

OPTION TO PURCHASE REAL ESTATE

This OPTION TO PURCHASE REAL ESTATE ("Option" or "Agreement") is made by and between GREGG O. DAWLEY and KRISTI A. DAWLEY, as TRUSTEES OF THE DAWLEY FAMILY TRUST DATED OCTOBER 16, 2008; DOUGLAS L. DAWLEY and PAULA P. DAWLEY, AS TRUSTEES OF THE REVOCABLE TRUST OF DOUGLAS L. DAWLEY DATED APRIL 2, 2004, and SHIRLEY G. DAWLEY, TRUSTEE OF THE ROBERT E. DAWLEY TRUST, DATED NOVEMBER 8, 1983 (collectively, "Optionors"), and the CITY OF OLYMPIA, a municipal corporation organized under the laws of the State of Washington ("Optionee"), together known as the parties (the "Parties"), effective as of the Effective Date (as defined below in Section 3.9.15).

RECITALS

A. Optionors are the owners of certain real property located in the City of Olympia, Thurston County, Washington, legally described on Exhibit A-1 attached hereto (the "Bentridge Property" or "Property").

B. Optionee has determined that Optionors' Bentridge Property is suitable property for a public park for recreation and open space purposes.

C. The signatories to this Agreement are authorized to execute associated documents, to correct legal descriptions if need be, and to correct scrivener's errors and other errors or omissions that are otherwise in substantial conformance with this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Optionors and Optionee agree as follows:

1. Property. Optionors hereby agree to and do grant to Optionee an Option to Purchase the fee title rights to certain real property legally described herein on Exhibit A-1, subject to the terms and conditions set forth herein, and Optionee hereby agrees to and does purchase an option from Optionors for purchase of the Property legally described on Exhibit A-1, subject to the terms and conditions set forth herein:

1.1 Land. Approximately 72 acres, more or less, constituting the entire site commonly known as the Bentridge Property located in the City of Olympia, Thurston County, Washington, shown in a sketch on Exhibit A-2 attached hereto (the "Land").

1.2 Appurtenances. All rights, privileges and easements appurtenant to the Land owned by Optionors, including without limitation any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land (all of which are collectively referred to as the "Appurtenances");

The Land and Appurtenances described in **Section 1** above are herein collectively referred to as the "Property."

2. **Option Term.** The term of the Option shall be as follows:

2.1 **Term of Option.** The term of this Option shall be for a period expiring on January 31, 2017.

2.2 **Purchase Price for the Property and Terms of Payment Following Exercise of Option to Purchase.** If Optionee exercises its Option, the purchase price for the Property (the "Purchase Price") shall be **Six Million and Nine Hundred Thousand Dollars and No Cents (\$6,900,000.00)**. The Purchase Price shall be paid as follows:

2.2.1 The Option Payment of One Million Dollars and No Cents (\$1,000,000.00) described in Section 2.3 below shall be credited against the Purchase Price on the Sale Closing Date;

2.2.2 Optionee shall pay Optionors the sum of Three Million Seven Hundred Thousand Dollars and No Cents (\$3,700,000.00) on the Sale Closing Date;

2.2.3 Optionee shall pay Optionors the sum of One Million Two Hundred Thousand Dollars and No Cents (\$1,200,000.00) on or before March 1, 2018, but not before January 5, 2018 (the "First Installment"); and

2.2.4 Optionee shall pay Optionors the sum of One Million Dollars and No Cents (\$1,000,000.00) on or before March 1, 2019, but not before January 5, 2019 (the "Second Installment").

On the Sale Closing Date, Optionee shall deliver to Optionors a promissory note (the "Note") in the principal amount of Two Million Two Hundred Thousand Dollars and No Cents (\$2,200,000.00) representing Optionee's obligation to pay the First Installment and the Second Installment, together with a Deed of Trust on the Property to secure payment of the Note (the "Deed of Trust"). The Note shall be on form LPB 28A-05, completed in accordance and consistent with the terms set forth in this Agreement. The Deed of Trust shall be on form LPB 20-05 rev2/2208, completed in accordance and consistent with the terms set forth in this Agreement.

2.3 **Payment for Option and Application to Purchase Price.** On the Option Closing Date, Optionee shall pay to Optionors **One Million Dollars and No Cents (\$1,000,000.00)** for the Option period ending on January 31, 2017. The Option payment made hereunder shall be non-refundable to Optionee, except as expressly provided herein or in the event of a default by Optionors hereunder. On the Option Closing Date, the sum of **Three Hundred Thousand Dollars and No Cents (\$300,000.00)** shall be released from escrow to Optionors upon recording of this Option to Purchase Real Estate Agreement. The remaining Option amount of **Seven Hundred Thousand Dollars and No Cents (\$700,000.00)** shall be held in escrow until such time as: (i) the Option period expires without Optionee exercising the Option, Optionee defaults hereunder, or the closing of the sale of the Property occurs, in each such case such remaining Option amount shall be released and paid to Optionors; or (ii) Optionors default hereunder or any other event occurs which expressly provides for the refund of the Option payment to Optionee, in each such case such remaining Option amount shall be released and paid to Optionee.

Should Optionee exercise its Option to Purchase the Property, the amount of any Option payment paid to Optionors shall be applied to and deducted from the Purchase Price for the Bentrige Property.

2.4 Option to Purchase shall be a Covenant. The Option granted by Optionors to Optionee shall be a covenant running with the Land and shall be binding on all present and future owners and occupiers of the Property, their successors, heirs and assigns. This Option shall be recorded with the Auditor of Thurston County, Washington on the Option Closing Date (as defined below) at Optionee's sole cost and expense.

