

AGREEMENT FOR PURCHASE AND SALE OF ASSETS

This Agreement for Purchase and Sale of Assets (the "Agreement") is made December __, 2014 (last date of person signing below) by and between **Port Townsend Hospitality, Inc.**, of Port Townsend WA (hereinafter referred to as "the Seller") and **Fort Worden Public Development Authority**, of Port Townsend WA (hereinafter referred to as "the Buyer") (collectively "the Parties").

ARTICLE I.

PURCHASE AND SALE OF ASSETS

In consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the Seller agrees to sell to the Buyer, and the Buyer agrees to purchase from the Seller, on the terms, conditions, warranties, and representations set forth in this Agreement, the following described assets (the "Assets"):

SEE ATTACHED EXHIBITS A and B

ARTICLE II.

PURCHASE PRICE

2.01. The total purchase price to be paid by the Buyer to the Seller for all the Assets described in Article 1.01 this Agreement is USD \$82,973.85 (the "Purchase Price").

2.02. The Seller will pay all sales, use, income, and/or capital gains taxes that may be due in connection with the Seller's sale of the Assets, and the Seller agrees to defend, indemnify, and hold harmless the Buyer from and against the payment of all such taxes. The Parties shall prorate any state or local real or personal property taxes based on the date of the Closing.

ARTICLE III.

PAYMENT OF PURCHASE PRICE

3.01. The Purchase Price shall be paid as follows:

(a) the sum of USD \$3,457.24 (1/24th of \$82,973.85) in check, shall be paid at Closing, as the term Closing is defined in Article IV, below; and

(b) the balance of the Purchase Price of \$79,516.61 (\$82,973.85 minus \$3,457.24 paid at closing) shall be paid by delivery from the Buyer to the Seller of a promissory note executed in favor of the Seller by the Buyer in the form attached as Attachment "C" and incorporated into this Agreement by this reference, for a principal amount of USD \$79,516.61 and bearing interest from January 1, 2015 at the rate of two (2) percent per year, payable in monthly installments beginning on February 1, 2015, in the monthly amount of USD \$3,526.83 each, until paid ("the Note"). There is no penalty for pre-payment.

ARTICLE IV.

CLOSING

4.01. The closing of the sale and purchase of the Assets (“the Closing”) shall take place at the office of the Buyer, located at Fort Worden, Port Townsend, WA, on or before December 31, 2014, or at such other place and date as the Parties may mutually agree. On December 31, 2014, or such other date as the Parties agree, a representative of the Parties shall meet and review the assets and inventory of Seller to determine if the assets and inventory are consistent with that described in Exhibits A and B. If there is a discrepancy, the parties agree to make an adjustment in price or payments to reconcile the discrepancy. Following the meeting, the assets and inventory shall be under the exclusive control of the Buyer.

4.02. At or prior to the Closing the Seller shall:

(a) Execute and deliver to the Buyer the Bill of Sale attached to this Agreement as Attachment D and incorporated into this Agreement by this reference;

(b) Execute and deliver to the Buyer any other documents necessary to finalize this Agreement, including executed titles to all vehicles. Buyer will be responsible to change vehicle title and registration to Buyer, and will pay applicable fees and taxes;

4.03. At or prior to closing, the Buyer shall execute and deliver to the Seller the promissory note referred to in this Agreement.

ARTICLE V.

REPRESENTATIONS, WARRANTIES, COVENANTS, AND AGREEMENTS BY THE SELLER

5.01. The Seller represents and warrants to the Buyer that:

(a) The Seller is the lawful owner of the Assets and has good right and due authorization to sell such Assets. As of the Effective Date of this Agreement, the Seller neither knows nor has reason to know of the existence of any outstanding threatened or actual claim, action, or proceeding against, or interest, or lien in, to, or on the Assets,

(b) All Assets sold pursuant to this Agreement are free and clear of any lien (including UCC financing statements) and/or debt,

ARTICLE VI.

