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WASHINGTON STATE COUNTY AUDITOR/RECORDER INDEXING FORM

Document Title(s) *(or transactions contained therein):*

UNION HILL CORPORATE CAMPUS DEVELOPMENT AGREEMENT

Reference Number(s) of Documents assigned or released: N/A

Grantor(s): *(Last name first, then first name and initials)*

1. REDMOND, CITY OF
2. TAYLOR UNION HILL, LLC
3. MAGNUSSEN-CADMAN, LLC

Grantee(s): *(Last name first, then first name and initials)*

1. REDMOND, CITY OF
2. TAYLOR UNION HILL, LLC
3. MAGNUSSEN-CADMAN, LLC

Legal Description: *(abbreviated form i.e. lot, block, plat name, section-township-range)*

Ptn of Section 7 Township 25N R 6 E WM

* Additional legal is on EXHIBIT A.1 of document

Assessor's Property Tax Parcel Account Number(s):

#0725069129, #1286300010

City of Redmond Reference:

Project Number: **L070320**

Permit Number: **L070320**

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

UNION HILL CORPORATE CAMPUS DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into this 15 day of February, 2008 by and between Taylor Union Hill, LLC, and Magnussen-Cadman, LLC, Washington limited liability companies ("Taylor/Magnussen") and the CITY OF REDMOND, a Washington optional municipal code city (the "City").

RECITALS

A. Taylor/Magnussen owns a 60.62-acre parcel of real property in the Southeast Redmond subarea more particularly described on Exhibit A.1 attached hereto and incorporated herein by this reference (the "Taylor/Magnussen Property"). A topsoil manufacturing, storage, and transportation business is currently located on the Taylor/Magnussen Property. This Agreement covers the MP-zoned portion of the Property, which consists of 54.77 acres.

B. The Taylor/Magnussen Property abuts an approximately 70.82-acre parcel to the east owned by Lehigh Cement Company, a Pennsylvania corporation (the "Lehigh Property"). The Taylor/Magnussen and Lehigh Properties are depicted on Exhibit A.2.

C. An unimproved 30-foot utility easement ("Utility Easement"), dated August 21, 2000, bisects the Taylor/Magnussen and Lehigh Properties in a north-south direction. A copy of the Utility Easement is attached as Exhibit A.3. This easement approximately corresponds to the future alignment of a proposed City street, 188th Avenue NE, based upon the Lakeside MPRD 96-001/PPL 97-002 (the "Lakeside MPRD"). Relevant portions of the Lakeside MPRD are attached as Exhibit A.4.

D. The Taylor/Magnussen proposed Development has two components: 1) a 165,000 square-foot MP-zoned membership wholesale/retail development, consisting of a 160,600 square-foot membership wholesale/retail warehouse, and a 4,400 square-foot, 16 fuel position, gas station, on the northern portion of the property (collectively, the "Membership Warehouse Development") and 2) a 950,000 square-foot manufacturing park campus ("MP Campus") directly to the south. For purposes of this Agreement, the development contemplated herein shall be referred to as the "Development"—referring to the development on the entirety of the Taylor/Magnussen Property. The constituent parts of the Development shall be referred to as "Membership Warehouse," or "MP Campus."

E. Taylor/Magnussen and the City agree that Taylor/Magnussen's presence in the community provides economic and community benefit to the City and its residents. The public benefits of the proposed development include, but are not limited to, dedication of Taylor/Magnussen land to the City and Taylor/Magnussen's construction of roads and other public infrastructure, at Taylor/Magnussen's expense, that are valued in excess of \$20 million.

F. Completion of the Development on the Taylor/Magnussen Property affirms existing City Land Use and Economic Development Comprehensive Plan policies and supports the City's vision for the Southeast Redmond Area. The Development will also be consistent with the requirements of the Redmond Community Development Guide ("RCDG") and Redmond Municipal Code ("RMC").

G. Through this Agreement, Taylor/Magnussen and the City desire to establish provisions for the future development of the Taylor/Magnussen Property as outlined herein.

H. Both the City and Taylor/Magnussen recognize the benefits that both will derive from long-term facilities planning and coordinated development of the Taylor/Magnussen Property.

I. Taylor/Magnussen and the City desire to utilize the provisions of RCW 36.70B that provide for cities to enter into development agreements with property owners to govern the future development of real property. The City has a notable history of success of utilizing such agreements, including previous agreements with Microsoft, Legacy Riverpark LLC, and Safeco. Additionally, Ordinance 2352, effective June 30, 2007, in part, requires that a Development Agreement be approved prior to approval of any Membership Warehouse in the MP zone.

J. A development agreement between Taylor/Magnussen and the City is a collaboration that will provide mutual benefit for the parties as well as the region, and will meet the requirements outlined in Ordinance 2352, which include, without limitation, consideration of land use and design, sustainable building practices, utilities, environmental issues, transportation, parks, open space, and community character for any proposed Membership Warehouse use.

K. All Exhibits referenced in this Agreement are herein incorporated by reference and shall be considered as material terms of this Agreement.

Accordingly, the Parties agree:

AGREEMENT

1. Approval of Allowed Development. Taylor/Magnussen shall have the right to develop the Taylor/Magnussen Property with an approximately 165,000 square-foot (0.25 FAR) Membership Wholesale/Retail Warehouse ("Membership Warehouse Development") located on the northern portion of the Taylor/Magnussen Property. In addition, Taylor/Magnussen shall have the right to develop the remaining portion of the MP-zoned Property with up to 911,212 square feet (0.5 FAR) of MP Campus development, plus an additional 38,788 square-feet, through the City's Transfer of

Development Rights ("TDR") program, for a total of 950,000 square feet of MP Campus Development ("MP Campus Development"). Allowable square footage shall be calculated based upon "gross floor area," as defined in the RCDG (no areas within a parking structure shall be included in gross floor area).

a. Notwithstanding the foregoing, any amount of the Development may be built on any parcel within the Taylor/Magnussen Property regardless of floor area ratio limits in the RMC or RCDG as long as the total net new square feet of gross floor area for the Property does not exceed the amount set forth in this Agreement, provided however that the Membership Warehouse use may not exceed 0.25 FAR.

b. In the event that no Membership Warehouse end user can be found for the Membership Warehouse portion of the Development, this property shall be subject to allowable MP uses with an additional 335,766 square feet of MP Campus development. The remainder of this Agreement shall remain in full force and effect. Taylor/Magnussen may construct as much of the Development in any calendar year as it desires; no phasing of the Development is required other than required for transportation concurrency as described herein. Taylor/Magnussen may develop any amount of gross floor area on any parcel at any time.

2. Building Height. City staff shall support an amendment to Redmond Community Development Guide § 20C.60.25-020(4) footnote 10 to allow buildings in land use category "Corporate Headquarters and Regional Offices Associated with other Permitted Uses" to be built with greater than two stories. Should Council approve this amendment, the Development may be built in accordance with the newly adopted provision, regardless of the date of execution of this Agreement. Until such time as the proposed amendment is adopted, the Administrative Interpretation dated December 7, 2007 regarding the number of allowed stories in the MP zone shall apply to the proposed Development. Unless the amendment is approved, the interpretation shall remain binding, and in full force and effect, and govern the allowed uses through the term of this Agreement.

3. Additional Development. The proposed Development does not include any additional development potential that may be created through further participation in the City's Transfer of Development Rights ("TDR") program or that could be obtained through the City's future increases in the allowable FAR. Participation in the TDR program shall remain an option for increasing the developable square footage above the levels approved herein, subject to the applicability and availability of the City's TDR program to the Taylor/Magnussen Property, at the time of execution of this Agreement or at a subsequent date. Any development that exceeds the amount listed in Paragraph 1 shall be subject to the version of the City's development regulations that are in place at the time of development application.

4. Allocation of Agreement Benefits and Obligations. Taylor/Magnusson may subdivide, lease, or transfer ownership of the Membership Warehouse Property, or other portions of the Property, to other entities. The benefits and obligations of this Agreement shall run with the land and continue following the subdivision, leasing, or transfer of ownership, as set forth herein.

5. Development Approval Process. The Development shall be approved through the site plan entitlement or applicable process as provided in the RCDG. The City shall not impose any condition on the Development that is inconsistent with any provision of this Agreement unless necessary on account of a serious threat to public health and safety.

6. Relationship to Interlocal Agreements. The City and Taylor/Magnussen recognize that compliance with existing Interlocal Agreements that are currently in force will be an additional requirement for the Development. The Interlocal Agreement applicable to the Development is the December 22, 1999 Contract #3474 entitled "An Interlocal Agreement Between King County and the City of Redmond for the Reciprocal Collection of Transportation Impact Fees."

