

REAL ESTATE PURCHASE AND SALE AGREEMENT

This REAL ESTATE PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of _____, 20____ between the CITY OF TACOMA, DEPARTMENT OF PUBLIC UTILITIES, WATER DIVISION (d.b.a. Tacoma Water) a first class municipal corporation ("Seller") and George Kevin Roach and Mary Anne Roach, a married couple of the State of Washington ("Buyer").

RECITALS

WHEREAS, Seller is the owner of certain real property more particularly described in Section 1 below.

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer the real property on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

AGREEMENT

1. Real Property. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth in this Agreement, the real property located at 560 State Route 410 in the City of Enumclaw, County of King and State of Washington, more particularly described as follows:

PARCEL A: BEGINNING AT A POINT ON THE EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 20 NORTH, RANGE 6 EAST OF THE WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID POINT BEING WEST 668.88 FEET AND SOUTH 1186.31 FEET FROM THE CONCRETE MONUMENT SET TO MARK THE CORNER COMMON TO SECTIONS 23, 24, 25 AND 26 OF SAID TOWNSHIP AND RANGE; SAID POINT BEING ON THE SOUTHWESTERLY PRODUCTION OF THE CENTER LINE OF COLE STREET (NOW KNOWN AS MYRTINE STREET) IN THE CITY OF ENUMCLAW, AND RUNNING THENCE ALONG SAID EAST LINE OF THE WEST HALF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 26, SOUTH 335.85 FEET, MORE OR LESS, TO THE NORTHWESTERLY LINE OF STATE ROAD No. 5, AS ESTABLISHED BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 3830254, RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHWESTERLY LINE, SOUTHWESTERLY 170.68 FEET; THENCE NORTH ON A LINE PARALLEL TO AND 100 FEET WESTERLY FROM SAID EAST LINE OF THE WEST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 26, 335.95 FEET TO A POINT ON THE CENTER LINE OF COLE STREET, PRODUCED SOUTHWESTERLY; THENCE ALONG SAID PRODUCED LINE, NORTHEASTERLY 170 FEET TO THE POINT OF BEGINNING;

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE CITY OF ENUMCLAW FOR STREET BY DEED RECORDED NOVEMBER 7, 1980 UNDER RECORDING NUMBER 8011070863.

PARCEL B: THE EAST 100 FEET OF THAT PORTION OF SECTION 26, TOWNSHIP 20 NORTH, RANGE 6 EAST, WILLAMETT. MERIDIAN, IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING 314 FEET EAST OF THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 20 NORTH, RANGE 6 EAST WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON;

THENCE SOUTH 0°30' WEST 978.5 FEET;
THENCE NORTH 35°30' EAST 635 FEET;
THENCE NORTH 464.8 FEET;
THENCE WEST 350 FEET TO THE POINT OF BEGINNING;

EXCEPT THE EAST 100 FEET THEREOF; AND
EXCEPT STATE HIGHWAY NO. 5; AND
EXCEPT THEREFROM THAT PORTION CONVEYED TO THE CITY OF ENUMCLAW FOR STREET BY
DEED RECORDED NOVEMBER 7, 1980 UNDER RECORDING NUMBER 8011070863.

Also known as King County Tax Parcel Number 2620060904

together with all of Seller's right, title and interest in and to any rights licenses, privileges, reversions and easements pertinent to the real property (collectively, the "Property").

2. Deposit. Upon execution of the Agreement by both Seller and Buyer, Buyer shall deliver to Ticor Title Company in University Place, Washington (the "Title Company"), as escrow agent for the closing of this transaction, an earnest money deposit in the amount of Five Thousand U.S. Dollars (\$5,000.00) (the "Deposit") as part payment of the purchase price of the Property. The Deposit will be held by the Title Company for the benefit of the parties pursuant to the terms of this Agreement. Any interest that accrues on the Deposit will be for the benefit of Buyer; provided, however, that if Buyer forfeits the Deposit to Seller pursuant to the terms of this Agreement, then all interest accrued on the Deposit will be paid to Seller.

3. Purchase Price. The total purchase price for the Property (the "Purchase Price") will be Three Hundred Twenty-five Thousand U.S. Dollars (\$325,000.00), to which the Deposit shall be a fully applicable part. The Purchase Price, including the Deposit, will be paid to Seller in cash through escrow at closing.

4. Title to Property.

4.1 Conveyance. At closing Seller shall convey to Buyer fee simple title to the Property by duly executed and acknowledged quit claim deed (the "Deed"), subject only to those encumbrances that Buyer approves pursuant to Section 4.3 below (the "Permitted Encumbrances").