COMPLIANCE WITH BULK SALES LAW

6.01. Buyer agree that notice to creditors under any applicable bulk sales law will not be required and need not be given except in respect to any creditors of Seller. If notice is required, the Parties shall cooperate in complying with notice requirements.

6.02. Any debt or obligation of Seller is to be paid solely by the Seller, and the Seller agrees to indemnify and hold harmless the Buyer from and against any and all loss, expense, damage, or liability, including attorneys’ fees and costs, that the Buyer may incur or become subject to in connection with this

transaction.

ARTICLE VII.

NON-ASSUMPTION OF LIABILITIES AND INDEMNIFICATION

7.01. The liabilities and obligations incurred by the Seller prior to the Closing are not assumed by the Buyer but rather shall continue as liabilities and obligations of the Seller and shall be solely paid by the Seller.

7.02. In the event the Buyer is required to pay, after the Closing, any valid lien, debt, or expense incurred by the Seller prior to the Closing Date, the Buyer shall have the right to offset any such lien, debt, or expense actually paid by the Buyer, which is the valid and legal obligation of the Seller, against any payment owed to the Seller by the Buyer; provided, however, that documentation of such payment and offset shall be provided by the Buyer to the Seller in connection with any such offset.

7.03. The Buyer will indemnify and hold the Seller and the property of the Seller free and harmless from and against any and all claims, losses, damages, injuries, and liabilities arising from or in connection with the Assets after the Closing.

ARTICLE VIII.

DEFAULT

8.01. After execution of this Agreement by the Parties, default shall consist in the failure of either Party to perform its respective obligations and duties and/or a breach of a representation, warranty, or covenant in this Agreement.

8.02. In the event of default of either Party, the other Party shall have the right to sue for specific performance and/or sue for damages in addition to any other relief provided in this Agreement or in any attachment to this Agreement. In a suit for default, reasonable attorney fees and costs shall be recoverable by the prevailing Party.

ARTICLE IX.

COSTS AND EXPENSES

9.01. All costs and expenses incurred in finalizing the purchase and sale described in this Agreement in the manner prescribed by this Agreement shall be paid by the Buyer and the Seller in the following manner: Each party is solely and separately responsible for costs that entity incurs in finalizing the purchase and sale described in this Agreement.

ARTICLE X

OTHER

10.1 Contract for Services. Separately, the Buyer agrees to contract with Seller for services with the following general terms: Seller will provide up to 40 hours per week of services to be determined and agreed upon, at \$50 per hour, for up to three months, up to a total of \$15,000, unless mutually agreed otherwise by the parties. A contract for services is cancellable by either party at any time. This contract

for services is separate from this Agreement, and this Agreement is effective even if for some reason the Parties cannot agree on specific terms of a contract for services.

10.2 Seller's Employees. Buyer agrees to give priority consideration to hiring current employees of Seller, provided, nothing obligates the Buyer to hire any current employee.

10.3 Concession Lease. All right title and interest of Seller in a Concession Lease Seller has with Washington State Parks at Lease No. C839000PTH1, and any other agreements Seller has with State Parks, are transferred to Buyer and Seller has no further interest in any such Lease or agreement. Buyer represents it has authority to accept this transfer by virtue of Buyer's agreement(s) with State Parks

ARTICLE XI.

GENERAL AND ADMINISTRATIVE PROVISIONS

11.01. Parties Bound. This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

11.02. Assignment. The Seller shall have no right to transfer or assign its interest in this Agreement without the prior written consent of the Buyer.

11.03. Corporate Authority. If any Party to this Agreement is a legal entity (partnership, corporation, limited liability company, and/or trust), such Party represents to the other Party that this Agreement, the transaction contemplated in this Agreement, and the execution and delivery hereof, have been duly authorized.

11.04. Applicable Law. This Agreement shall be subject to and governed by the laws of the State of Washington.

11.05. Severability. If any provision of this Agreement should, for any reason, be held in violation of any applicable law, and so much of this Agreement be held unenforceable, then the invalidity of such a specific provision in this Agreement shall not be held to invalidate any other provisions in this Agreement, which other provisions shall remain in full force and effect unless removal of the invalid provisions destroys the legitimate purposes of this Agreement, in which event this Agreement shall be canceled.

