

Return Address:

Redmond City Clerk
 City of Redmond
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 KING COUNTY, WA

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in)

1. Development Agreement 2. _____
 3. _____ 4. _____

Reference Number(s) of Documents assigned or released:

Additional reference #'s on page _____ of document

Grantor(s) Exactly as name(s) appear on document

1. Group Health Cooperative, City of Redmond
 2. _____

Additional names on page _____ of document.

Grantee(s) Exactly as name(s) appear on document

1. City of Redmond, Group Health Cooperative
 2. _____

Additional names on page _____ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Tract 4, Lots 5-6, Plat of Bellevue Gardens Third Addition, Volume 21, Page 72, King County, WA

Additional legal is on page 37 of document.

Assessor's Property Tax Parcel/Account Number

assigned
 0673100050; 0673100020

☐ Assessor Tax # not yet

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

"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request."

 Signature of Requesting Party

Note to submitter: Do not sign above nor pay additional \$50 fee if the document meets margin/formatting requirements

DEVELOPMENT AGREEMENT
CITY OF REDMOND
AND
GROUP HEALTH COOPERATIVE

THIS DEVELOPMENT AGREEMENT is entered into this 13th day of December, 2011 ("Effective Date"), by and between GROUP HEALTH COOPERATIVE, a Washington nonprofit corporation ("GHC"), and the CITY OF REDMOND, a Washington optional municipal code city (the "City").

BACKGROUND AND CONTEXT

A. GHC owns the real property commonly known as the Group Health Eastside Campus, more particularly described on Exhibit A attached hereto, and as depicted on Exhibit B attached hereto (the "Property"). The Property is located in the Overlake Neighborhood of the City.

B. The City updated its land use plans, policies and regulations for the Overlake Neighborhood through the Overlake Neighborhood Plan Update and Implementation Project, including the following actions:

(1) On December 11, 2007, the City adopted Ordinances 2382, 2383, 2384, and 2385 ("Overlake Neighborhood Plan Update Phase I Amendments") which establish updated policies and development regulations for the Overlake Neighborhood.

(2) On October 20, 2009, the City adopted Ordinances 2942 and 2943 ("Overlake Neighborhood Plan Update Phase II Amendments") which amended the City's Comprehensive Plan to recognize Overlake as one of the City's two urban centers, further updated development regulations and amended the Overlake SEPA Planned Action.

(3) On February 15, 2011, the City adopted Ordinance No. 2575 ("Overlake Neighborhood Plan Update Phase III Amendments") which amended the Redmond Municipal Code to update the Comprehensive Plan, Transportation and Urban Centers elements and portions of the Transportation Master Plan to implement recommendations of studies completed to advance the Overlake Neighborhood Plan.

The Overlake Neighborhood Plan Update and Implementation Project includes policies, land use plans, capital improvement plans, and land use and development regulations intended to promote planned and coordinated redevelopment of the Property into a walkable, mixed-use, transit-supportive urban environment. The updated Overlake Neighborhood Plan designates the Property as a "Cornerstone Site", the development of which is intended to serve as a catalyst for redevelopment of other properties in the area as envisioned by the Neighborhood Plan.

C. GHC has prepared a master plan entitled "Group Health - Overlake Village (Zone 4) Master Plan" dated November 30, 2011 to provide for coordinated redevelopment of the Property over time ("Master Plan"). The Master Plan has been the subject of a public review process that included public review and comment at a neighborhood meeting and consideration and recommendations for approval by the Design Review Board and Technical Committee. The City Council conducted a public hearing to obtain further public comment on the Master Plan and this Development Agreement. Environmental Impacts of the development proposed by the Master Plan were identified and considered through the Overlake Neighborhood Plan Update Final Supplemental Environmental Impact Statement and Overlake SEPA Planned Action Update.

D. Redevelopment of the Property in accord with the Master Plan will provide substantial public benefits, including:

- (1) Mixed-use transit supportive development with 1,400 or more residential living units;
- (2) A 2.67 acre site for the Major Public Park called for in the Overlake Neighborhood Plan;
- (3) Planting of trees and shrubs on approximately ten acres of permanently protected land;
- (4) A new multi-modal street connection between 152nd Avenue NE and 156th Avenue NE;
- (5) Urban pathways connecting with the City's regional trail system, future light rail station, residential neighborhoods and employment centers;
- (6) A full service hotel and conference center;
- (7) Retail amenities;
- (8) Office space to facilitate expanded employment opportunities.

