

SETTLEMENT AGREEMENT

This Settlement Agreement is made between The Davis Land Group, LLC, a Washington Limited Liability Company, and Gary Davis ("Plaintiff"), and the City of Seattle acting through and by Seattle Public Utilities (the "City"). Plaintiff and the City are referred to collectively herein as the "Parties."

The Parties agree as follows:

1. Lawsuit. Plaintiff filed a lawsuit against the City, King County Cause No. 08-2-18119-7 KNT (the "Lawsuit"), alleging that Plaintiff owns interests in real property legally described as:

All that portion of the Burlington Northern and Santa Fe Railway Company's (formerly Chicago, Milwaukee & St. Paul Railway Company) Cedar Falls to Tanner, Washington Branch Line Property now discontinued, located in Government lots 3 and 4 and the Southwest quarter of the Northwest quarter of fractional section 3, township 22, North, Range 8 East of the Willamette meridian, King County, Washington described as follows:

Beginning at the point of intersection of the North line of said section 3 and the Northwesterly line of said railway company's Easton to Cedar Falls, Washington 100 foot wide branch line property; said point also being 1700 feet, more or less, east of the Northwest corner of said section 3;

Thence West along said North line 440 feet, more or less, to a line parallel with and 50 feet normally distant Northwesterly from the centerline of said railway company's Everett branch main track, as originally located and constructed;

Thence South 34°57' West along said parallel line 800 feet, more or less, to the Northwesterly line of said Easton to Cedar Falls, Washington branch line right of way;

Thence Northeasterly along said Northwesterly right of line to the point of beginning, containing 3.11 acres, more or less, and being the same property described in deed from Weyerhaeuser Timber Company dated January 15, 1910 and recorded in volume 736 page 205 in said King County.

2. City's Answer. The City has answered the Lawsuit, asserting its ownership of the subject property.

3. Mutual Desire to Settle. The Parties recognize mutual benefits to compromising and settling all claims and disputes existing between them without further litigation, including but not limited to all claims to ownership of the subject property and claims arising therefrom that Plaintiff has made in the above referenced suit, and any and

all further claims of ownership that Plaintiff, its predecessors, successors or assigns might bring, whether the same is contained in any pleading in this matter or otherwise.

4. Plaintiff's Obligations. Plaintiff shall execute and deliver to the City the attached Statutory Warranty Deed, a signed original of the attached Stipulation and Order dismissing the Lawsuit with prejudice, and an executed copy of this Agreement, together with proof of authorization to execute the same.

5. City's Obligations. The City will draft and present to the Seattle City Council for its consideration an ordinance authorizing the acceptance of the deed and donation, and authorizing the Director of Seattle Public Utilities or his designee to sign Internal Revenue Service ("IRS") Form No. 8283, which will acknowledge the donation, but which will make no representation of price or value. Upon said ordinance becoming effective the City will (i) record the deed; (ii) sign IRS Form No. 8283 acknowledging the donation; and (iii) execute the stipulation and order of dismissal of the Lawsuit, and file the same with King County Superior Court.

6. Release. Plaintiff, on behalf of itself and its officers, directors, agents, managers, parent entities, subsidiaries, partners, general partners, limited partners, members, managing members, advisors, attorneys, accountants, representatives, predecessors, successors and assigns, as well as anyone else who may claim by or through it, hereby releases, acquits, and forever discharges the City and its departments, officers, elected officials, employees, and agents from any and all claims, costs, actions, damages, and demands of any kind that were or could have been asserted in the Lawsuit, including any and all claims to ownership of the subject property and claims arising therefrom.

The City, on behalf of itself and its departments, officers, elected officials, employees, and agents hereby releases, acquits, and forever discharges the Plaintiffs, and their officers, directors, agents, managers, parent entities, subsidiaries, partners, general partners, limited partners, members, managing members, advisors, attorneys, accountants, representatives, predecessors, successors and assigns, from any and all claims, costs, actions, damages, and demands of any kind that were or could have been asserted in the Lawsuit, including any and all claims to ownership of the subject property and claims arising therefrom.

7. No Admission. This Settlement Agreement is not an admission of liability or fault by any party, and all Parties expressly disclaim any admission of liability or fault with respect to the disputed matters.

8. Governing Law. This Settlement Agreement will be governed by, and construed according to, the laws of the State of Washington.

9. Costs and Attorney's Fees. In the event there is any litigation arising from this Settlement Agreement, the non-prevailing party shall pay the prevailing party's costs, including reasonable attorney's fees.

10. Counterparts. This Settlement Agreement may be executed in counterparts.

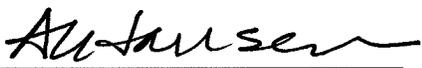
11. Entire Agreement. This Settlement Agreement, including the Statutory Warranty Deed and Stipulation and Order of dismissal attached hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings with respect to any claims, costs, actions, damages, and demands of any kind that were or could have been asserted in the Lawsuit, including any and all claims to ownership of the subject property and claims arising therefrom.

12. Acknowledgements. Each of the Parties acknowledges that such party has carefully read this Settlement Agreement, and knows and understands its contents. Each of the Parties acknowledges that such party has consulted with legal counsel in connection with the terms and execution of this Settlement Agreement.

13. Amendment. This Settlement Agreement may not be amended or modified, or any of the provisions waived, except by an instrument in writing signed by each of the Parties.

14. Drafting. Each of the Parties agrees that no particular party or parties to this Settlement Agreement shall be deemed to be its author. Each of the parties further agrees that this Settlement Agreement shall be construed and interpreted as if drafted jointly by the Parties.

THE CITY OF SEATTLE
Seattle Public Utilities

By: 
Audrey Hansen
Manager, Real Property, Facilities and Claims Services
Date: 2-20-09

DAVIS LAND GROUP, LLC

By: 
Name: GARY A. DAVIS
Title: MANAGER
Date: FEB. 17, 2009