4.2 Commitment. Seller authorizes Buyer to order a commitment for an owner's standard coverage policy of title insurance (or, at Buyer's election, an owner's extended coverage policy of title insurance) in the amount of the Purchase Price to be issued by the Title Company and accompanied by copies of all documents referred to in the commitment (the "Commitment").

4.3 Condition of Title. Buyer shall advise Seller by written notice what encumbrances to title, if any, are disapproved by Buyer ("Disapproved Encumbrances") within 10 (ten) business days of receipt of the Commitment. All monetary encumbrances other than non-delinquent ad valorem property taxes will be deemed to be disapproved. Seller will have ten (10) business days after receipt of Buyer's notice to give Buyer notice that (i) Seller will remove Disapproved Encumbrances, or (ii) Seller elects not to remove Disapproved Encumbrances. If Seller fails to give Buyer notice before the expiration of the ten (10) day period, Seller will be deemed to have elected not to remove Disapproved Encumbrances. Notwithstanding anything to the contrary in this Agreement, Seller shall remove from title on or before the Closing Date all monetary encumbrances other than those approved by Buyer. If Seller elects not to remove any Disapproved Encumbrances, Buyer will have fifteen (15) business days to notify Seller of Buyer's election either to proceed with the purchase and take the Property subject to those encumbrances, or to terminate this Agreement. If Buyer elects to terminate this

Agreement pursuant to this section, the escrow will be terminated, the Deposit will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement. If this Agreement is terminated through no fault of Seller, then Seller and Buyer shall share equally any costs of terminating the escrow and any cancellation fee for the Commitment.

4.4 Title Policy. Seller shall cause the Title Company to issue to Buyer at closing a standard coverage owner's policy of title insurance insuring Buyer's title to the Property in the full amount of the Purchase Price subject only to the Permitted Encumbrances (the "Title Policy"). The Title Policy must be dated as of the Closing Date.

5. Conditions to Closing.

5.1 Tacoma Public Utility Board and Tacoma City Council Approval. This Agreement, and the transaction contemplated hereby, must be duly approved by the Tacoma Public Utility Board and the Tacoma City Council prior to closing. Seller expects to receive said approvals on or before September 30, 2016. If said approvals are not obtained, this Agreement will terminate, and the Deposit, less any costs advanced or committed for Buyer, will be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided for in this Agreement. Nothing in this Paragraph 5.1 will obligate the Buyer to obtain City Council approval beyond the ordinary course of City procedure.

5.2 Feasibility Study. Buyer will thirty (30) days from the date of final Tacoma City Council Approval (the "Feasibility Study Period") to conduct a review of the Property and satisfy itself with respect to the condition of and other matters related to the Property and its suitability for Buyer's intended use (the "Feasibility Study"). The Feasibility Study may include all inspections and studies Buyer deems reasonably necessary or desirable. Buyer and Buyer's agents, representatives, consultants, architects and engineers will have the right, from time to time, from and after the date of this Agreement to enter onto the Property and make borings, drive test piles and conduct any other reasonable tests and studies that may be necessary or desirable to ascertain the condition and suitability of the Property for Buyer's intended use. Such tests and inspections are to be performed in a manner that is not disruptive to the operation of the Property. Buyer shall protect, defend and indemnify Seller from and against any construction or other liens or encumbrances arising out of or in connection with its exercise of this right of entry and shall cause any such liens or encumbrances to be promptly released.

5.3 Rezone. Buyer and Seller acknowledge that the current zoning of the Property is inconsistent with the City of Enumclaw's Land Use Designation. As a condition of purchasing the Property, Buyer requires that the Property be zoned for use for a single family residence. Buyer shall complete all actions and provide all submittals necessary to assure the property is appropriately zoned for single family residential use. Seller agrees to reimburse Buyer up to \$10,000 for actual expenses, as supported by documentation satisfactory to Seller, of the rezone process for the Property. Said reimbursement shall be made via a credit to Buyer at closing or, in the event Buyer terminates the Agreement based on the terms contained herein, within thirty (30) days of receipt of Buyer's notice of termination by Seller.

5.3 Non-Suitability. Buyer will have the right to terminate this Agreement if, in Buyer's good faith judgment, the Property is not suitable for Buyer's intended use. Buyer's right to terminate must be exercised by delivering written notice of its election to Seller on or before the expiration of the Feasibility Study Period. In the event Buyer does not complete the purchase, Buyer shall return the Property as near as is practicable to its

original condition. If Buyer terminates this Agreement pursuant to this section, the Deposit, less any costs advanced or committed for Buyer, will be returned to Buyer, this Agreement will terminate, and Seller and Buyer will be released from all further obligation or liability hereunder, except as otherwise specified by this Agreement and except for Buyer's obligations to indemnify Seller under this Section 5. Failure by Buyer to notify Seller in writing of any matters affecting the suitability of the Property, whether or not an inspection has been carried out, shall deem Buyer to have waived this contingency.

