms and provisions of this Lease.

59. NO RECOURSE TO LESSEE. Lessor shall have no recourse under this Lease to any assets or property of Lessee other than Lessee’s leasehold interest in the Premises and Lessee’s Improvements for the payment or collection of any judgment, arbitral award, fee or cost or for any other obligation or claim arising out of or based upon this Lease requiring the payment of money by Lessee. The provisions of this paragraph shall survive the expiration or termination of this Lease.

60. NOTICE. Any notice required or permitted to be delivered under this Agreement shall be in writing and shall be deemed given (i) when delivered by hand during regular business hours, (ii) three (3) days after being sent by United States Postal Service, registered or certified mail, postage prepaid, return receipt requested and first class mail, postage prepaid, (iii) the next Business Day if sent by a reputable national overnight express mail service that provides tracing and proof of receipt or refusal of items mailed, or (iv) when sent if sent by facsimile during business hours, addressed to Lessor or Lessee, as the case may be, at the address or addresses or facsimile number set forth below or such other addresses as the parties may designate in a notice similarly sent. Notices to Lessor and Lessee shall be delivered as follows:

If to Lessor: _____

Attn: _____
Email: _____
Fax: _____

With a copy to: McCullough Hill Leary, P.S.
701 Fifth Avenue, Suite 6600
Seattle, WA 98101
Attn: John C. McCullough
Email: jack@mhseattle.com
Fax: 206.812-3389

If to Lessee: THE CITY OF SEATTLE
Department of Finance and Administrative Services
Attn: Director
701 Fifth Avenue, Suite 5200
Seattle, WA 98104
PO Box 94689
Seattle, WA 98124-4689
Phone: (206) 733-9238
Email: Bill.Craven@seattle.gov

Note: If sending by U.S. Mail, address must include P.O. Box

With a copy to: The Seattle City Attorney’s Office
Attn: Helaine Honig
Seattle City Attorney’s Office
701 Fifth Avenue, Suite 2050
Seattle, WA 98104
Phone: (206) 684-8222
Email: Helaine.Honig@seattle.gov

61. MISCELLANEOUS.

a. Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties’ respective successors and assigns. All references in this Lease to “Lessee” and “Lessor” shall be interpreted to include their respective successors and assigns and any related entity or affiliate who becomes a successor-in-interest to such party with respect to its interest under this Lease.

b. No Joint Venture. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

c. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than (i) the parties hereto and their respective successors and permitted assigns, and (ii) indemnified persons specifically referenced herein, any rights or remedies under or by reason of this Agreement.

d. Interpretation. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words of a similar number shall be held to include the plural and vice versa, unless the context requires otherwise

e. Captions. The captions used in this Agreement are for convenience only and shall not be deemed to extend, limit or otherwise define or construe the meaning of the language of this Agreement.

f. Business Day. Unless otherwise expressly provided in this Agreement, all references to ‘days’ shall mean calendar days. In the event any date hereunder (including the Closing Date) falls on a Saturday, Sunday or any other day that is recognized as a holiday by the City of Seattle, the date applicable shall be the next Business Day. The term “**Business Day**” means a date that is not a Saturday, Sunday or any other day that is recognized as a holiday by The City of Seattle.

g. Time is of the Essence. Time is of the essence in this Agreement

h. Amendments. This Agreement may be amended only by a written instrument executed by Lessor and Lessee.

i. Governing Law; Venue. This Amendment shall be governed by and construed under and in accordance with the laws of the State of Washington without regard to otherwise applicable principles of conflicts of laws. Any action arising out of this Agreement must be commenced in King County Superior Court or the United States District Court of Washington.