2.5 Option Closing Date and Deposit of Documents. Subject to the satisfaction of the contingencies set forth in Sections 2.7 and 2.8 below, the Closing for this Option to Purchase shall be at the offices of the "Escrow Agent" on a mutually acceptable date not later than thirty (30) days after the Effective Date of this Option, but in any event not later than October 31, 2016 (the "Option Closing Date"), unless otherwise agreed to by the Parties. The Escrow Agent shall be Thurston County Title Co., in its capacity as Escrow Agent, located at 105 8th Ave SE, Olympia, Washington 98501. On the Option Closing Date, Escrow Agent shall record the executed Option to Purchase Real Estate between Optionors and Optionee and the Option amount for the Option period shall be delivered by Optionee to the Escrow Agent and released to Optionors, subject to the terms in Sections 2.3 and 2.4 above. Optionors and Optionee will use their reasonable best efforts, consistent with and subject to their respective rights and obligations as otherwise set forth in this Option, to cause Closing for the Option to Purchase to occur within thirty (30) days of the Effective Date.

2.6 Exercise of Option to Purchase. The Optionee may exercise this Option to Purchase by timely giving notice prior to the expiration of the Option term to Optionors or their successors, heirs or assigns, as provided in Section 3.8 below, of Optionee's decision to purchase the Property upon the terms set forth herein. If Optionee fails to timely exercise the Option to Purchase, this Agreement shall terminate and no longer be effective.

2.7 Title and Survey Matters for Option. Optionee has ordered a preliminary commitment for an ALTA owner's standard coverage title insurance policy issued by Thurston County Title Co. ("Title Company"), describing the Property, showing all matters pertaining to the Property and Optionors as vested fee owners in the Property. Nothing herein shall be construed as imposing any cost obligation upon the Optionors. In the event that the initial title binder contains unacceptable title exceptions to Optionee, then Optionee shall notify Optionors within fifteen (15) days after the Effective Date. Optionors shall notify Optionee thereafter within ten (10) days if Optionors agree, in their sole discretion, to remove or otherwise cure such objectionable matters (failure to timely respond shall be deemed an election not to remove or cure). If Optionors elect to remove or cure any matters, Optionors shall not be obligated to remove or cure unless and until Optionee exercises the Option to Purchase under Section 2.6. If Optionors elect or are deemed to have elected not to remove or cure any matter objected to, then this Option shall terminate and neither Optionors nor Optionee shall thereafter have any further liability or obligation under this Option and Optionee shall be entitled to a full refund of its Option payment. All title matters referenced in the initial preliminary commitment and not objected to by Optionee within fifteen (15) days after the Effective Date shall be deemed "Pre-Approved Title Matters." Optionors agree that they shall not, except as permitted herein, further encumber title to the Property at any time during the period of the Option in any manner that would materially and adversely affect title to the Property (as determined by Optionee in its reasonable discretion), otherwise Optionee may terminate this Agreement and shall receive a refund of its Option payment.

2.8. Initial Inspection; Environmental Reports. To the best of their knowledge, Optionors do not have in their possession any environmental reports related to any hazardous materials or chemicals regulated by the Model Toxics Control Act concerning the Property, including phase I and 2 environmental assessments and therefore shall not be required to provide any such reports to Optionee. Optionee shall be entitled to perform any of its own tests or other studies concerning all aspects of the Property, including without limitation the environmental condition of the Property, within the period after the Effective Date and prior to the Option Closing Date in Section 2.5, and shall have the right and permission for its employees, representatives, consultants and agents to enter upon the Property or any part thereof at all reasonable times for the purpose, at Optionee's cost and expense, of making all tests and/or studies of the Property that Optionee may wish to undertake, including, without limitation, soils tests, toxic and hazardous waste studies, and surveys, provided, however, that Optionee shall schedule all access to the Property in advance with Optionors and shall be required to obtain Optionors' written consent prior to conducting any invasive testing (including approval of any proposed work plan), which consent shall not be unreasonably withheld. Optionee shall further indemnify and hold harmless Optionors from and against any mechanic's or other liens or claims, causes of action, costs, expenses, or liabilities that may be filed or asserted against the Property or Optionors arising out of or relating to any actions taken by Optionee or its employees, agents, consultants or representatives in connection with the Property. Optionee, to the extent necessary, shall reasonably restore the Property at Optionee's sole cost and expense to its conditions immediately prior to any access or testing by Optionee or its employees, agents, consultants and representatives. If Optionee performs a phase I environmental assessment on the Property as a part of its initial inspection and such phase I recommends or otherwise indicates that a phase II environmental assessment or other supplemental environmental testing should be conducted, the Parties agree that the Option Closing Date shall be extended to the date that is seven (7) business days after Optionee receives the results back on its phase II or supplemental testing (so long as Optionee promptly orders the phase II or additional testing), in order to provide adequate time for issuance of reports or laboratory analysis of testing results obtained by Optionee or its employees, representatives, consultants and agents. The environmental and all other studies and assessments of the Property shall be subject to Optionee's satisfaction in all aspects of the Property for Optionee's intended use, in Optionee's sole discretion. If Optionee is not satisfied with its environmental and other studies and assessments of the Property prior to the Option Closing Date, then Optionee may terminate this Agreement in its sole discretion and neither Optionee nor Optionors shall have any further liability or obligation under this Option and Optionee shall be entitled to a refund of its Option payment.

2.9. Physical Condition to Remain Substantially the Same. The physical condition of the Property, including forest cover, shall remain substantially the same as it is at the time of Optionee's signature to this Agreement. If at any time during the Option period, the Land is cleared, logged, mined, or the forest cover is otherwise materially disturbed, Optionee is entitled to the return of its Option payment made under Section 2.3. Optionors shall not enter into any lease, license or other occupancy agreement with any person for the Property until after the Option term has expired or Optionee has elected not to exercise its Option to Purchase the Property, whichever occurs earlier.

2.10 Additional Terms. The additional terms in Sections 3.8 and 3.9, and all subsections respectively thereunder, shall also apply to this Option to Purchase.

3. After Exercise of Option to Purchase. If Optionee timely exercises the Option to Purchase, the Parties shall enter into an as-is, where-is "Real Estate Purchase and Sale Agreement" for such sale, based upon the following terms and conditions, within thirty (30) days after Optionee's exercise of its Option to Purchase the Property. The Parties agree that such Real Estate Purchase and Sale Agreement shall be entered into solely for the purpose of memorializing the following terms and

conditions and shall not contain any new or modified terms or conditions that are contrary to those set forth below, unless mutually agreed upon by the Parties in their sole and absolute discretion. The Parties acknowledge and agree that all material terms and conditions of a Real Estate Purchase and Sale Agreement are set forth below.