5.4 Buyer's Indemnification. Buyer agrees to assume all liability for and to defend, indemnify and save Seller harmless from all liability and expense (including reasonable costs and attorneys' fees) in connection with all claims, suits and actions of every name, kind and description brought against Seller or its agents or employees by any person or entity as a result of or on account of injuries or damages to persons, entities and/or property received or sustained, arising out of, in connection with or as a result of the acts or omissions of Buyer, or its agents or employees in exercising its rights under this Agreement and the right of entry granted in connection with its Feasibility Study, except for claims caused by Seller's sole negligence.

6. Condition of the Property.

6.1 "As Is" Buyer acknowledges that the Property will be purchased under this Agreement in an "as is" condition. Seller shall surrender the Property in as good condition, except for normal wear and tear, as exists on the date of this Agreement. Seller agrees that it will not damage nor commit waste on the Property between the date of acceptance of this Agreement and the date of closing.

6.2 Inspections. Buyer agrees that it will rely on its own inspections and evaluations of the Property, with the exception of written documentation, including, but not limited to any disclosures required by law, provided to it by Seller, to determine the suitability of the Property for Buyer's intended use.

7. Closing. This transaction will be closed in escrow by the Title Company acting as escrow agent ("Escrow Agent"). The closing will be held at the office of the Title Company on or before that date which is thirty (30) days after the end of the Feasibility Study Period, but in no event later than September 30, 2016 (the "Closing Date"). If closing does not occur on or before the Closing Date, or any later date mutually agreed to in writing by Seller and Buyer, Escrow Agent will immediately terminate the escrow, forward the Deposit to the party entitled to receive it as provided in this Agreement and return all documents to the party that deposited them. When notified by Escrow Agent, Buyer and Seller will deposit with Escrow Agent without delay all instruments and moneys required to complete the transaction in accordance with this Agreement. "Closing," for the purpose of this Agreement, is defined as the date that all documents are executed, the sale proceeds are available for disbursement to the Seller, and legal title passes to the Buyer.

8. Closing Costs and Prorations. Seller shall pay the premium for a standard coverage owner's policy of title insurance in the full amount of the Purchase Price, state of Washington real estate excise taxes applicable to the sale, and one-half of the Escrow Agent's escrow fee. Buyer shall pay the additional premium, if any, attributable to an extended coverage owner's policy of title insurance (if elected by Buyer) and any endorsements required by Buyer, any financing costs, the cost of recording the deed and any financing documentation, and one-half of the Escrow Agent's escrow fee. Property taxes and assessments for the current year, water and other utility charges, if any, shall be prorated as of the Closing Date unless otherwise agreed. Seller is a property tax exempt organization pursuant to R.C.W. 84.36.010, and therefore property taxes will only be due from Buyer for its ownership from and after the Closing Date.

9. Casualty Loss. Seller shall promptly notify Buyer of any event prior to the Closing Date which causes damage to or destruction of any portion of the Property. If Buyer and Seller cannot come to an agreement regarding any such damage to or destruction of the Property, including the settlement of any insurance claims, then Buyer and Seller will each have the right to terminate this Agreement by giving written notice of termination to the other party within twenty (20) days after receipt of actual notice of such casualty loss. Upon exercise of such termination election by either party, this Agreement will terminate, and the Deposit will be returned to Buyer.

10. Possession. Seller shall deliver possession of the Property to Buyer on the Closing Date. Seller shall remove any and all personal property from the Property on or before the Closing Date, unless specifically authorized in writing by Buyer.

11. Events of Default. In the event Buyer fails, without legal excuse to complete the purchase of the Property, then that portion of the Deposit which does not exceed five percent (5%) of the Purchase Price shall be forfeited to Seller as the sole and exclusive remedy available to Seller for such failure. In the event Seller fails, without legal excuse, to complete the sale of the Property, Buyer shall be entitled to immediate return of its Deposit, and may pursue any remedies available to it in law or equity, including specific performance.

12. Notices. Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service, given by mail or via facsimile. E-mail transmission of notice shall not be effective. All notices must be addressed to the parties at the following addresses, or at such other addresses as the parties may from time to time direct in writing:

Seller: Tacoma Public Utilities – Real Property Services
ABS – 2nd Floor
3628 S. 35th Street
Tacoma, WA 98409

Buyer: _____

Facsimile No. _____

With a copy to: _____

Facsimile No. _____

Any notice will be deemed to have been given, when personally delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit in the U.S. mail, and if delivered by facsimile, the same day as verified.