Each party consents to the jurisdiction of those courts in any such action and the laying of venue in the State of Washington.

j. Waiver of Jury Trial. Each party hereto, knowingly and voluntarily, and for their mutual benefit, waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

k. Severability. If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

l. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original but such counterparts together shall constitute one and the same instrument.

m. Integration. This Agreement, including the Exhibits attached hereto, embodies the entire agreement between Lessor and Lessee with respect to the leasehold of the Premises as contemplated in this Lease. There are no understandings, covenants, agreements, representations or warranties between Lessor and Lessee with regard to the leasehold of the Premises as contemplated by this Agreement other than those set forth herein.

n. Waivers. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. Consent to or approval of any act shall not be deemed to render unnecessary the obtaining of consent to or approval of any subsequent act required hereunder. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of the acceptance of such rent.

o. Negotiated Lease. The parties to this Lease acknowledge that it is a negotiated agreement, that they have had the opportunity to have this Lease reviewed by their respective legal counsel, and that the terms and conditions of this Lease are not to be construed against any party on the basis of such party's draftsmanship thereof.

[signature pages follow]

SIGNATURE PAGE TO LEASE AGREEMENT

IN WITNESS WHEREOF, the parties have caused this Lease to be executed by each of its duly authorized officer or representative, as of the day and date first set forth above.

“LESSOR”:

SCD ACQUISITIONS WEST LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

“LESSEE”:

THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
Name: _____
Its: _____

NOTARY PAGE TO LEASE AGREEMENT

Exhibit A to Leaseback
Legal Description of the Land

Parcel A:

Lots 1 and 2, Block, 3 Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel B:

Lot 3, Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Parcel C:

The North half of Lot 5 and all of Lot 4; all in Block 3, Fairview Homestead Association for the benefit of Mechanics and Laborers, according to the plat thereof recorded in Volume 1 of Plats, Page 119, in King County, Washington.

Exhibit B to Leaseback
Depiction of the Premises

EXHIBIT E

Term Sheet for Development Agreement

The basic terms of the Development Agreement are summarized as follows:

Parties:	The City of Seattle Department of Transportation (" City ") SCD Acquisitions West LLC (" SCD ")
Purpose of Development Agreement:	The Development Agreement is intended to accomplish the following: <ul style="list-style-type: none">a. Establish a development timeline ("Construction Schedule")b. Establish standards of cooperation for joint developmentc. Create procedures for documenting transition from Phase I to Phase IIA/IIB (see below)d. Establish penalties/consequences for delays in the Construction Schedule
Ownerships:	City is owner of a real property located at 314 Fairview Avenue N. in Seattle, WA (the " Property "), which is currently improved with a South Lake Union street car maintenance facility that is accessed by street cars running over rail tracks (the facility, including the rail tracks, is referred to as the " Facility "). SCD intends to acquire real property adjacent to the Property (the " Adjacent Property ") and a portion of the Property referred to herein as the " Development Parcel. "

	<p>City and SCD agree that SCD will subject the Property and the Adjacent Property to the Washington Condominium Act by recording a declaration and survey map and plans in forms to be approved by City and SCD (the "<i>Condominium</i>").</p> <p>City will own a condominium unit consisting of areas encompassing the Facility and an additional area adjacent to the northern portion and to the west of the Facility (the "<i>New Trolley Annex</i>"), neither of which areas will extend higher than necessary to accommodate City-owned improvements which are estimated to be 25 feet above grade (the "<i>City Unit</i>").</p> <p>SCD will own all other condominium units, including units consisting of subterranean areas below the Adjacent Property and the Development Parcel and areas over the Adjacent Property and over portions of the Property that are not included within the City Unit, including areas over the City Unit (the "<i>SCD Units</i>").</p>
Sale of City Unit:	The Development Agreement will provide for SCD's transfer of the City Unit to the City upon formation of the Condominium, by bargain and sale deed free and clear of encumbrances except those agreed to by the City.
Project:	<p>SCD will construct within the SCD Units an office building, with ground level retail space and below-grade parking (the "<i>SCD Development</i>"). Portions of the SCD Development may be cantilevered over the City Unit.</p> <p>City will expand the Facility within the City Unit, which expansion will include</p>