3.1 Payment of Purchase Price upon Exercise of Option to Purchase. On the “Sale Closing Date” (defined below), Optionee as “Buyer” (or the “City of Olympia” or the “City”) shall deposit with Escrow Agent the portion of the Purchase Price as set forth in Section 2.2.2 above. Such portion of the Purchase Price shall be paid to Optionors as “Sellers” at the time of the Sale Closing Date by wire transfer, or by certified, cashier’s, treasurer’s or bank check(s) based on Sellers’ instruction to the Escrow Agent. Within three (3) business days following the execution and delivery of the Real Estate Purchase and Sale Agreement, Buyer and Sellers shall open escrow with Escrow Agent, by depositing with Escrow Agent a copy of the Real Estate Purchase and Sale Agreement and Buyer’s written notice exercising the Option to Purchase.

3.2. Closing Date for Real Estate Purchase and Sale Agreement. The Closing shall be held at the offices of the Escrow Agent on a date that is mutually acceptable to the Parties not later than thirty (30) days after the exercise of the Option to Purchase and complete execution of the Real Estate Purchase and Sale Agreement, but in any event not earlier than January 5, 2017 (the “Sale Closing Date”), unless otherwise agreed by the Parties. Closing shall occur when the Deed (as hereinafter defined) to Buyer is recorded, the portion of the Purchase Price as set forth in Section 2.2.2 and the Note have been delivered to the Escrow Agent for delivery to Sellers, and the Deed of Trust has been recorded. Sellers and Buyer will use their reasonable best efforts, consistent with and subject to their respective rights and obligations as otherwise set forth in this Real Estate Purchase and Sale Agreement, to cause the Sale Closing to occur on or not later than the Sale Closing Date, which shall be not later than thirty (30) days after the Option to Purchase has been exercised and complete execution of the Real Estate Purchase and Sale Agreement.

3.3. Title and Survey Matters.

3.3.1 Title Binder. Promptly after exercising the Option to Purchase, Buyer shall order an updated preliminary commitment for an ALTA owner’s standard coverage title insurance policy issued by Title Company describing the Property, showing all matters pertaining to the Property and listing Buyer as the prospective named insured, in a form acceptable to Buyer, updating the initial preliminary commitment to the exercise date of the Option to Purchase and Real Estate Purchase and Sale Agreement. Such updated preliminary commitment, supplemental reports and true, correct and legible copies of all documents referred to in such preliminary commitment and supplemental reports as conditions or exceptions to title to the Property are collectively referred to herein as the “Title Binder.” Nothing herein shall be construed as imposing any cost obligation upon Sellers.

3.3.2 Title Review. Within seven (7) business days of Buyer’s receipt of the updated commitment (“Title Review Period”), Buyer shall review the Title Binder, and, shall notify Sellers what new exceptions to title since the initial commitment, if any, are unacceptable. Any new exceptions that are not disapproved by Buyer in writing during the Title Review Period, any exceptions consented to or required by Buyer and all Pre-Approved Title Matters shall constitute “Permitted Exceptions.” Sellers shall remove any or all exceptions that are not Permitted Exceptions prior to the Sale Closing Date or shall notify Buyer that it will not remove such exceptions; if Sellers shall fail to remove any such exceptions objected to by Buyer from title prior to the Sale Closing Date, and Buyer states in writing that it is unwilling to take title subject thereto, then the Real Estate Purchase and Sale Agreement

shall terminate and neither Sellers nor Buyer shall thereafter have any further liability or obligation under the Real Estate Purchase and Sale Agreement and Buyer shall receive a refund of its Option payment. If Sellers cause any new exception to title on the Property after the Option Closing Date (other than "Pre-Approved Title Matters") that materially and adversely affects title to the Property (as reasonably determined by Buyer), then Buyer may terminate the Real Estate Purchase and Sale Agreement and, in such event, Buyer is entitled to receive return of the Option payment paid to Sellers. Sellers shall not be required to incur any expense in order to render their title marketable or remove any matter disapproved by Buyer; provided that, Sellers shall not refuse to remove any disapproved item that involves only payment of a monetary obligation secured by a lien or other encumbrance on the Land.

3.3.3 Title Policy. At Sale Closing, Sellers and Buyer shall cause Title Company to issue an Owner's standard coverage title insurance policy (ALTA Owners Policy) ("Title Policy") to Buyer, at Buyer's cost. The Title Policy shall (a) be issued in the amount of the total Purchase Price and (b) insure fee simple, indefeasible title to the Property in Buyer, subject only to the Permitted Exceptions and the standard printed exceptions. The Title Policy may contain endorsements as Buyer may require; provided that Buyer shall be solely responsible for all additional costs and requirements to obtain such endorsements.

3.4. Conditions to Buyer's Obligations.

3.4.1 Continued Inspection of the Property. For the sole purpose of confirming that no aspect of the Property has materially and adversely changed from the date of Buyer's initial inspection and assessment of the Property under Section 2.8 above, Buyer and its employees, representatives, consultants and agents shall have the right and permission from the Option Closing Date through the Sale Closing Date (or earlier termination of the Option or Real Estate Purchase and Sale Agreement) to enter upon the Property or any part thereof at all reasonable times and from time to time for the purpose, at Buyer's cost and expense, of making all tests and/or studies of the Property that Buyer may wish to undertake, including, without limitation, soils tests, toxic and hazardous waste studies, surveys, structural studies and review of zoning, fire, safety and other compliance matters; provided, however, that Buyer shall schedule all access to the Property in advance with Sellers and shall be required to obtain Sellers' written consent prior to conducting any invasive testing. Buyer shall further indemnify and hold harmless Sellers from and against any mechanic's or other liens or claims, causes of action, costs, expenses, or liabilities that may be filed or asserted against the Property or Sellers arising out of or relating to any actions taken by Buyer or its employees, agents, consultants or representatives in connection with the Property. To the extent necessary, Buyer shall reasonably restore the Property at its sole cost and expense to its condition immediately prior to any access or testing by Buyer or its employees, agents, consultants and representatives. Buyer's exercise of its Option to Purchase and any subsequent purchase of the Property shall be subject to its satisfaction that no aspect of the Property has materially and adversely changed for Buyer's intended use from the date of Buyer's initial inspection and assessment of the Property under Section 2.8 above, in Buyer's reasonable discretion. Buyer shall be required to satisfy itself of this condition prior to exercising the Option to Purchase under Section 2.6. Upon exercising the Option to Purchase, Buyer shall be deemed to have accepted the condition and all aspects of the Property. Buyer acknowledges that the sale of the Property shall be strictly on an "As-Is" basis, with all faults and defects, whether known or unknown, and Buyer agrees that, as of the Sale Closing Date, Buyer shall be deemed to have waived and released Sellers from any and all claims, suits, demands, liabilities, damages and other obligations arising in connection with or related to the Property, other than those arising as a result of any intentional wrongful act of Sellers. Notwithstanding the foregoing, in the event of a material and adverse change occurring upon or relating to the condition of the Property after exercising the Option to Purchase and before the Sale Closing, then Buyer may terminate