7. Parking. Taylor/Magnussen shall be allowed to construct up to a maximum parking ratio of 3.0 spaces per 1,000 square feet for MP Development and 5 spaces per 1,000 square feet for the Membership Warehouse Development, not including additional parking that could be obtained through use of TDRs. The MP Development may construct up to 3.5 spaces per 1,000 square feet if Taylor/Magnussen complies with Table 20D.130.10-020(2), "Required Off-Street Parking", which requires that the employer or building owner to document that single-occupancy vehicle trips would be reduced more by the implementation of a parking/traffic mitigation program than such trips would be reduced by limiting parking spaces to 3.0 to 1,000 square feet. At its option, Taylor/Magnussen may elect to construct less than the maximum number of new parking stalls, provided that the minimum parking requirements of the existing versions—i.e. the versions of the RCDG/RMC in effect at the time of execution of this Agreement—are met. Taylor/Magnussen shall be allowed to allocate, in its sole discretion, the net new parking stalls in the MP Campus Development, and between individual developments within the MP Campus Development, even if an individual project has more or less parking than would be required by the RCDG/RMC for an individual project. Taylor/Magnussen shall be allowed to supply the parking built in support of the MP Campus in above-grade parking structures, under-building parking structures, or surface parking lots. In the event of sale of part of the MP Campus to a third-party, the sale shall be subject to a cooperative parking agreement approved by the City. The Membership Warehouse portion of the development will not be party to, or required to participate in, this cooperative parking agreement.

8. Transportation Demand Management. The users of the Membership Warehouse and the MP Campus shall be required to submit a transportation management plan ("TMP") at the time of building permit application. The scope and content of the TMP shall be vested to the regulations in place at the time of this Agreement.

9. Transportation Concurrency. For the purpose of meeting concurrency requirements, the Development is divided into two phases: Phase I includes construction of the Membership Warehouse Development and the first 500,000 square feet of MP Campus development. Phase II includes construction of the remaining 450,000 square feet of MP Campus development contemplated by this Agreement.

a. To achieve concurrency for Phase I, Taylor/Magnussen shall perform the following:

i. Southeast Redmond Concurrency-Taylor Magnussen will dedicate land for and construct 188th Avenue NE from NE 68th Street to Union Hill Road. The Phase I improvements are predicted to create 1,407 critical trips in the SE Redmond TMD.

ii. Grass Lawn Concurrency—To become concurrent in Grass Lawn, Taylor/Magnussen will agree to pay its pro-rata share (35.4%) of the total project costs based upon the number of critical trips (currently projected to be 91 trips of the total of 257 trips-i.e. 35.4%) generated relative to the total critical trips created by the 148th/Old Redmond Road project (BROT's project 005.4). The estimated cost of this project is \$386,000. Therefore, Taylor/Magnussen's pro-rata share equals \$136,644. The City agrees to take full responsibility for permitting and construction of this project. This payment constitutes mitigation for full buildout of both Phase I and Phase II of the Development.

b. To achieve concurrency for Phase II, Taylor/Magnussen will:

i. Northeast Redmond Concurrency (Education Hill)—To become concurrent in NE Redmond, Staff shall recommend to Council, and support the inclusion of, a traffic light at 162nd Place NE/NE 124th Street into its TCIP.

ii. Southeast Redmond Concurrency—Taylor/Magnussen will construct a traffic signal at the intersection of 185th Avenue NE and NE 76th Street. The traffic signal shall be operational prior to the earlier of either: 1) the completion of the City project connecting 185th Avenue NE to Union Hill Road or 2) the occupancy of any building in Phase II of the Development.

c. Taylor/Magnussen Concurrency Reservation.

Within 30 days after the execution of this Agreement, the City shall issue a Certificate of Concurrency for the Membership Warehouse and first 500,000 square feet of MP Campus

Development (Phase I) with an expiration date that is the same as the expiration date of this Agreement. The remaining portion of the Development (Phase II) shall be issued a Certificate of Concurrency with an expiration date that is the same as the expiration date of this Agreement, within 30 days of the City adopting the amendments to the Transportation Facilities Plan and TCIP as set forth above. No additional transportation analysis shall be required of Taylor/Magnussen for the Development described in Paragraph 1.

10. Assessment of Local Improvements, Mitigation of Transportation Impacts and Traffic Impact Fees. Taylor/Magnussen shall contribute to, or construct, the following Transportation Facility Plan improvements and project-related mitigation improvements in order to mitigate the transportation impacts associated with the proposed Development. These contributions or constructions shall occur prior to the occupancy of any building within either Phase I or Phase II as set out below. Improvements designated as Phase II may be built as part of Phase I at Taylor/Magnussen's discretion. The transportation improvements shall be designed and constructed in accordance with City codes and accepted engineering practices. The transportation improvements are as follows:

a. 188th Avenue NE and NE 76th Street Improvements (Phase I).

Taylor/Magnussen agrees to design and construct full width roadway improvements on 188th Avenue NE between Union Hill Road and NE 68th Street as referenced in RED-TFP-117. The 188th Avenue NE improvements shall be substantially in the form depicted in the Lakeside Industries MPRD plans for the construction of 188th Avenue NE. Consistent with the constructed Lakeside Industries MPRD, the dedication of right-of-way for 188th Avenue NE shall remain 65 feet wide. Taylor/Magnussen also agrees to design and construct NE 76th Street from the existing east terminus to 188th Avenue NE, provided that the City will be obligated to acquire any additional right-of-way that may be necessary for off-site connection of NE 76th Street. Taylor/Magnussen shall dedicate the necessary right of way for that part of NE 76th Street that is built within the Development. Typical cross-sections for 188th Avenue NE and NE 76th Street are attached as Exhibit A.5 (Barghausen Exhibit).

b. Sidewalks, Street Trees, and Landscaping.

The Parties agree that sidewalks, landscaping, street trees, and other street-side improvements may be located in non-exclusive easement areas granted to the City by Taylor/Magnussen.

c. 188th Avenue NE and Redmond Way Improvements (Phase I).

Taylor/Magnussen agrees to construct the dual southbound left turn lanes on 188th Avenue NE at Redmond Way to accommodate dual southbound left turn lanes. These improvements will be constructed within the existing right-of-way, and Taylor/Magnussen

will not be responsible for either widening the roadway or acquiring additional right-of-way to accomplish these improvements.

d. NE 76th Street Traffic Signal (Phase I).

Prior to the occupancy of more than 500,000 square feet of the MP Campus, Taylor/Magnussen shall design and construct modifications to the traffic signal on NE 76th Street at the Fred Meyer/Target entry consisting of providing protected north/south left-turn movements.

e. SE Redmond Transportation System Study (Phase I).

Taylor/Magnussen will fund a portion, not to exceed \$250,000.00, of the System Study. This Study will include without limitation corridor evaluations of 188th Avenue NE, 185th Avenue NE, NE 76th Street and NE 73rd Street.

f. NE 73rd Street South East Redmond Neighborhood Policy N-SE-38A (Phase II).

A 60-foot-wide right-of-way for future construction of an east-west Commercial/Industrial Local Access Street between 185th and 188th Avenues NE shall be dedicated to the City of Redmond. Prior to the dedication of the right-of-way, the Director of Public Works may reduce the width of the right-of-way upon demonstration by the applicant landowner that such a reduced right-of-way is warranted by site conditions. The alignment of the right-of-way shall be located between 600 feet and 1,050 feet south of the center line of the NE 76th Street right-of-way and may meander to accommodate site topography. The centerline of the new right-of-way will be located on the west line of the Taylor/Magnussen property approximately 945 feet south of the NE 76th Street right-of-way with the intent of extending the new right-of-way west to 185th Avenue NE across the undeveloped Parcel No. 0725069136. The future construction of this road shall be considered as part of any development applications on the Taylor/Magnussen Property, with the intent that a through connection to 185th Avenue NE will be provided across Parcel No. 0725069136 and/or Parcel No. 719850010. If at the time of development of the Taylor/Magnussen property an agreement has been made to provide the through connection to 185th Avenue NE across Parcel Nos. 0725069136 and/or 719850010, then Taylor/Magnussen shall be required to construct that portion of the roadway across their parcel as part of site development, and shall be eligible for a pro-rata reimbursement for costs of such construction, subject to the provisions of a local improvement district (LID), street reimbursement agreement, or similar mechanism. If an agreement for the through connection has not been made prior to site development, then Taylor/Magnussen shall only be required to dedicate the right-of-way and enter into a "No Protest" LID agreement prior to the issuance of any building permits. Until the street is constructed, the right-of-way may be used by Taylor/Magnussen, provided such use is consistent with the future plans for use of the right-of-way as a Commercial/Industrial Local Access Street. Taylor/Magnussen shall not

seek reimbursement for loss of any such use resulting from the construction of the roadway. If NE 73rd Street is removed from the City's plans, Taylor/Magnussen may pursue a right-of-way vacation. If the vacation is approved by Council, the City will not require compensation.

g. NE 80th Street Pedestrian Path (Phase I).