	<p>construction of the New Trolley Annex and installation of rail tracks on a portion of the west half of the Property (the "<i>City Development</i>").</p>
Design:	<p>SCD will select and contract with architects, engineers and other professionals ("<i>SCD's Professionals</i>") and arrange for the design of the SCD Development, including <i>inter alia</i> conceptual plans and schematic design plans.</p> <p>City will select and contract with architects, engineers and other professionals ("<i>City's Professionals</i>") and arrange for the design of the City Development, including <i>inter alia</i> conceptual plans and schematic design plans.</p> <p>City will share its conceptual plans and schematic design plans with SCD, and City will consider, in good faith, SCD's suggested changes, if any, to City's plans. If, in City's sole discretion, City approves SCD's suggested changes to City's plans, City will incorporate the suggested changes to the extent reasonable, appropriate and involving an adverse impact that the plans would allegedly have on SCD's plans.</p> <p>City shall have a right to review and approve SCD's conceptual plans and schematic design plans, which shall in no event prevent City from proceeding with the City Development as contemplated by City's plans.</p> <p>So long as design development plans, permitting plans and final construction documents ("<i>Final Plans</i>") of SCD are consistent with the schematic design</p>

	<p>plans of City, City shall have no rights to review SCD's plans.</p> <p>Any disputed plan elements shall be submitted for resolution in accordance with a defined dispute resolution process.</p> <p>SCD's Professionals and City's Professionals will collaborate to ensure that the structure and design of the SCD Development and the City Development are integrated and aesthetically consistent.</p>
Permitting:	<p>Each of the parties shall be responsible for securing from all applicable permitting agencies all discretionary permits necessary for such party's development ("<i>Permits</i>"). Each party agrees to cooperate with the other and to take all reasonable actions to facilitate the other's efforts to secure Permits.</p>
Construction:	<p>SCD will select a contractor ("<i>SCD's Contractor</i>") and arrange for the construction of the SCD Development in accordance with the Final Plans for such development.</p> <p>City will select a contractor ("<i>City's Contractor</i>") and arrange for the construction of the City Development in accordance with the Final Plans for such development.</p> <p>Each of the parties shall cause its development work to be diligently commenced and thereafter diligently completed in a first-class and workmanlike manner.</p>
Construction Schedule and Project Phasing:	<p>The Development Agreement will establish a Construction Schedule which shall recognize that City is the recipient of</p>

federal grants through the Federal Transit Administration (“*FTA*”) and, as such, certain federal requirements and timelines are associated with the City Development. In recognition of the *FTA*’s requirements and the timelines, City will present its construction timeline to SCD, and SCD’s construction timeline will be required to harmonize with City’s timeline such that SCD’s timeline does not hinder City’s timeline.

If a party withholds its approval of any proposed revision to the Construction Schedule, the disputed schedule elements shall be submitted for resolution in accordance with a defined dispute resolution process while the remainder of the parties’ respective developments proceeds with all practicable diligence.

The Construction Schedule will provide for phasing of construction as follows:

Pre-development Phase: Each of SCD and City shall apply for and secure all necessary permits and approvals for the SCD Development and the City Development, respectively.

Phase I: SCD demolishes existing structures on the northwest corner of the Property and the Adjacent Property, excavates the western half of the Property and the Adjacent Properties, and constructs a subterranean parking facility (“*Parking Facility*”). Upon completion of Parking Facility, SCD will “cap” the surface of the west half of the Property in a manner that is sufficient for the City to commence construction of the City Development.