the Option to Purchase and Real Estate Purchase and Sale Agreement and Buyer shall be entitled to a refund of its Option payment. It is understood that the presence of any trespassers or "squatters" on the Property shall not be a basis for the return of the Option payment pursuant to this Section 3.4.1 or otherwise.

Buyer hereby waives the right to any seller disclosure statement which would otherwise be required under RCW Chapter 64.06. Further, in the event a seller's disclosure statement or any portion thereof is required under RCW Chapter 64.06, pursuant to RCW 64.06.040(3), Buyer hereby waives any right of rescission of the Real Estate Purchase and Sale Agreement that Buyer might otherwise have under RCW Chapter 64.06.

BUYER ACKNOWLEDGES THE PROPERTY IS "AS IS WHERE IS" IN ITS PRESENT CONDITION. BUYER HAS THE OPPORTUNITY TO INSPECT THE PROPERTY AND DOCUMENTATION IN SELLERS' POSSESSION AS PROVIDED HEREIN. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, THE REAL ESTATE PURCHASE AND SALE AGREEMENT OR THE CLOSING DOCUMENTS, SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO, HEREBY DISCLAIM AND SHALL HAVE NO LIABILITY FOR: (A) THE CONDITION OF THE PROPERTY OR ANY BUILDINGS, STRUCTURES OR IMPROVEMENTS THEREON OR THE ROOFS, STRUCTURAL COMPONENTS, OR HEATING, VENTILATING, AIR CONDITIONING, MECHANICAL, PLUMBING, ELECTRICAL, OR FIRE AND LIFE SAFETY SYSTEMS THEREON OR THEREIN OR THE SUITABILITY OF THE PROPERTY FOR HABITATION OR FOR BUYER'S INTENDED USE; (B) ANY APPLICABLE BUILDING, ZONING OR FIRE LAWS OR REGULATIONS OR WITH RESPECT TO COMPLIANCE THEREWITH OR WITH RESPECT TO THE EXISTENCE OF OR COMPLIANCE WITH ANY REQUIRED PERMITS, IF ANY, OF ANY GOVERNMENTAL AGENCY; (C) THE AVAILABILITY OR EXISTENCE OF ANY WATER, SEWER OR UTILITIES, ANY RIGHTS THERETO, OR ANY WATER, SEWER OR UTILITY DISTRICTS; (D) ACCESS TO ANY PUBLIC OR PRIVATE SANITARY SEWER OR DRAINAGE SYSTEM; OR (E) THE PRESENCE OF ANY HAZARDOUS SUBSTANCES AT THE PROPERTY OR IN ANY IMPROVEMENTS ON THE PROPERTY, INCLUDING WITHOUT LIMITATION ASBESTOS OR UREA-FORMALDEHYDE, OR THE PRESENCE OF ANY ENVIRONMENTALLY HAZARDOUS WASTES OR MATERIALS ON OR UNDER THE PROPERTY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, THE REAL ESTATE PURCHASE AND SALE AGREEMENT OR THE CLOSING DOCUMENTS, SELLERS SHALL HAVE NO LIABILITY WITH RESPECT TO THE CONDITION OF THE PROPERTY UNDER COMMON LAW, OR ANY FEDERAL, STATE, OR LOCAL LAW OR REGULATION, INCLUDING BUT NOT LIMITED TO THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980 AS AMENDED, 42 U.S.C.A. SECTIONS 9601 ET SEQ., OR APPLICABLE WASHINGTON LAW, AND BUYER HEREBY RELEASES AND WAIVES ANY AND ALL CLAIMS WHICH THE BUYER HAS OR MAY HAVE AGAINST THE SELLERS WITH RESPECT TO THE CONDITION OF THE PROPERTY. BUYER ACKNOWLEDGES THAT BUYER IS GIVEN THE OPPORTUNITY UNDER THIS AGREEMENT TO FULLY INSPECT THE PROPERTY AND BUYER ASSUMES THE RESPONSIBILITY AND RISKS OF ALL DEFECTS AND CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUCH DEFECTS AND CONDITIONS, IF ANY, THAT CANNOT BE OBSERVED BY CASUAL INSPECTION.

3.4.2 Additional Closing Conditions. Buyer's obligation to purchase the Property shall also be subject to the following conditions that must be satisfied as of Closing:

(i) All representations and warranties of Sellers contained in Section 3.5 below shall be true, accurate and complete in all material respects at the time of the Sale Closing as if made again at such time;

(ii) Sellers shall have performed all obligations to be performed by them hereunder on or before the Sale Closing (or, if earlier, on or before the date set forth in the Real Estate Purchase and Sale Agreement for such performance);

(iii) At Sale Closing, title to the Property shall be in the condition required by **Section 3.3** herein and in the Real Estate Purchase and Sale Agreement and Escrow Agent shall deliver the Title Policy to Buyer; and

(iv) At Closing, the physical condition and forest cover of the Property shall be substantially the same as on the date the Option is signed by Optionee, ordinary wear and tear and acts described in Section 2.9 above excepted.