Consistent with the City's Transportation Facilities Plan ("TFP") to convert the NE 80th public road to a 12-foot wide non-motorized, multi-purpose path, constructed within a 20-foot wide easement (RED-TMP-073), Taylor/Magnussen will grant an easement for the south 10-feet of the easement area. As an alternative, Taylor/Magnussen may have the full 20-foot wide easement granted on Parcel No. 0625069016 (Metro Property). Taylor/Magnussen will not be required to construct that portion of the multi-purpose trail across its property until all of the easements are obtained to make the connection between 185th Avenue and 188th Avenue. Until the path is constructed, the easement area may be used by the underlying property owner, provided such use is consistent with the future plans for the path.

h. City Support of Transportation Improvement Construction.

City staff shall, if needed, support right-of-way acquisitions on any non-Taylor/Magnussen owned properties that are needed to accommodate any of the proposed transportation improvements.

11. Construction in Lieu of Transportation Impact Fees. In consideration for Taylor/Magnussen constructing the transportation improvements set forth in Paragraph 10, the City shall credit against all applicable impact fees due to the City the total project costs for the design and construction of improvements made and listed in the Redmond Transportation Facilities Plan (the "TFP") in place at the time of execution of this Agreement as well as subsequently added to the TFP with following exceptions: 1) impact fee credits for improvements to NE 76th Street including the signal at NE 76th Street and 185th Avenue NE are voluntarily waived by Taylor/Magnussen and 2) impact fee credits are not applicable for NE 80th Street and NE 73rd Street, since both are designated as local improvements and not system transportation improvements. It is the understanding of the Parties that the construction of the required transportation improvements set forth in Paragraph 10 will fully offset the City's required traffic mitigation impact fees and that no further traffic impact fees will be required for the 950,000 square feet of MP Development contemplated in this Agreement.

12. Slopes. The Parties acknowledge that the existing contours on much of the Taylor/Magnussen Property have been artificially created. Taylor/Magnussen may re-contour the Taylor/Magnussen Property consistent with sound engineering practices and pursuant to the January 1, 1971 Surface Mining Permit #10243 and the March 1, 1977 Surface Mining Permit #11588, ("Reclamation Permits") attached as Exhibit A.6. The

City will not require a change in grade alteration of the slopes as a condition to any subsequent development permit or regulatory approval, provided that the slopes are consistent with the recommendation of a qualified geotechnical engineer. The Parties acknowledge that the existing topography requires the use of retaining wall designs that exceed a total height of eight (8) feet. Where appropriate and feasible, such retaining wall designs shall provide facings, variations in geometry, planting benches, and plantings with appropriate irrigation to address the aesthetics of the walls.

13. Fire and Park Impact Fees. Taylor/Magnussen shall pay fire and park impact fees in effect at the time of building permit issuance unless the Parties' make a future agreement for an equivalent exchange in lieu of payment of impact fees.

14. Stormwater Detention and Treatment

a. General Standards.

The Development shall comply with the stormwater flow and quality controls that are in effect on the date of this Agreement unless a serious health crisis for humans or animals will be lessened if Taylor/Magnussen is required to comply with the then-current stormwater quantity and quality controls. Current city-wide standards for stormwater flow and quality controls consist of the 2005 Department of Ecology ("DOE") Stormwater Management Manual for Western Washington (the "2005 DOE Manual") as modified by the City of Redmond - Clearing, Grading and Stormwater Management Technical Notebook (the "Stormwater Technical Manual") Issue Number 5, effective January 1, 2007, or as modified by this Agreement. Portions of the proposed Development are located in the City's well-head protection zones. The Development shall be vested to the version of the City's wellhead protection regulations in place at the time of execution of this Agreement unless the City determines that a serious threat exists to the public health and safety and declares an emergency.

b. Point of Discharge.

The Taylor/Magnussen property currently and historically discharges into the Bear Creek Watershed through both surface and subsurface flows. The City acknowledges that the current stormwater management on the Property is acceptable for current uses on the Property. Some of the Property's stormwater currently infiltrates into the ground, while the remainder of the water has been redirected to convenient points of discharge as the site has been modified under the current permit.

c. Flow Control Facilities.

Taylor/Magnussen shall be allowed to detain in underground vaults any portion of, up to all, stormwater required to be detained as a result of the Development. Vaults for public stormwater may be located in right-of-ways that will be dedicated to the City. Vaults for

private stormwater from the Development may be located where feasible, consistent with sound engineering practices, on the private portion of the Development property. Because of site constraints, Taylor/Magnussen shall be permitted to provide compensatory detention (over detention) in some areas, to compensate for other areas that cannot readily be conveyed to the detention facilities, so long as the resultant discharge is equal to or below the allowable discharge. To the extent that soils with appropriate infiltration capacity are found on the Property, Taylor/Magnussen shall be permitted to infiltrate water from nonpollution-generating surfaces, including but not limited to, water collected from building roofs. Water generated from pollution-generating surfaces such as parking areas and drives shall be allowed to infiltrate after treatment for water quality per applicable requirements set forth in this Agreement except in Wellhead Protection Zones 1 and 2.

d. Water Quality Facilities.

The Parties recognize that stormwater treatment science is evolving. Taylor/Magnussen shall be permitted to use any treatment options contained in current or future Washington Department of Ecology stormwater manuals and corresponding City of Redmond's stormwater technical manuals that are approved for general use in specified wellhead protection zones by the City.

e. Participation in a Regional Facility.

Should the City or private development interests create a City-approved, regional stormwater facility that would serve the basin where the Taylor/Magnussen Property is located ("Regional Facility"); Taylor/Magnussen shall participate in, and utilize, the Regional Facility. Provided however, that Taylor/Magnussen shall not be required to delay or forgo any development to accommodate construction timing for the Regional Facility. If the Regional Facility is not operational at the time when required for any portion of the Development, Taylor/Magnussen shall be permitted to address stormwater generation through other means, including on-site detention that are consistent with sound engineering practices and shall not be required to participate in the Regional Facility for any such Development. If Taylor/Magnussen utilizes the Regional Facility, the stormwater flow control and water quality provided by that facility will be substantially equivalent to the level of flow control and water quality that would otherwise be required under this Agreement. Taylor/Magnussen shall not be obligated to construct or implement any improvements on property not owned by Taylor/Magnussen. If Taylor/Magnussen constructs the Regional Facility, the City will provide Taylor/Magnussen with a credit or offset against any applicable fees or connection charges for the pro-rata cost associated with constructing the Regional Facility to accommodate stormwater from City infrastructure, including but not limited to 188th Avenue NE and NE 76th Street. Taylor/Magnussen shall not be entitled to credit for costs that had already been included in the mitigation fee offset calculation for 188th Avenue NE and NE 76th Street construction costs.

f. Additional Flow Control.

During the term of this Agreement, following construction of any portion of the Development, Taylor/Magnussen shall not be required to bring any of the then-existing Development into compliance with stormwater detention requirements that may be adopted subsequent to the construction of the existing Development unless the City determines that a serious threat exists to the public health and safety and declares an emergency.

g. Wellhead Protection Zones.

The Taylor/Magnussen Property lies within all four of the City's wellhead protection zones. Prior to execution of this Agreement and pursuant to the City's Critical Aquifer Protection Ordinance (RMC 20D.140.50), the Director of Public Works shall determine which wellhead protection standards should apply to the Development and where infiltration can occur on the Taylor/Magnussen Property. That determination shall become a material term of this Agreement and is incorporated by reference herein.

15. Public Utilities. The City acknowledges that there is sufficient water and sewer capacity in the vicinity of the proposed Development. So long as the requirements of this Section are met, and provided further that the City is not in the midst of an unforeseen and unavoidable water or sewer capacity crisis, which is out of the City's control, the City and Taylor/Magnussen agree that sufficient sewer and water capacity will exist for the Development contemplated by this Agreement. Further, the City shall not withhold any site plan entitlement review or building permit approval on account of insufficient water or sanitary sewer capacity to accommodate the Development unless such a declaration is made. In the event that the City declares such a crisis during the term of this Agreement, the City shall reserve the next available capacity, considering existing previous obligations as of the date of this Agreement, for the square footage covered by this Agreement. Taylor/Magnussen shall notify the City at the earliest practicable date on related Development size and schedule of future Development under this Agreement to provide the City with advance planning for utility service. Taylor/Magnussen acknowledges that some smaller on-site water and sewer mains may need to be replaced in order to achieve adequate fire flow and conveyance capacity for the demand of the proposed Development. These miscellaneous utility line improvements will be addressed through the City's site plan entitlement process at the time of individual project development. The following conditions shall apply to the provision of sewer and water service to the Development.

a. Utilities in Non-Paved Areas.