13. Counterparts; Faxed Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto, each of which counterpart when so executed shall have the same force and effect as if that party had signed all other counterparts. Facsimile transmitted signatures shall be fully binding and effective for all purposes.

14. Brokers and Finders. Seller's broker is Laura Fox, Kidder Mathews, lfox@kiddermatthews.com. Buyer's broker is Ryan Stennes, Keller Williams Realty, ryanstennes@hotmail.com. In the event any broker or other person makes a claim for a commission or finder's fee based upon the transaction contemplated by this Agreement, the party through whom said broker or other person makes its claim shall indemnify and hold harmless the

other party from said claim and all liabilities, costs and expenses related thereto, including reasonable attorneys' fees, which may be incurred by such other party in connection with such claim. This indemnity shall survive the closing of this transaction.

15. Amendments. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

16. Continuation and Survival of Representations and Warranties. All representations and warranties by the respective parties contained in this Agreement or made in writing pursuant to this Agreement are intended to and will remain true and correct as of the time of closing, will be deemed to be material and will survive the execution and delivery of this Agreement and the delivery of the Deed and transfer of title for a period of 6 (six) months whereupon they shall terminate. Such representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided herein or contained in a written instrument signed by the party to be charged.

17. Governing Law. This Agreement will be governed and construed in accordance with the laws of the state of Washington.

18. Attorney Fees. If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in the dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including without limitation, court costs and reasonable attorney fees incurred in connection with any federal, state or bankruptcy proceeding.

19. Time of the Essence. Time is of the essence of this Agreement and of all acts required to be done and performed by the parties hereto.

20. FIRPTA. The Escrow Agent is instructed to prepare a certification or equivalent that Seller is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act ("FIRPTA"), and Seller agrees to sign this certification. If Seller is a "foreign person" as the same is defined by FIRPTA, and this transaction is not otherwise exempt from FIRPTA, Escrow Agent is instructed to withhold and pay the required amount to the Internal Revenue Service.

21. Waiver. Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be construed as a waiver of the breach of any other covenants or as a waiver of a subsequent breach of the same covenant.

22. Nonmerger. The terms and provisions of this Agreement, including without limitation, all indemnification obligations, will not merge in, but will survive, the closing of the transaction contemplated under the Agreement.

23. Assignment. Buyer shall not assign this Agreement without Seller's prior written consent, which consent may not be unreasonably withheld or delayed.

24. Negotiation and Construction. This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.

25. Additional Acts. Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by any party hereto, the parties agree to perform, execute and/or deliver, or cause to be performed, executed and/or delivered, any and all such further acts, deeds and assurances, which may reasonably be required to give effect to the Agreement contemplated herein.

26. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the purchase and sale of the Property, and supersedes all prior agreements and understandings, oral or written, between the parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

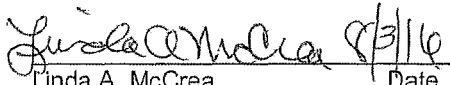
SELLER:

BUYER



William A. Gaines, Date
Utilities Director / CEO

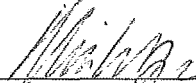
George Kevin Roach Date



Linda A. McCrea Date
Water Superintendent

Mary Anne Roach Date

Approved as to form:



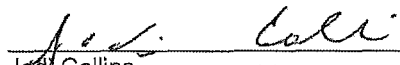
Office of City Attorney

City of Tacoma Review

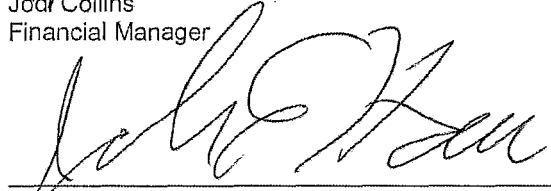
TACOMA WATER



Greg Volkhardt
Environmental Services Manager

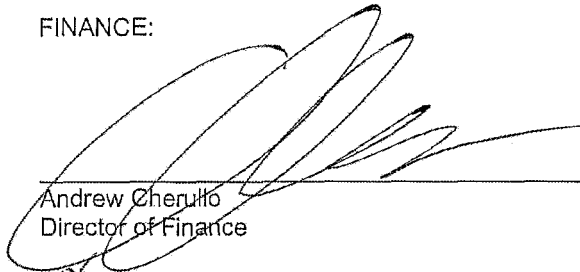


Jodi Collins
Financial Manager



John Haase
Surveyor

FINANCE:



Andrew Cherullo
Director of Finance
DT