11.06. Entire Agreement. This Agreement represents the entire understanding of the Parties with regard to the subject matter of this Agreement. There are no oral agreements, understandings, or representations made by any Party to this Agreement that are outside of this Agreement and are not expressly stated in it.

11.07. Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if mailed from within the United States by first class mail, postage prepaid, and addressed as follows:

Seller's Address:
Port Townsend Hospitality, Inc.
Attn: Carla Vander Ven
PO Box 73

Port Townsend WA 98368_

Buyer's Address:
Fort Worden Public Development Authority
Attn: Dave Robison
200 Battery Way
Port Townsend WA 98368

A Party may change the address for notice by giving of such change to the other Party in writing.

SIGNED, ACCEPTED, AND AGREED TO on _____ [date] by the undersigned Parties, who acknowledge that they have read and understand this Agreement and the Attachments to it and that they execute this legal document voluntarily and of their own free will.

SELLER
Port Townsend Hospitality, Inc.

By _____
Carla Vander Ven, its President
Dated: _____

BUYER
Fort Worden Public Development Authority
By _____
Dave Robison, Executive Director

State of Washington
County of Jefferson

On _____, before me, personally appeared Carla Vander Ven and Dave Robison who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Washington that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Attachment C

PROMISSORY NOTE

\$ 79,516.61 Port Townsend, WA Date: December_____, 2014

For value received, the undersigned, **Fort Worden Public Development Authority**, of Port Townsend WA, promise(s) to pay to **Port Townsend Hospitality, Inc.**, of Port Townsend WA, OR ORDER, at PO Box 73, Port Townsend, Washington, the sum of \$79,516.61 together with interest thereon at the rate of two percent (2%) per annum from January 1, 2015, payable as follows:

Monthly payments of \$3,526.83 due on February 1, 2015 and on the 1st day of each succeeding month until paid in full. The note may be pre-paid without any penalty.

All payments shall first be applied to interest, and then in reduction of principal.

So long as payment is received by the 7th of each month, interest shall be calculated as if the payment was made on the 1st of the month. If a payment is not received by the 7th of the month, a late fee of \$50 applies.

If default be made in payment of any installment under this Note, the entire principal sum and accrued interest shall at once become due and payable.

The Note shall bear interest at the maximum legal rate per annum after maturity or after failure to pay any installment as above specified.

If this Note is placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, the Maker(s) agrees to pay all costs and a reasonable attorney's fee incurred.

Each party signing this Note binds himself or herself as Principal, and not as Surety, and hereby waives presentment, demand, protest, and notice of non-payment, or any release or discharge arising from any extension of time and payment.

DATED this ____ day of December, 2014.

MAKER
Fort Worden Public Development Authority

By _____
Dave Robison, Executive Director

Port Townsend Hospitality

By _____
Carla Vander Ven, President

Attachment D

BILL OF SALE

For good and sufficient consideration, the receipt of which is hereby acknowledged, the undersigned Seller hereby sells, transfers, and conveys to Buyer: SEE ATTACHED EXHIBITA A and B

The undersigned warrants that said goods, chattels, commercial real property, and tangible and intangible property are free and clear of all encumbrances and clouds upon any relevant titles, that it has full right and title as sole owner to sell and transfer ownership of the same, and that it will warrant and defend the same against the claims and demands of all persons.

This Agreement shall be deemed to be made and performed in, and shall be governed and construed in accordance with the laws of the state of Washington.

SELLER
Port Townsend Hospitality, Inc.

By _____
Carla Vander Ven, its President
Dated: _____

BUYER
Fort Worden Public Development Authority
By _____
Dave Robison, Executive Director

State of Washington
County of Jefferson

On _____, before me, personally appeared Carla Vander Ven and Dave Robison who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Washington that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)