The Development may generate conditions where some of the existing and proposed utility lines and appurtenances ("utility lines") will be located outside of public rights-of-way. Taylor/Magnussen shall be allowed to locate existing and proposed connecting utility lines

outside of the public rights-of-way, provided those utility lines are located in a new or an existing public easement in a location and form acceptable to the City. Where utility lines are located in non-paved areas, Taylor/Magnussen shall be allowed to construct non-paved ground surfaces above those public or private utilities, so long as drivable access is provided to all manholes and fire hydrants. This access shall provide turning radii and loading as appropriate for emergency and maintenance vehicles. The non-paved surfaces that may be constructed shall include, but are not limited to, lawns, turf fields, gravel and ornamental pavers. In the event that the City disturbs the ground surfacing in the course of maintaining, repairing, or reconstructing its utilities within an easement area, the City shall be responsible for surface restoration as follows: in paved or hardscaped areas, the City will restore the disturbed area with asphalt paving; in planted softscape areas, the City will stabilize the disturbed area after backfilling with seeding and/or mulch as necessary for erosion control. Any further restoration of the ground surface shall be the responsibility of Taylor/Magnussen or the then-owner of the Property. Trees, building, and retaining walls shall not be constructed over any sewer or water lines, unless approved by the City; such approval will not be unreasonably withheld.

b. Utility Reimbursement Agreement.

The City shall process a reimbursement agreement in accordance with Redmond Municipal Code Chapter 13.12 for reimbursement from properties that may be deemed to benefit from any of the utility improvements that Taylor/Magnussen may make that provides additional capacity for other development, including, without limitation, future points of connection for wet or dry utilities, construction of a regional detention facility, and the installation of a 20-inch water line and other utilities in 188th Street.

c. Sufficiency of Sewer Capacity.

Unless a declaration of emergency is made, the City shall not withhold any site plan entitlement or building permit approval on account of insufficient sanitary sewer capacity to accommodate any portion of the Development.

16. Public Water Supply.

a. Taylor/Magnussen shall, as identified below, construct, or pay the cost of constructing:

i. A 20-inch diameter water main within 188th Avenue N.E. connecting to the closest water main on Union Hill Road and the existing stub at 188th Avenue NE. This improvement shall be constructed as part of the 188th Avenue NE road construction;

ii. A 12-inch diameter interconnection for water mains in NE 76th Street and the stub at 188th Avenue NE. This improvement shall be constructed as part of the NE 76th Street road construction;

iii. Various 8-inch and 12-inch diameter water mains as required for the Development. Specific project requirements will be addressed through the site plan entitlement process at the time of individual project development. These improvements shall be constructed as needed to serve the development;

iv. Provide a pro-rata payment toward construction of the water main shown on the City's Water System Plan (2003) that connects Avondale Road and Union Hill Road. This water main is commonly referred as project D-10 on the City's Capital Improvements Plan ("CIP"). This payment shall be made at the time the City Council awards the bid(s) for construction of the water main; and

v. Upon construction of the D-10 water main, the City agrees to provide unrestricted water service to all parts of the Development and the City agrees that all requirements for water system redundancy have been met. In the event that the City cannot provide adequate water service, Taylor-Magnussen shall have the right to use pumps or other sound engineering methods to augment the water flows and construct the Development without the need to wait for the completion of the D-10 water main.

17. State Environmental Policy Act. State Environmental Policy Act ("SEPA") for the Development shall occur in accordance with the provisions of this Section.

a. Adoption of Existing Environmental Documents.

The City agrees to utilize the provisions of WAC 197-11-630 (Adoption) and, to the extent consistent with that Section, adopt the environmental documents prepared for the Union Hill Corporate Campus Development Agreement, the City of Redmond Comprehensive Plan, the Southeast Redmond Neighborhood Plan, and any other relevant environmental documents prepared subsequent to the date of this Agreement; in order to satisfy the requirements of SEPA for the Development.

b. Scope of SEPA Review and Mitigation.

Pursuant to RCW 36.70B.170(3)(c), this Agreement addresses the "mitigation measures, development conditions, and other requirements under 43.21C RCW" that are applicable to the Development.

c. Adequacy of Mitigation.

Pursuant to RCW 43.21C.240(2) & (3), the City finds that the mitigation measures proposed in this Agreement and the analyses and mitigation required by other local, state,

and federal laws and regulations provide adequate analysis of, and mitigation for, the specific adverse environmental impacts of the proposed Development, including the Membership Warehouse use. The City agrees that the impacts identified in the Union Hill Corporate Campus SEPA Checklist are adequately mitigated through the application of RCW 43.21C.240 and will not require further SEPA review, unless the Development exceeds the square-footage outlined herein. For each entitlement application, the Applicant shall submit a completed SEPA checklist to confirm consistency with the impacts disclosed in the Union Hill Corporate Campus Checklist and/or other adopted environmental documents as applicable. Submission of the checklist is for informational purposes to confirm consistency with the previously issued DNS and shall not be a basis for additional SEPA process or mitigation so long as the proposed Development conforms to the terms of this Agreement and no greater adverse environmental impacts are identified in the entitlement application checklist that were not considered in the environmental documentation for the Union Hill Corporate Campus DNS or that could not be adequately mitigated through the application of RCW 43.21C.240.

d. Additional SEPA Review.

Except as provided above, no additional mitigation conditions or environmental analysis shall be imposed on the Development during the term of this Agreement unless required due to a serious threat to public health and safety pursuant to RCW 36.70B.170 and RCW 36.70B.180.

18. Vested Rights. The provisions of the RCDG/RMC in effect on the date of this Agreement shall apply to all of the Development, except as otherwise provided in this Agreement or by state or federally mandated laws preempting the City's authority to vest regulations for the Development, and, except as otherwise provided in this Agreement, excluding revisions to plan review fees, impact fee and building and fire codes. Any amendments or additions made during the term of this Agreement to zoning or development regulations, transportation concurrency regulations, SEPA regulations and substantive SEPA policies or other laws, ordinances, comprehensive plan policies or other policies governing land development which may be applicable to the Development shall not apply to or affect the conditions of the Development, except as otherwise provided in this Agreement. However, pursuant to RCW 36.70B.170(4) the City reserves authority to impose new or different officially adopted regulations of general applicability, but only if, and to the extent required by, a serious threat to public health and safety, as determined by the City Council after notice and an opportunity to be heard has been provided to Taylor/Magnussen. Taylor/Magnussen may request to be bound by future amendments to the RCDG or the RMC, and such request shall be approved administratively provided that, as a result of being subject to such amendment(s), the Development will meet the following criteria: no significant, unmitigated, adverse impacts from any new proposed land use; no reduction in the amount of landscaping; and no reduction in the amount of

parking. Except for the termination date, any of the dates set forth in this Agreement may be revised administratively by agreement between Taylor/Magnussen and City staff.

Otherwise, the request to be bound by the future amendment(s) shall be reviewed by the City Council, pursuant to Section 19 below, as an amendment to this Agreement. The Development shall not be subject to any development moratoria the City may adopt subsequent to the date of this Agreement unless necessitated by a serious threat to the public health and safety.

19. Sustainability. The City and Taylor/Magnussen recognize that sustainable design is a component of good development. Taylor/Magnussen may incorporate sustainable design practices into the Development where feasible and cost-effective. For the Membership Warehouse portion of the Development, sustainable features may include:

- Utilizing local and regional materials and labor;
- Adopting a "cool" roof design with light reflective coating;
- Installing roof and wall installation that meets or exceeds energy code requirements;
- Using centralized controls/monitoring for lights, HVAC, & refrigeration;
- Adding skylights;
- Recycled "gray" water for landscape irrigation; and
- Planting drought-tolerant & water efficient landscaping.

20. Biennial Review. Taylor/Magnussen and the City shall meet two years after the date of this Agreement and every two years thereafter to review Taylor/Magnussen's progress in developing the real property subject to this Agreement.

21. Term. The term of this Agreement shall be twenty (20) years or until the completion of all components of the Development, whichever occurs first. The City and Taylor/Magnussen may agree to extend the term of the Agreement, provided that such extension is approved by the City Council.

22. Amendment of Agreement. Any major amendment to this Agreement shall require review by the City Council. Staff shall be entitled to administratively approve minor amendments to this Agreement. A "Minor Amendment" is defined as an amendment that does not increase the density of the proposed Development or its unmitigatable adverse impacts on surrounding properties.

23. Recording. This Agreement shall be recorded in the records of King County, Washington.

24. Binding Effect; Assignability. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors, heirs, legatees, representatives, receivers, trustees, successors, transferees and assigns.

25. Representations and Warranties. Each signatory to this Agreement represents and warrants that he or she has full power and authority to execute and deliver this Agreement on behalf of the Party for which he or she is signing, and that he or she will defend and hold harmless the other Parties and signatories from any claim that he or she was not fully authorized to execute this Agreement on behalf of the person or entity for whom he or she signed. Upon proper execution and delivery, this Agreement will have been duly entered into by the Parties, will constitute as against each Party a valid, legal and binding obligation that shall run with the land, and will be enforceable against each Party in accordance with the terms herein.

26. Specific Performance and Enforcement. The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement and that the Parties are entitled to compel specific performance of all material terms of this Agreement by any Party in default hereof. All terms and provisions of this Agreement are material.

27. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue for any action arising out of or relating to this Agreement shall lie in King County Superior Court.