(v) The Real Estate Purchase and Sale Agreement must be approved by the Olympia City Council, the legislative body of the City of Olympia, a Washington municipality.

If the conditions set forth in this **Section 3.4** are not satisfied as of Sale Closing and Buyer does not waive the same, Buyer or Sellers may terminate the Real Estate Purchase and Sale Agreement, and thereafter neither Buyer nor Sellers shall have any further liability one to the other under the Real Estate Purchase and Sale Agreement, and, except as provided in the following sentence, Buyer shall be entitled to receive return of the Option payment paid to Sellers. If the City Council does not approve a Real Estate Purchase and Sale Agreement containing the terms and conditions agreed to herein, failure of such condition **shall not** entitle Buyer to receive a return of its Option payment. In such event, Optionors/Sellers shall be entitled to retain the Option payment.

3.5 Sellers' Representations and Warranties. Sellers have all necessary power and authority to enter into the Real Estate Purchase and Sale Agreement. The Real Estate Purchase and Sale Agreement shall constitute the legal, valid, binding and enforceable obligation of Sellers and Buyer.

3.6 Sellers' Provision of Further Information. From the Option Closing Date to the Sale Closing Date, Sellers will notify Buyer of each event of which Sellers become aware materially affecting the Property or any part thereof immediately upon learning of the occurrence of such event.

3.7 Closing Pursuant to the Real Estate Purchase and Sale Agreement.

3.7.1 Time and Place. Provided that all the contingencies set forth in the Real Estate Purchase and Sale Agreement have been previously fulfilled, the Sale Closing shall take place at the place and time determined as set forth in **Section 3.2** above.

3.7.2 Documents to be Delivered by Sellers. For and in consideration of, and as a condition precedent to, the payment to Sellers of any of the Purchase Price, Sellers shall obtain and deliver to Buyer at Closing the following documents (all of which shall be duly executed and acknowledged where required):

(i) **Deed.** A statutory warranty deed (“Deed”), conveying to Buyer title to the Property, free and clear of all liens, encumbrances, conditions, easements, assignments, and restrictions, except for the Permitted Exceptions, including all after acquired title, in the form attached hereto as Exhibit B.

(ii) **Title Documents.** Such other documents, including, without limitation, certificates of good standing or copy of any trust instrument or assignment or appointment of successor trustee or any amendments thereto, as shall be reasonably required by the Title Company (at no cost or additional liability to Sellers) as a condition to its insuring Buyer’s fee simple title to the Property free of any exceptions, other than the Permitted Exceptions, and any other documents reasonably requested by Title Company to close the sale shall be provided upon request of Title Company.

(iii) **Authority.** Such evidence as the Title Company shall require as to authority of Sellers, and/or each of them, to convey the Property to Buyer.

3.7.3 Delivery by Buyer. Buyer shall deliver the portion of the Purchase Price described in Section 2.2.2, the Note, and the Deed of Trust (all of which shall be duly executed and acknowledged where required), to Sellers at Sale Closing and any other documents reasonably requested by Title Company to close the sale.

3.7.4 Payment of Costs. Notwithstanding the foregoing, Sellers and Buyer shall pay their own respective costs incurred with respect to the consummation of the purchase and sale of the Property including, without limitation, attorneys’ fees. Notwithstanding the foregoing, Buyer shall pay the fee to record the Deed, the fee to record the Deed of Trust, the premium for the Title Policy, and the escrow fee. Sellers shall pay any real estate excise tax due upon the sale of the Property.

3.7.5 Property Taxes. In the event Sellers have prepaid any taxes on the Property as of the date of Sale Closing, Sellers shall be entitled to a pro rata refund on the amount paid pursuant to RCW 84.60.050.

3.7.6 Monetary Liens. Sellers shall pay or cause to be satisfied at or prior to Sale Closing all recorded monetary liens on or with respect to all or any portion of the Property, including, but not limited to, mortgages, deeds of trust, security agreements, assignments of leases, rents and/or easements, judgment liens, tax liens (other than those for taxes not yet due and payable) and financing statements.

3.7.7 Possession. Possession and use of the Property shall be delivered to Buyer at Sale Closing subject to all Permitted Exceptions.

3.8 Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party (collectively, “Notices”) shall be in writing and shall be validly given or made to another party if delivered either personally or by Federal Express (FedEx) or other overnight delivery service of recognized standing, or if deposited in the United States mail, certified, registered, or express mail with postage prepaid. If such Notice is personally delivered, it shall be conclusively deemed given at the time of such delivery. If such Notice is delivered by Federal Express or other overnight delivery service of recognized standing, it shall be deemed given twenty-four (24) hours after the deposit thereof with such delivery service. If such Notice is mailed as provided herein, such shall be deemed given forty-eight (48)

hours after the deposit thereof in the United States mail. Each such Notice shall be deemed given only if properly addressed to the party to whom such notice is to be given as follows:

To Sellers: Gregg O. Dawley and Kristi A. Dawley
P.O. Box 286
Ross, CA 94957-0286
Email: gdawley@comcast.net
Phone: (310) 614-6325

Douglas L. Dawley and Paula P. Dawley
4600 SW Greenhills Way
Portland, OR 97221-3274
Email: dawley5@msn.com
Phone: (503) 274-7074

Shirley G. Dawley
c/o Gregg O. Dawley
P.O. Box 286
Ross, CA 94957-0286
Email: gdawley@comcast.net
Phone: (310) 614-6325]

To Buyer: Steven R. Hall, City Manager
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967
E-mail: shall@ci.olympia.wa.us
Phone: (360) 753-8447 FAX: (360) 570-3791

With copies to: Mark Barber, City Attorney
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967
E-mail: mbarber@ci.olympia.wa.us
Phone: (360) 753-8338 FAX: (360) 570-3791

Any party hereto may change its address for the purpose of receiving notices as herein provided by a written notice given in the manner aforesaid to the other party hereto.