	<p>Phase IIA: City commences and completes the City Development (within the boundaries of the City Unit) while SCD begins the ground-floor structural component of the SCD Development. SCD's Phase IIA work may include installation of underground power systems and/or structural support columns along the eastern boundary of the Property in or near the existing right of way/alley.</p> <p>Phase IIB: SCD completes the ground-floor structural and other above-grade components of the SCD Development.</p> <p>With allowance for delays outside the control of the parties, the Construction Schedule will provide for completion by SCD of the Phase I work so that City may commence the Phase IIA work by June 2019.</p> <p>Each party shall perform its development work in accordance with the Construction Schedule; provided, however, that a party shall not be obligated to comply with the Construction Schedule as to any portion of its development work that is dependent upon the progress or completion of the development work of the other party if such work is not sufficiently completed to allow compliance with the Construction Schedule by the other party.</p> <p>SCD and City will each use good faith efforts to conduct its activities in a manner so as to minimize disruption of the development work of the other and so that the Facility can remain open and operational, and will make reasonable accommodations to the other to facilitate the development work of the other.</p>
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	<p>The Development Agreement will establish (i) agreed upon “<i>Delay Damages</i>” for either parties’ failure, without legal excuse, to perform to the Construction Schedule; and (ii) a methodology for determining consequential damages arising from any such delay.</p>
Shared Infrastructure:	<p>The parties anticipate that their respective developments will include the following shared infrastructure:</p> <p>[LIST, IF KNOWN]</p> <p>The Development Agreement will establish cost sharing percentages for construction of any shared infrastructure; provided that the City’s share of the cost to construct any shared infrastructure shall not exceed the cost the City would have incurred in constructing a separate item of similar infrastructure outside of the Development Agreement. The cost of operating and maintain shared infrastructure, if any, will be as set forth in the Condominium’s governing documents.</p>
Continuous Level of Service:	<p>The Development Agreement will acknowledge that the City intends to maintain a continuous level of uninterrupted service at the Facility consistent with pre-development level of service to be provided after completion of the City’s Center City Connector Streetcar Project.</p>
Access:	<p>Neither party shall perform or permit to be performed any work or take any action that in any way unreasonably interferes with the means of access, ingress and egress of persons,</p>

	<p>construction materials and equipment to and from the unit or units of the other party.</p>
<p>Utility Easements:</p>	<p>The Development Agreement will permit each party, in consultation with the other party, to grant such utility easements over its property as may be reasonably necessary to accommodate their respective developments. The City may grant utility easements, if necessary, to document any existing “as-built” utility facilities located on the Property as of the date of the Development Agreement.</p> <p>[LIST, IF KNOWN]</p>
<p>Construction Easements:</p>	<p>The Development Agreement will require the parties to execute customary reciprocal temporary construction easements such as crane swing, shoring, access, staging, etc.</p>
<p>Compliance with Laws and Site Safety:</p>	<p>In performing its development work, each of the parties shall observe and comply with, and shall cause its contractors to observe and comply with, all requirements of applicable laws, statutes, ordinances, building codes, fire codes, rules, and regulations of governmental and administrative entities having jurisdiction.</p>
<p>Hazardous Substances:</p>	<p>In the event that, in the course of performing the SCD Development work, SCD encounters hazardous substances, the presence of which was not discovered prior to SCD’s acquisition of the Property, SCD and City shall agree on a plan for dealing with such hazardous substances that is compliant with applicable laws and regulations and that allows both parties to proceed with the Development</p>

	<p>work. The Development Agreement will establish that the City shall be responsible for any and all costs it may incur in remediating hazardous substances from the land necessary for compliance with City's Development plus any net increase in the cost to remediate hazardous substances necessary to comply with the SCD Development over the cost of disposing the same amount of soil had there not been any hazardous substances.</p>
<p>Insurance:</p>	<p>Each of the parties shall maintain, and shall cause its contractor to maintain, at all times when any work by or on behalf of such party is being performed or remains incomplete, insurance coverage of the types, in the amounts established under the Development Agreement. A party may self-insure in lieu of maintaining the specified coverages, provided such party meets the criteria set forth in the Development Agreement.</p>
<p>Costs and Expenses:</p>	<p>Except as specifically provided in the Development Agreement to the contrary, each of the parties shall bear all costs and expenses incurred in connection with its performance of its obligations under the Development Agreement.</p>
<p>Non-recourse Obligations:</p>	<p>The parties' respective obligations under the Development Agreement will be non-recourse, and any recovery by one party against the other will be limited to such party's interest in the Condominium.</p>
<p>Dispute Resolution:</p>	<p>In the event a dispute arises, the parties will attempt to resolve it through face-to-face negotiations. If the parties fail to reach a resolution, the disputed matter will be submitted first to mediation and,</p>

	failing resolution through that method, to arbitration, each conducted by a local mediation/arbitration firm and subject to such limitations on time and discovery as the mediator or arbitrator may impose.
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