28. Notice of Default and Enforcement. In the event any Party, acting in good faith, believes that the other Party has violated the terms of this Agreement, the aggrieved Party shall give the believed offending Party notice of the alleged violation by sending a detailed written statement of the same to the offending Party by first-class mail. This notice is intended to invite a resolution by the Parties of any dispute prior to the institution of litigation. This Agreement may be filed with a court to enforce its terms only upon the expiration of twenty (20) days after said notice is posted, at which time the aggrieved Party may file and serve an action for appropriate relief. For purposes of this paragraph, the identities and addresses of the Parties are as set out in the following paragraph. The identity or address of any Party may be changed for purposes of this paragraph by written notice to the representative for the other Party.

29. Notices. All notices, requests, demands, and other communications called for or contemplated by this Agreement shall be in writing, and shall be deemed to have been duly given by mailing the same by first-class mail, postage prepaid; or by delivering the same by hand, to the following addresses, or to such other addresses as the Parties may designate by written notice in the manner aforesaid, provided that communications that are mailed shall not be deemed to have been given until three business days after mailing:

Taylor Union Hill, LLC:
15 Lake Bellevue Drive, Suite 102
Bellevue, WA 98005
Magnussen-Cadman, LLC:
8015 SE 28th Street, Suite 400
Mercer Island, WA 98040

And to its Attorney:
Foster Pepper, PLLC
Attn: Patrick Mullaney
Suite 3400
1111 Third Avenue
Seattle, Washington, 98101-3299

City of Redmond:
c/o Assistant Planning Director Jim Roberts
P.O. Box 97010
Redmond, WA 98073-9710

30. Full Understanding. The Parties each acknowledge, represent and agree that they have read this Agreement; that they fully understand the terms thereof; that they have had the opportunity to be fully advised by their legal counsel and any other advisors with respect thereto; and that they are executing this Agreement after sufficient review and understanding of its contents.

31. Attorneys' Fees. Should it be necessary for any Party to this Agreement to initiate legal proceedings to adjudicate any issues arising hereunder, the Party or Parties to such legal proceedings who substantially prevail shall be entitled to reimbursement of their attorneys' fees, costs, expenses, and disbursements (including the fees and expenses of expert and fact witnesses) reasonably incurred or made by the substantially prevailing Parties in preparing to participate in mediation or arbitration, to bring suit, during suit, on appeal, on petition for review, and in enforcing any judgment or award, from the other Party or Parties.

32. Severability. This Agreement does not violate any federal or state statute, rule, regulation or common law known; but any provision which is found to be invalid or in violation of any statute, rule, regulation or common law shall be considered null and void, with the remaining provisions remaining viable and in effect.

33. Cooperation in Execution of Documents. The Parties agree to properly and promptly execute and deliver any and all additional documents that may be necessary to

render this Agreement practically effective. This paragraph shall not require the execution of any document that expands, alters or in any way changes the terms of this Agreement.

34. Equal Opportunity to Participate in Drafting. The Parties have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Party based upon a claim that that Party drafted the ambiguous language.

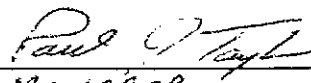
35. Exhibits. This Agreement includes the following exhibits:

- a. Exhibit A.1 – Legal Description of Taylor/Magnussen Property
- b. Exhibit A.2 – Map of the Taylor/Magnussen and Lehigh Properties
- c. Exhibit A.3 – August 21, 2000 Utility Easement
- d. Exhibit A.4 – Lakeside Industries MPRD plan for 188th Avenue NE
- e. Exhibit A.5 – 188th Avenue NE and NE 76th Street cross-section
- f. Exhibit A.6 – March 1, 1977 Surface Mining Permit #11588 &
January 1, 1971 Surface Mine Permit #10243

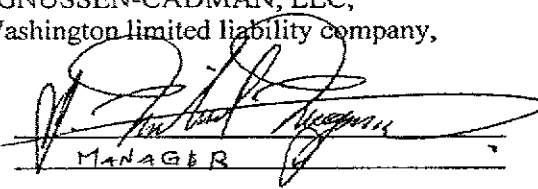
36. Final and Complete Agreement. This Agreement constitutes the final and complete expression of the Parties on all subjects relating to the development of the Taylor/Magnussen Property. This Agreement may not be modified, interpreted, amended, waived or revoked orally, but only by a writing signed by all Parties. This Agreement supersedes and replaces all prior agreements, discussions and representations on all subjects discussed herein, without limitation. No Party is entering into this Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Agreement and the exhibits hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

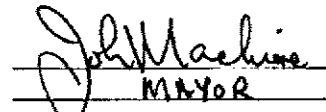
TAYLOR UNION HILL, LLC,
A Washington limited liability company,

By: 
Its: MANAGER

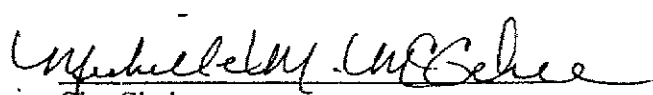
MAGNUSSEN-CADMAN, LLC,
A Washington limited liability company,

By: 
Its: MANAGER

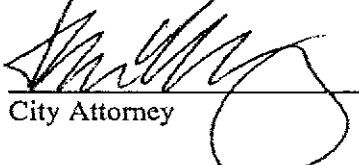
CITY OF REDMOND,
A Washington optional municipal code city

By: 
Its: MAYOR

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

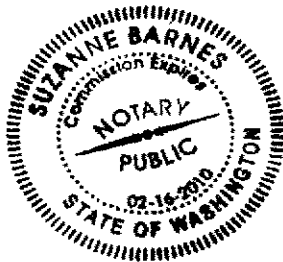
STATE OF WASHINGTON

COUNTY OF KING

SS.

On this day personally appeared before me Paul J. Taylor, to me known to be the Manager of TAYLOR UNION HILL, LLC, a Washington limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 14 day of February, 2008.



Suzanne Barnes
(Signature of Notary)

Suzanne Barnes
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Everett

My appointment expires 2-16-10

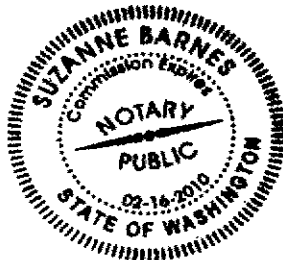
STATE OF WASHINGTON

COUNTY OF KING

SS.

On this day personally appeared before me J. Michael Magnussen, to me known to be the Manager of MAGNUSSEN-CADMAN, LLC, a Washington limited liability company that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 14 day of February, 2008.



Suzanne Barnes
(Signature of Notary)

Suzanne Barnes
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Everett

My appointment expires 2-16-10

STATE OF WASHINGTON

SS.

COUNTY OF KING

On this day personally appeared before me John Markham to me known to be Mayor of the CITY OF REDMOND, a Washington optional municipal code city that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 15th day of February, 2008.



Sandra L. Marion
(Signature of Notary)

Sandra L. Marion
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Redmond

My appointment expires 3-25-2010

EXHIBIT A.1
TAYLOR/MAGNUSSON LEGAL DESCRIPTION

LOT 2 (AFTER THE CITY OF REDMOND BOUNDARY LINE ADJUSTMENT)