3.9 Miscellaneous.

3.9.1 Applicable Law and Venue. The Option to Purchase and the Real Estate Purchase and Sale Agreement shall in all respects, be governed by the laws of the State of Washington. Venue for any lawsuits concerning this agreement shall be in Thurston County Superior Court.

3.9.2 Further Assurances. Each of the Parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of its obligations under the Option to Purchase and the Real Estate Purchase and Sale Agreement, to carry out the intent of the Parties hereto.

3.9.3 Modification or Amendment, Waivers. No amendment, change or modification of the Option to Purchase or the Real Estate Purchase and Sale Agreement shall be valid, unless in writing and signed by all of the Parties hereto.

3.9.4 Successors and Assigns. All of the terms and provisions contained in the Real Estate Purchase and Sale Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Buyer shall not be permitted to assign the Option to Purchase or the Real Estate Purchase and Sale Agreement, or any part thereof, to any other party.

3.9.5 Entire Agreement. The Option to Purchase and the Real Estate Purchase and Sale Agreement shall constitute the entire understanding and agreement of the Parties with respect to their subject matters and any and all prior agreements, understandings or representations with respect to such subject matters are hereby canceled in their entirety and are of no further force or effect. The Parties do not intend to confer any benefit under the Option to Purchase and Real Estate Purchase and Sale Agreement to any person, firm or corporation other than the Parties. The Recitals set forth above are hereby fully incorporated into this Option to Purchase and the Real Estate Purchase and Sale Agreement as if set forth herein.

3.9.6 Attorneys' Fees. Should either party bring suit to enforce the Option to Purchase or Real Estate Purchase and Sale Agreement, the substantially prevailing party in such lawsuit shall be entitled to an award of its reasonable attorneys' fees and costs incurred in connection with such lawsuit.

3.9.7 Construction. Captions are solely for the convenience of the Parties and are not a part of the Option to Purchase or Real Estate Purchase and Sale Agreement. The Option to Purchase and Real Estate Purchase and Sale Agreement shall not be construed as if they had been prepared by one of the Parties, but rather as if both Parties had prepared them. If the date on which Buyer or Sellers are required to take any action under the terms of the Option to Purchase or Real Estate Purchase and Sale Agreement is not a business day, the action shall be taken on the next succeeding business day.

3.9.8 Partial Invalidity. If any term or provision of the Option to Purchase or Real Estate Purchase and Sale Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of Option to Purchase or the Real Estate Purchase and Sale Agreement shall not be affected thereby; and each such term and provision of the Option to Purchase or Real Estate Purchase and Sale Agreement shall be valid and be enforced to the fullest extent permitted by law.

3.9.9 Survival. The covenants, agreements, representations and warranties made in the Option to Purchase or Real Estate Purchase and Sale Agreement shall survive the respective Option or Sale Closing Dates unimpaired and shall not merge into the Deed and the recordation thereof.

3.9.10 Finders' or Brokers' Fees. Sellers and Buyer each hereby represent and warrant to the other that no broker, agent or finders' fees or commissions, or other similar fees, are due or arising in connection with any of the transactions contemplated by the Option to Purchase or Purchase and Sale Agreement other than a commission to be paid by Sellers to Samish Bay Land Company on or after the Sale Closing Date. Optionors/Sellers and Optionee/Buyer each hereby agree to indemnify, defend and hold the other harmless from and against any loss, liability, damage, cost, damage, claim or expense, including interest, penalties and reasonable attorneys' fees, that the other party shall incur or suffer because of any claim by a broker, agent, or finder claiming by, through, or under such indemnifying party, whether or not such claim is meritorious, for any compensation with respect to the entering into of the Option to Purchase or Real Estate Purchase and Sale Agreement, the sale and purchase of the Property, or the consummation of the transactions contemplated herein, except as provided herein.

3.9.11 Time. Time is of the essence of every provision of the Option to Purchase and Real Estate Purchase and Sale Agreement.

3.9.12 Force Majeure. Performance by Sellers or Buyer of their obligations under the Option to Purchase or Real Estate Purchase and Sale Agreement shall be extended by the period of delay caused by force majeure. Force majeure is war, natural catastrophe, strikes, walkouts or other labor industrial disturbance, order of any government, court or regulatory body having jurisdiction, shortages, blockade, embargo, riot, civil disorder, or any similar cause beyond the reasonable control of the party who is obligated to render performance (but excluding financial inability to perform, however caused).

3.9.13 No Individual Liability. In no event shall any shareholder, officer, director, member, partner, affiliate, agent or employee of Optionors/Sellers be or be held liable or responsible in any way for the obligations or liabilities of Optionors/Sellers under the Option to Purchase or Real Estate Purchase and Sale Agreement.

3.9.14 Counterparts. The Option to Purchase and Real Estate Purchase and Sale Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one agreement; but in making proof of the Option to Purchase or Real Estate Purchase and Sale Agreement, it shall not be necessary to produce or account for more than one such counterpart. Additionally, (i) the signature pages taken from separate individually executed counterparts of the Option to Purchase or the Real Estate Purchase and Sale Agreement may be combined to form multiple fully-executed counterparts; and (ii) a facsimile signature or an electronically scanned signature shall be deemed to be an original signature for all purposes. All executed counterparts of the Option to Purchase or Real Estate Purchase and Sale Agreement shall be deemed to be originals, but all such counterparts, when taken together, shall constitute one and the same agreement either as Option to Purchase or Real Estate Purchase and Sale Agreement.

3.9.15 Effective Date. The term, "date of this Agreement", or "date hereof", or "Effective Date", as used herein, shall mean the later of the following dates: (1) the date of Buyer's signature; or (2) the last date of Sellers' signatures.