BEING A PORTION OF THE NORTHEAST OF THE SOUTHWEST, THE NORTHWEST OF THE SOUTHEAST, THE EAST HALF OF THE NORTHWEST AND THE WEST HALF OF THE NORTHEAST QUARTERS OF SECTION 7 AND A PORTION OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 25 NORTH, RANGE 6 EAST, W.M. IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 7;
THENCE NORTH 89°27'30" EAST, 647.47 FEET ALONG THE NORTH LINE OF SAID SECTION 7;
THENCE NORTH 02°12'52" EAST, 553.91 FEET TO A POINT ON THE SOUTH LINE OF THAT PORTION DEEDED TO THE CITY OF REDMOND UNDER KING COUNTY RECORDING NUMBER 20040419002349;
THENCE ALONG SAID SOUTH LINE SOUTH 87°47'08" EAST, 33.91 FEET;
THENCE SOUTH 02°12'52" WEST, 252.40 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 2375.00 FEET, A LINE TO THE RADIUS POINT OF SAID CURVE BEARS SOUTH 87°47'08" EAST;
THENCE ALONG SAID CURVE, 101.04 FEET THROUGH A CENTRAL ANGLE OF 2°26'15";
THENCE SOUTH 00°13'23" EAST, 1422.94 FEET TO THE BEGINNING OF A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 2380.00 FEET, A LINE TO THE RADIUS POINT OF SAID CURVE BEARS NORTH 89°46'37" EAST;
THENCE ALONG SAID CURVE, 915.31 FEET THROUGH A CENTRAL ANGLE OF 22°02'06";
THENCE SOUTH 22°15'29" EAST, 636.00 FEET TO A POINT ON THE NORTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 7;
THENCE SOUTH 89°33'47" EAST ALONG THE NORTH LINE, 846.10 FEET TO A POINT ON THE EAST LINE OF THE NORTH QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 7;
THENCE SOUTH 00°16'11" WEST ALONG SAID EAST LINE, 333.77 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH ONE QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 7;
THENCE NORTH 89°28'30" WEST ALONG SAID SOUTH LINE, 1326.31 FEET TO THE WEST LINE OF THE NORTH ONE QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 7;
THENCE NORTH 89°28'47" WEST, 269.25 FEET TO A POINT ON THE CENTERLINE OF VACATED JAMES CAMPBELL ROAD, VACATED BY CITY OF REDMOND ORDINANCE NUMBER 1882, RECORDED UNDER RECORDING NUMBER 9608020055, TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 573.14 FEET, A LINE TO THE RADIUS POINT OF SAID CURVE BEARS SOUTH 64°55'15" EAST;
THENCE ALONG SAID CENTERLINE AND CURVE, 7.00 FEET, THROUGH A CENTRAL ANGLE OF 00°41'59" TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 573.14, A LINE TO THE RADIUS POINT OF SAID CURVE BEARS SOUTH 64°13'16" EAST;
THENCE ALONG SAID CURVE, 175.22 FEET, THROUGH A CENTRAL ANGLE OF 17°30'59";
THENCE NORTH 43°17'43" EAST, 20.43 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 537.14 FEET, A LINE TO THE RADIUS POINT OF SAID CURVE BEARS NORTH 46°42'17" WEST;
THENCE ALONG SAID CURVE, 198.21 FEET, THROUGH A CENTRAL ANGLE OF 19°48'52" TO A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 7;
THENCE NORTH 89°33'47" WEST ALONG SAID NORTH LINE, 586.49 FEET, TO A POINT ON THE EAST LINE OF PARCEL A OF CITY OF REDMOND BOUNDARY LINE ADJUSTMENT NUMBER LLR-88-8 AS RECORDED UNDER KING COUNTY RECORDING NUMBER 8812210190;
THENCE NORTH 00°33'33" EAST ALONG SAID EAST LINE, 228.87 FEET TO A POINT ON THE NORTH LINE OF SAID BOUNDARY LINE ADJUSTMENT;
THENCE NORTH 89°33'47" WEST ALONG SAID NORTH LINE, 26.86 FEET TO A POINT ON THE WEST LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 7;
THENCE NORTH 00°33'33" EAST ALONG SAID WEST LINE, 2461.20 FEET TO THE POINT OF BEGINNING.

SAID LOT CONTAINS 2,640,443 SQUARE FEET, OR 60.61 ACRES OF LAND, MORE OR LESS.

EXHIBIT A.2

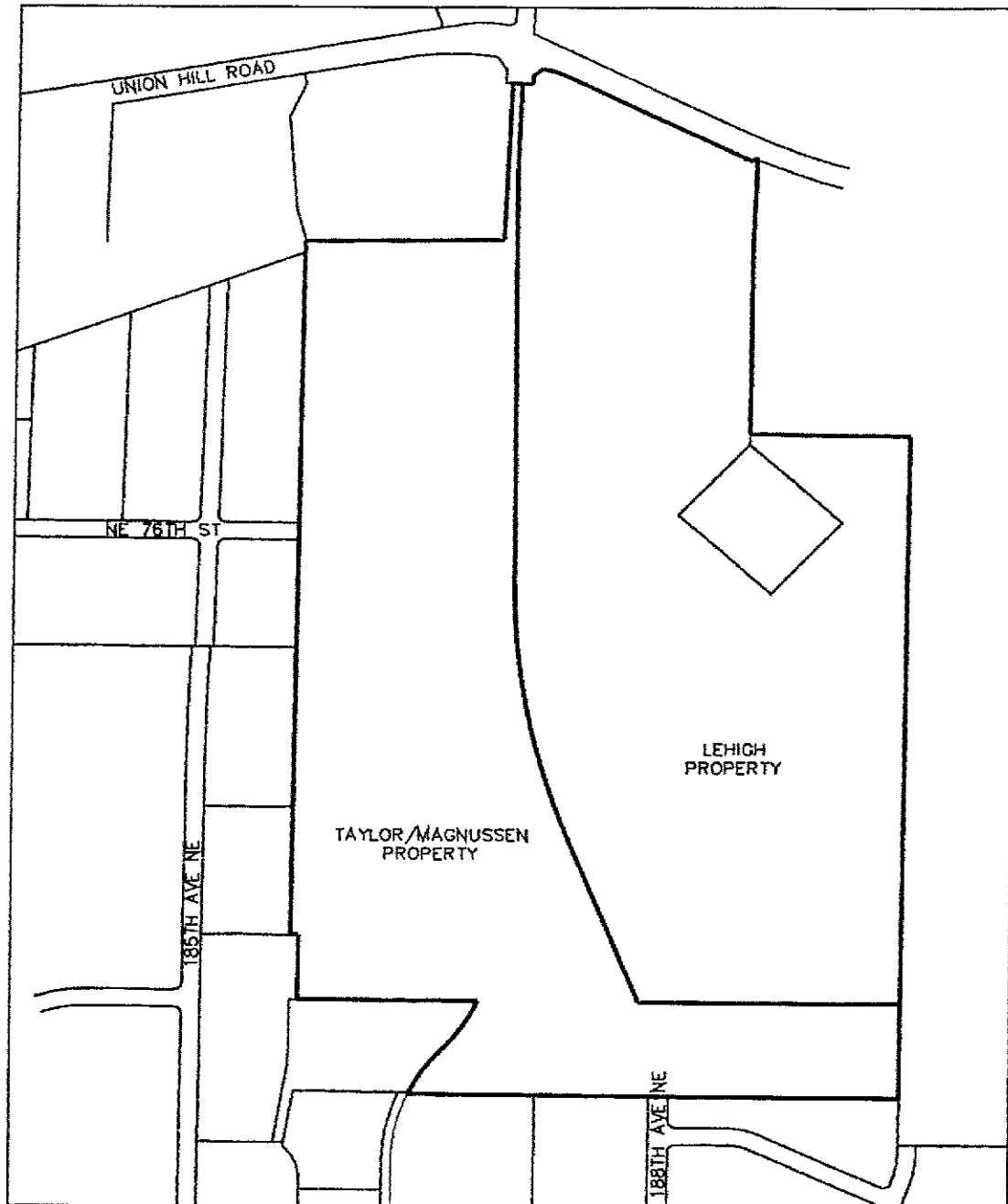


EXHIBIT A.3
UTILITY EASEMENT

2000 091 5001088

THE GRANTOR(S), Lehigh Portland Cement Company, a Pennsylvania Corporation; Paul J. Taylor and Karen M. Taylor, husband and wife, and Jon Magnussen for valuable consideration, in hand paid, receipt of which is hereby acknowledged, conveys and grants to the Grantee, the City of Redmond, its successors and assigns, a permanent, non-exclusive easement, over, under, in, along, across and upon, the property described on Exhibit "A" attached hereto and incorporated herein by reference, for the purpose of constructing, reconstructing, installing, repairing, replacing, operating and maintaining utilities and utility pipelines, including, but not limited to, water, sewer and storm drainage lines, together with the right of ingress and egress thereto without prior institution of any suit or proceedings of law and without incurring any legal obligation or liability therefore. This easement is granted subject to the following terms and conditions:

1 The Grantee shall, upon completion of any work within the property covered by this easement, restore the surface of the easement, and any private improvements disturbed or destroyed during execution of the work, as nearly as practicable to the condition they were in immediately before commencement of the work or entry by the Grantee

2 Grantor shall retain the right to use the surface of the easement as long as such use does not interfere with the easement rights granted to the Grantee. Grantor shall not, however, have the right to:

- (a) Erect or maintain any building or structures within the easement; or
- (b) Plant trees, shrubs or vegetation having deep root patterns which may cause damage to or interfere with the utilities to be placed within the easement by the Grantee, or
- (c) Develop, landscape, or beautify the easement area in any way which would unreasonably increase the cost to the Grantee of restoring the easement area and any private improvements therein

3 This easement shall be recorded with the King County Recorder, shall run with the land described herein, and shall be binding upon the parties, their heirs, successors in interest and assigns

4 This easement is intended to replace and supercede that certain Utility Easement dated May 25, 2000 and recorded under King County Recording No 20000615001102

DATED this 21st day of AUGUST, 2000

Grantor(s): Lehigh Portland Cement Company

By: Deborah de Buzina

Title VICE PRESIDENT

Grantor(s): Paul J. Taylor

Paul J. Taylor

Grantor(s): Karen M. Taylor

Karen M. Taylor

Grantor(s): Jon Magnussen

Jon Magnussen

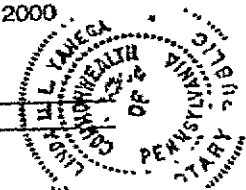
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF LEHIGH

SS

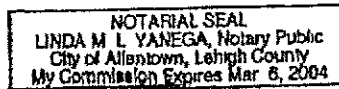
On this day personally appeared before me JEFFERY H. BROZYNA, to me known to be VICE PRESIDENT of Lehigh Portland Cement Company, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation

GIVEN under my hand and official seal this 29th day of AUGUST, 2000

Linda M. L. Yanega
LINDA M. L. YANEGA
(Print name of notary)



NOTARY PUBLIC in and for the Commonwealth
of Pennsylvania, residing at BETHLEHEM, PA
My commission expires MARCH 6, 2004



STATE OF WASHINGTON
COUNTY OF KING

SS

On this day personally appeared before me Paul J. Taylor to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned

SUZANNE BARNES
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 2-16-02

Suzanne Barnes
Suzanne Barnes
(Print name of notary)

NOTARY PUBLIC in and for the State of
Washington, residing at Monroe
My commission expires 2-16-02

STATE OF WASHINGTON
COUNTY OF KING

} SS

On this day personally appeared before me Karen M. Taylor to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned

SUZANNE BARNES
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 2-16-02

Suzanne Barnes
Suzanne Barnes
(Print name of notary)

NOTARY PUBLIC in and for the State of
Washington, residing at Monroe
My commission expires 2-16-02

STATE OF WASHINGTON
COUNTY OF KING

} SS

On this day personally appeared before me Jon Magnussen to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned

SUZANNE BARNES
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 2-16-02

Suzanne Barnes
Suzanne Barnes
(Print name of notary)

NOTARY PUBLIC in and for the State of
Washington, residing at Monroe
My commission expires 2-16-02

August 7, 2000

**LEGAL DESCRIPTION
FOR
AGGREGATED ASSETS**

"EXHIBIT A"

OFFSITE SANITARY SEWER EASEMENT

That portion of the Northwest quarter of the Southeast quarter and of the West half of the Northeast quarter of Section 7, Township 25 North, Range 6 East, Willamette Meridian, in King County, Washington, and of the Southwest quarter of the Southeast quarter of Section 6, Township 25 North, Range 6 East, Willamette Meridian, in King County, Washington lying within a strip of land 30 00 feet in width, 15 00 on each side of the following described centerline

Beginning at the Northeast corner of the West 550 00 feet of the South three-quarters of said Northwest quarter of the Southeast quarter of Section 7,

Thence N 89°28'30" W along the North line thereof a distance of 11 00 feet to the True Point of Beginning of the herein described centerline,

Thence N 00°17'39" E a distance of 20 58 feet to a point of curve,

Thence Northerly along the arc of a curve to the left, said curve having a radius of 704 00 feet through a central angle of 22°33'04" a distance of 277 09 feet,

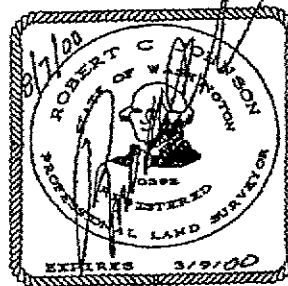
Thence N 22°15'25" W a distance of 677 07 feet to a point of curve,

Thence Northerly along the arc of a curve to the right, said curve having a radius of 2,391 00 feet through a central angle of 22°02'06" a distance of 919 54 feet,

Thence N 00°13'18" W a distance of 1,414 70 feet to a point of curve,

Thence Northerly along the arc of a curve to the right, said curve having a radius of 2,386 00 feet through a central angle of 02°25'54" a distance of 101 26 feet to a point which is 21 50 feet Westerly of, when measured at right angles to, the West line of said Southeast quarter of Section 6,

Thence N 02°12'36" E parallel with said West line a distance of 375 71 feet to a point on the South margin of a 60 00 foot right-of-way known as N E Union Hill Road, distant thereon 23 01 feet Easterly of its intersection with said West line of the Southeast quarter of Section 6 and the terminus of said centerline



Prepared by

RCF

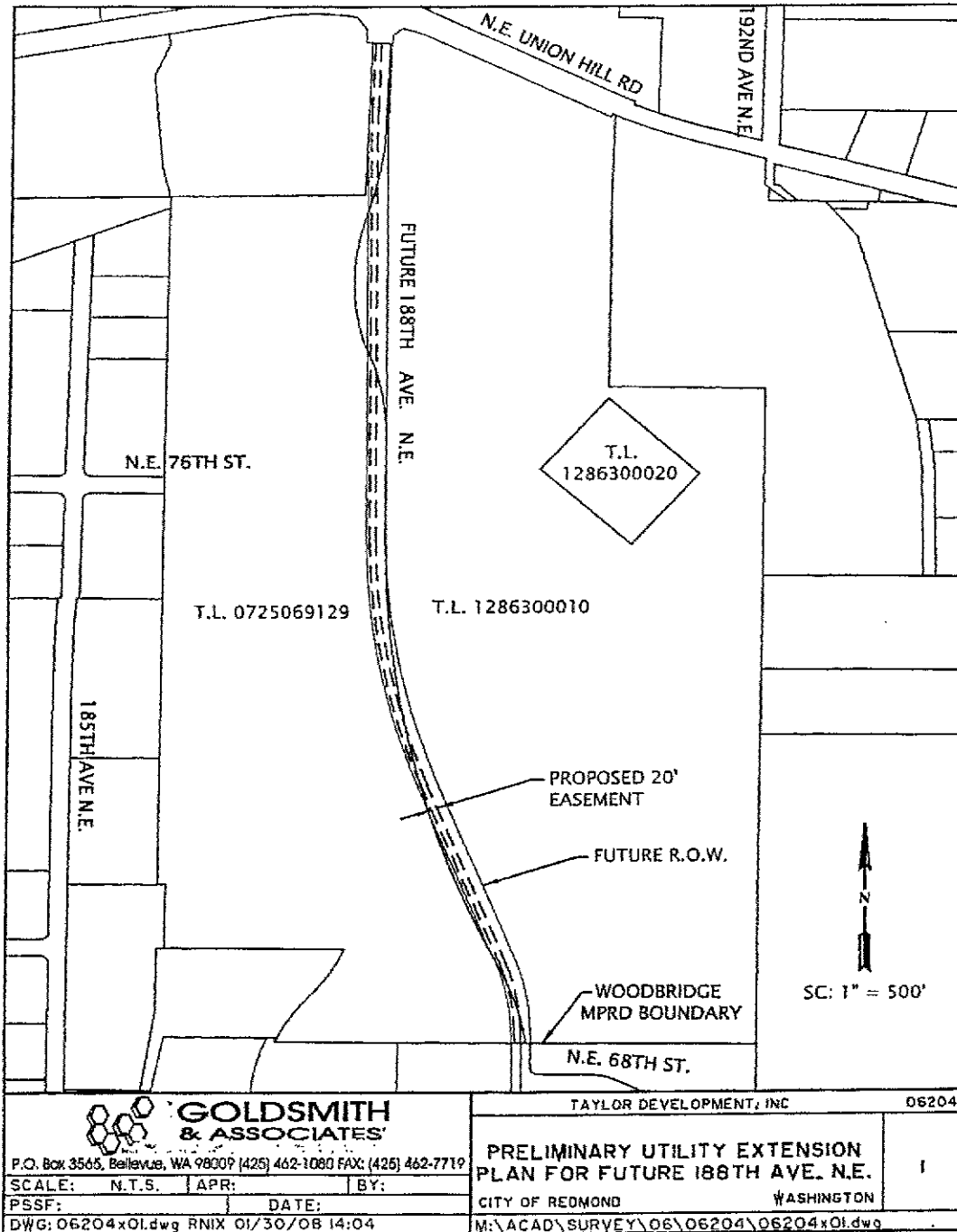
Checked by

mm



Hugh G. Goldsmith
& Associates, Inc

EXHIBIT A.4



**GOLDSMITH
& ASSOCIATES**

P.O. Box 3565, Bellevue, WA 98009 (425) 462-1080 FAX: (425) 462-7719

SCALE: N.T.S. APR: BY:

PSSF: DATE:

DWG: 06204x01.dwg RNIX 01/30/08 14:04

TAYLOR DEVELOPMENT, INC

06204

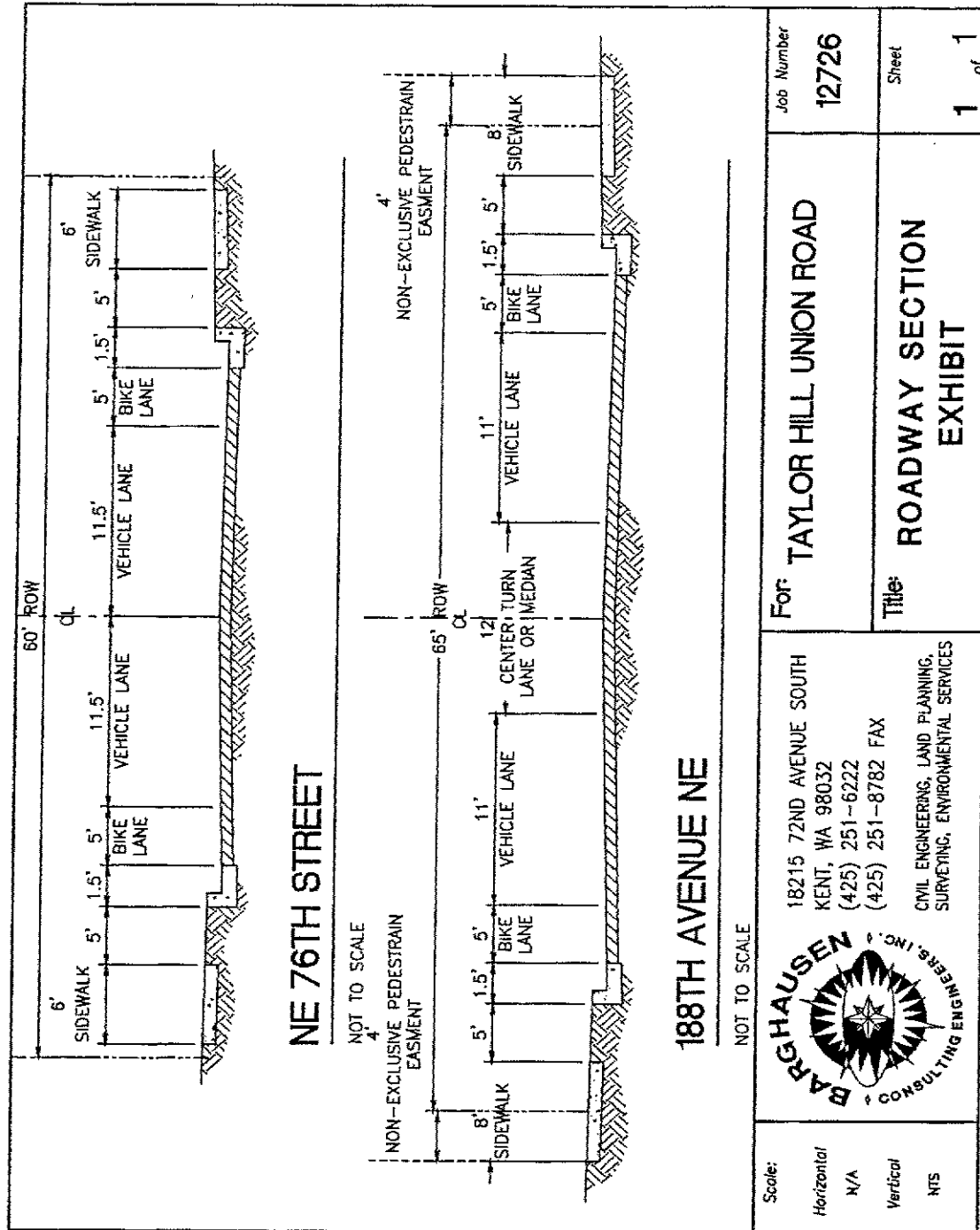
**PRELIMINARY UTILITY EXTENSION
PLAN FOR FUTURE 188TH AVE. N.E.**

CITY OF REDMOND

WASHINGTON

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EXHIBIT A.5




Scale:	Horizontal N/A Vertical NTS	For: TAYLOR HILL UNION ROAD	Job Number 12726
 <p>18215 72ND AVENUE SOUTH KENT, WA 98032 (425) 251-6222 (425) 251-8782 FAX</p> <p>CIVIL ENGINEERING, LAND PLANNING, SURVEYING, ENVIRONMENTAL SERVICES</p>		Title: ROADWAY SECTION EXHIBIT	Sheet 1 of 1

EXHIBIT A.6



STATE OF WASHINGTON
BOARD
of
NATURAL RESOURCES
P.O. Box 168 Olympia, Wa 98501

SURFACE MINING PERMIT

Operator: Cadman Gravel Company

Address: 18816 Union Hill Road (P. O. Box 538)

Redmond, WA 98052

Pursuant to RCW 78.44 (Chapter 64, Laws of 1970) an OPERATING permit is hereby granted to the above-named operator to engage in surface mining on the property described in the application and material on file under this permit. The total area to be disturbed by surface mining, including the deposition of surface mining refuse, shall be in accordance with the reclamation plan filed with and approved by the Board of Natural Resources under this permit, and in accordance with Exhibit "A" attached hereto

Term and made a part of this permit.

This permit shall be in effect from the date of issuance and shall remain in effect so long thereafter as the operator pays the annual basic fee of \$25 per site and the additional acreage fee if applicable, complies with the Surface-Mined Land Reclamation Act and the rules and regulations promulgated thereunder, complies with the reclamation plan, and maintains a performance bond as required by the Act.

Change or Modification of Reclamation Plan

The operator shall obtain written approval from the Board prior to any change or departure from the approved reclamation plan. The reclamation plan may be modified as provided in RCW 78.44.100 at any time during the term of the permit after timely notice and opportunity for hearing.

Transfer of Permits

The transfer of this permit to another operator through sale, assignment, lease, or otherwise shall not be made unless approved in writing by the Board. A transfer shall not be approved unless the successor operator assumes all duties of the former operator to complete the reclamation of the land and the Board approves the successor operator's bond.

Bonds

A performance bond in the amount of Two Thousand (\$ 2,000.00) Dollars shall be submitted to and approved by the Board prior to commencement of surface mining. The operator may submit a cash deposit or an assignment of a savings account in the amount specified in lieu of a performance bond. The amount of the bond shall be subject to adjustment annually, based on the number of acres to be surface mined and the number of acres to be reclaimed.

Penalties

This permit may be suspended, cancelled, or revoked if the operator violates any of the applicable requirements set forth in the Act or the rules and regulations promulgated pursuant thereto, or if the operator fails to conduct his operations as specified in the approved reclamation plan.

The operator shall be guilty of a gross misdemeanor for conducting surface mining without a valid operating permit. Each day of operation without a valid operating permit constitutes a separate offense.

Issued this 1st day of January, 19 71.

BERT L. COLE, Secretary
Board of Natural Resources

BY

Donald M. Ford

Donald M. Ford
Assistant Supervisor: Reclamation
Division of Mines and Geology

SEE DIVISION (21067)

EXHIBIT "A"

Cadman Gravel Co.

Operating Permit No. 10243

September 9, 1971

- (1) All slopes shall not exceed 2' horizontal to 1' vertical. Where the site abuts other surface mining sites, slopes shall be compatible with the abutting site, but not to exceed 1.5 horizontal to 1 vertical.
- (2) A minimum setback of 25 feet shall be maintained between the top of all slopes and adjoining property. Where the site abuts other surface mining sites, the setback requirement is waived. However, the final configuration of pit floors and slopes shall be compatible with those of the adjoining sites.



STATE OF WASHINGTON
BOARD
of
NATURAL RESOURCES
Olympia, Wa. 98504

ADR 17 1995
W & H PACIFIC
SURFACE MINING PERMIT

Operator: Cadman Gravel Company

Address: 18816 N.E. 80th Box 538

Redmond, WA 98052

Pursuant to RCW 78.44 (Chapter 64, Laws of 1970) on OPERATING permit is hereby granted to the above-named operator to engage in surface mining on the property described in the application and material on file under this permit. The total area to be disturbed by surface mining, including the deposition of surface mining refuse, shall be in accordance with the reclamation plan filed with and approved by the Board of Natural Resources under this permit.

Term

This permit shall be in effect from the date of issuance and shall remain in effect so long thereafter as the operator pays the annual basic fee of \$25 per site and the additional acreage fee if applicable, complies with the Surface-Mined Land Reclamation Act and the rules and regulations promulgated thereunder, complies with the reclamation plan, and maintains a performance bond as required by the Act.

Change or Modification of Reclamation Plan

The operator shall obtain written approval from the Board prior to any change or departure from the approved reclamation plan. The reclamation plan may be modified as provided in RCW 78.44.100 at any time during the term of the permit after timely notice and opportunity for hearing.

Transfer of Permits

The transfer of this permit to another operator through sale, assignment, lease, or otherwise shall not be made unless approved in writing by the Board. A transfer shall not be approved unless the successor operator assumes all duties of the former operator to complete the reclamation of the land and the Board approves the successor operator's bond.

Bonds

A performance bond in the amount of ten thousand (\$10,000.00) Dollars shall be submitted to and approved by the Board prior to commencement of surface mining. The operator may submit a cash deposit or an assignment of a savings account in the amount specified in lieu of a performance bond. The amount of the bond shall be subject to adjustment annually, based on the number of acres to be surface mined and the number of acres to be reclaimed.

Penalties

This permit may be suspended, cancelled, or revoked if the operator violates any of the applicable requirements set forth in the Act or the rules and regulations promulgated pursuant thereto, or if the operator fails to conduct his operations as specified in the approved reclamation plan.

The operator shall be guilty of a gross misdemeanor for conducting surface mining without a valid operating permit. Each day of operation without a valid operating permit constitutes a separate offense.

Issued this 1st day of March, 19 77.

BERT L. COLE, Secretary
Board of Natural Resources

BY Donald M. Ford

Donald M. Ford
Assistant Supervisor
Division of Geology and Earth
Resources

Permit No. 11588