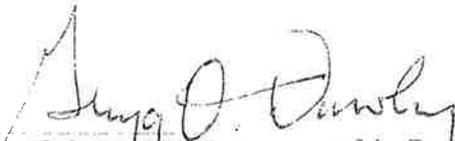
3.9.16 Release of Option. If Optionee fails to timely exercise its Option to Purchase or should the Real Estate Purchase and Sale Agreement terminate for any other reason hereafter, Optionee/Buyer shall promptly execute and deliver to Optionors/Sellers (i) a termination and release of the Option to Purchase or Real Estate Purchase and Sale Agreement in recordable format in order for

Optionors/Sellers to clear title of the obligations hereunder, and if Optionee/Buyer fails to provide such termination and release within ten (10) business days following Optionors'/Seller's request, such failure shall be a default hereunder and result in a penalty of \$1,000 per calendar day payable from the Optionee/Buyer to the Optionors/Sellers. If the Real Estate Purchase and Sale Agreement terminates for any reason requiring the return of the Option payment, Optionors/Sellers may retain the Option payment until such time as Optionee/Buyer provides such termination and release. In the event of a dispute related to whether Optionee/Buyer is entitled to the return of the Option payment, Optionors/Sellers may deposit the Option payment with Escrow Agent to hold in escrow pending resolution of such dispute, or interplead the Option payment with the Thurston County Superior Court pending resolution of such dispute, in which case Optionee/Buyer shall promptly deliver the termination and release and/or request for reconveyance as provided herein subject to the penalty provided above, but only subject to the penalty if the court finds that Optionee/Buyer is not entitled to the return of the Option payment. Otherwise, no penalty is due or payable by Optionee/Buyer.

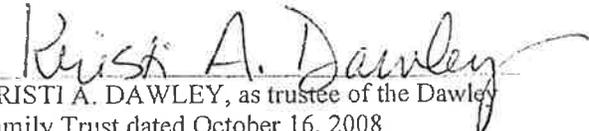
3.9.17 Default. If, prior to the Sale Closing, Optionee/Buyer defaults under any material provision of the Option to Purchase or Real Estate Purchase and Sale Agreement and does not cure such material default after a ten (10) day notice and opportunity to cure is given by Optionors/Sellers, Optionors/Sellers may terminate the Option to Purchase or Purchase and Sale Agreement by notice to Optionee/Buyer and Optionors/Sellers shall be entitled to retain the Option payment made hereunder, as its sole and exclusive remedy, except for the provisions set forth in Section 3.9.6 above. If, prior to the Sale Closing, Optionors/Sellers default under any material provision of the Option to Purchase or Real Estate Purchase and Sale Agreement and do not cure such material default after a ten (10) day notice and opportunity to cure is given by Optionee/Buyer, Optionee/Buyer may terminate the Option to Purchase or Real Estate Purchase and Sale Agreement by notice to Optionors/Sellers and Optionee/Buyer shall be entitled to receive a refund of the Option payment made hereunder, as its sole and exclusive remedy, except for the provisions set forth in Section 3.9.6 above.

[Signatures follow on next page.]

SELLERS:


GREGG O. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: 9-18-2016


KRISTI A. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: 9-18-2016

DOUGLAS L. DAWLEY, as trustee of the
Revocable Trust of Douglas L. Dawley dated
April 2, 2004

Date: _____

PAULA P. DAWLEY, as trustee of the Revocable
Trust of Douglas L. Dawley dated April 2, 2004

Date: _____

SHIRLEY G. DAWLEY, as Trustee of the Robert
E. Dawley Trust, dated November 8, 1983

Date: _____

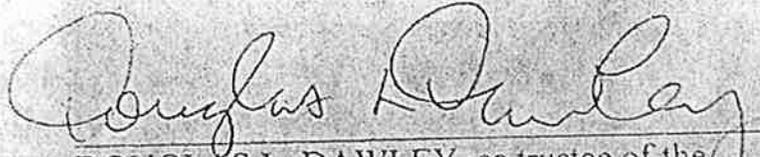
SILBERS.

GREGG O. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: _____

KRISTI A. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: _____



DOUGLAS L. DAWLEY, as trustee of the/
Revocable Trust of Douglas L. Dawley dated
April 2, 2004

Date: 9/20/16

PAULA P. DAWLEY, as trustee of the Revocable
Trust of Douglas L. Dawley dated April 2, 2004

Date: _____

SHIRLEY G. DAWLEY, as Trustee of the Robert
E. Dawley Trust, dated November 8, 1983

Date: _____

SELLERS:

GREGG O. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: _____

KRISTI A. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

Date: _____

DOUGLAS L. DAWLEY, as trustee of the
Revocable Trust of Douglas L. Dawley dated
April 2, 2004

Date: _____

Paula P Dawley

PAULA P. DAWLEY, as trustee of the Revocable
Trust of Douglas L. Dawley dated April 2, 2004

Date: 9/17/16

SHIRLEY G. DAWLEY, as Trustee of the Robert
E. Dawley Trust, dated November 8, 1983

Date: _____

BUYER:

CITY OF OLYMPIA, a Washington municipal corporation

By: _____

Its: _____

Date: _____

APPROVED AS TO FORM:



City Attorney

EXHIBIT A-1
Legal Description

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 30, TOWNSHIP 18 NORTH, RANGE 1 WEST, W.M., EXCEPT THE NORTH 430 FEET OF THE WEST 574.5 FEET AS CONVEYED TO THURSTON COUNTY AND THE CITY OF OLYMPIA BY DEEDS RECORDED UNDER AUDITOR'S FILE NOS. 539316 AND 638169 RESPECTIVELY AND EXCEPT THE WEST 30 FEET OF THE REMAINDER FOR THE COUNTY ROAD KNOWN AS BOULEVARD ROAD.

EXHIBIT A-2
Sketch of Land

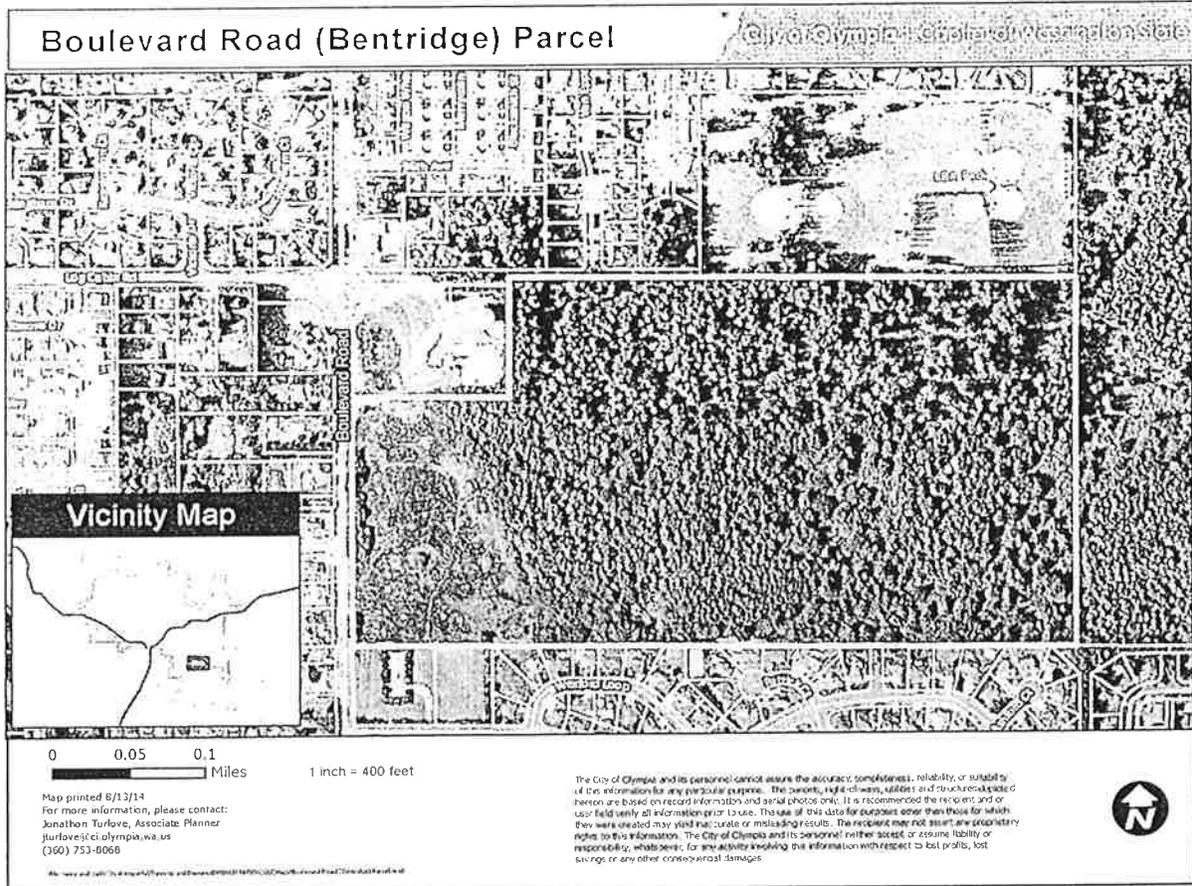


EXHIBIT B
Form of Deed

AFTER RECORDING MAIL TO:

Attn: Legal Department
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967

STATUTORY WARRANTY DEED

The Grantors, **GREGG O. DAWLEY and KRISTI A. DAWLEY, as TRUSTEES OF THE DAWLEY FAMILY TRUST DATED OCTOBER 16, 2008; DOUGLAS L. DAWLEY and PAULA P. DAWLEY, AS TRUSTEES OF THE REVOCABLE TRUST OF DOUGLAS L. DAWLEY DATED APRIL 2, 2004, and SHIRLEY G. DAWLEY, AS TRUSTEE OF THE ROBERT E. DAWLEY TRUST, DATED NOVEMBER 8, 1983,** for and in consideration of the sum of TEN and NO/100--(\$10.00) Dollars, and other valuable considerations, in hand paid, hereby convey and warrant to the **CITY OF OLYMPIA**, a municipal corporation, the following described real estate and all rights thereto, situated in the City of Olympia, County of Thurston, in the State of Washington, including all after acquired title:

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 30, TOWNSHIP 18 NORTH, RANGE 1 WEST, W.M., EXCEPT THE NORTH 430 FEET OF THE WEST 574.5 FEET AS CONVEYED TO THURSTON COUNTY AND THE CITY OF OLYMPIA BY DEEDS RECORDED UNDER AUDITOR'S FILE NOS. 539316 AND 638169 RESPECTIVELY AND EXCEPT THE WEST 30 FEET OF THE REMAINDER FOR THE COUNTY ROAD KNOWN AS BOULEVARD ROAD

Subject to the following:

INSERT PERMITTED EXCEPTIONS

DATED this ____ day of _____, 2017.

GREGG O. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

KRISTI A. DAWLEY, as trustee of the Dawley
Family Trust dated October 16, 2008

DOUGLAS L. DAWLEY, as trustee of the Revocable
Trust of Douglas L. Dawley dated April 2, 2004

PAULA P. DAWLEY, as trustee of the Revocable
Trust of Douglas L. Dawley dated April 2, 2004

SHIRLEY G. DAWLEY, as Trustee of the Robert
E. Dawley Trust, dated November 8, 1983

STATE OF _____)
) ss.
County of _____)

On this _____ day of _____, 2017, before me personally appeared GREGG O. DAWLEY and KRISTI A. DAWLEY, to me known to be the Trustees of the Dawley Family Trust dated October 16, 2008, and acknowledged said instrument to be their free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument

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

Print Name: _____
NOTARY PUBLIC in and for the State of _____,
residing at _____
Commission expires: _____

STATE OF _____)
) ss.
County of _____)

On this _____ day of _____, 2017, before me personally appeared DOUGLAS L. DAWLEY and PAULA P. DAWLEY, to me known to be the Trustees of the Revocable Trust of Douglas L. Dawley dated April 2, 2004, and acknowledged said instrument to be their free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute said instrument

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

Print Name: _____
NOTARY PUBLIC in and for the State of _____,
residing at _____
Commission expires: _____

STATE OF _____)
County of _____) ss.

On this _____ day of _____, 2017, before me personally appeared SHIRLEY G. DAWLEY, to me known to be the Trustee of the Robert E. Dawley Trust dated November 8, 1983, and acknowledged said instrument to be her free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute said instrument

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

Print Name: _____
NOTARY PUBLIC in and for the State of _____,
residing at _____
Commission expires: _____