E. GHC and the City intend that redevelopment of the Property will serve as a catalyst for redevelopment of surrounding areas that will help the Overlake Neighborhood fully realize the benefits a walkable, mixed-use, transit-supportive urban environment. To these ends, the parties intend that this Agreement will:

- (1) Provide greater certainty as to application of new regulations and procedures adopted through the Overlake Neighborhood Plan Update and Implementation Project;
- (2) Encourage redevelopment of the Property to occur as soon as practical;

(3) Influence the quality and character of the development such that the public and private benefits identified in the Overlake Neighborhood Plan Update and Implementation Project will be fully realized; and

(4) Provide for mitigation of environmental impacts that are likely to result from redevelopment of the Property.

F. RCW 36.70B authorizes cities to enter into development agreements with property owners to govern the future development of real property. A development agreement between Owner and the City is a collaboration that will provide mutual benefit for the parties, residents and businesses of the Overlake Neighborhood, and the region.

AGREEMENT

NOW, THEREFORE, pursuant to the provisions of RCW 36.70B.170, et seq., and in consideration of the mutual promises, benefits and obligations set forth herein, the City and GHC enter into the following Development Agreement ("Agreement"):

1. Property.

1.1 Land and FAR. The Property, exclusive of public right-of-way, comprises 1,204,049 square feet of total land area. As provided in RZC 21.12.090 (C), the maximum allowed development on the Property is expressed in terms of the ratio of floor area to total gross land area (excluding existing right-of-way) prior to dedication of new public right-of-way or provision of other land for public amenities. Allowed FAR shall thus be calculated for all purposes by using 1,204,049 square feet as the total gross land area. Future dedications of land for right-of-way or other public use or improvements shall not reduce the land area used for calculating FAR, the development rights provided for in this Agreement or development rights provided for through applicable land use regulations.

1.2 Existing Development. The Property is currently developed with hospital and medical office buildings containing 473,115 square feet of Gross Floor Area ("Existing Structures"). Gross Floor Area ("GFA") as used in this Agreement shall mean the area included within the surrounding exterior walls of a building or portion thereof, exclusive of vent shafts, elevator shafts, stairwells, courts, second story atriums and lobbies. Area within a parking structure is not included in GFA. The Property has also been developed with significant areas of impervious surface in addition to building footprints, including extensive surface parking areas. The GFA of each of the Existing Structures and quantification of areas of existing impervious surface are itemized in the Appendix to the Master Plan at the page titled "Existing Site Plan".

2. Mixed-Use Transit-Oriented Development.

2.1 Right to Develop Master Planned Mixed-Use Project. Subject to the requirements set forth in this Agreement, GHC and all future owners of some or all of the

Property (hereafter, collectively “Owner”) shall have the right to demolish Existing Structures and redevelop the Property as a mixed-use transit-oriented community (“the Project”).

The Project shall include:

- a) Not less than 1,400 residential dwelling units up to a maximum residential FAR of 4.0;
- (b) A full service hotel/conference center with banquet and meeting facilities sufficient to accommodate groups of at least 300 people;
- (c) Not less than 25,000 square feet of GFA of retail or other pedestrian activating uses along the frontage of 152nd Ave NE;
- (c) Up to a maximum of 1.15 FAR (1,384,656 square feet of GFA) for office, retail, restaurant and other non-residential uses allowed in Overlake Zone 4 including the full service hotel/conference center, provided all commercial uses other than hotel/conference center uses shall not exceed 1.0 FAR (1,204,049 square feet of GFA);
- (d) All required utilities; streets, drives, parking and other transportation facilities; park, open space, trail and landscaping improvements; and all other improvements needed to support and complete the development, including both on-site and off-site improvements as provided for in the Master Plan and this Agreement.

As used in this Agreement, “commercial” is the equivalent of “non-residential”. When used to describe land uses “commercial” shall mean all land uses other than residential land uses. When used to describe development, floor space or structures, “commercial” shall mean all structures, areas and facilities not designed and used for residential occupancy or accessory to residential occupancy. “Commercial” includes hotels unless otherwise noted.

2.2 Conformance with Master Plan. The City Council has approved the Master Plan. Approval of the development shown in the Master Plan and identified in this Agreement is specifically conditioned upon dedication of the land and improvements identified in the Master Plan and/or this Agreement, including the park land, urban pathway, street and utility facilities identified hereinafter. The Project shall substantially conform with the Master Plan, including amendments thereto as provided for in RZC 21.76.090(D). (Site and building modifications to facilitate interim use of Existing Structures are not regulated by the Master Plan). In the event of a conflict between the Master Plan and this Agreement, this Agreement shall control.

2.3 Bonus Features and Development Incentives. Pursuant to the Overlake Village Incentive Program, RZC 21.12.170, and the Master Plan approval process, the Project includes the following features that have earned incentives:

- (a) Master Plan;

- (b) Major Park;
- (c) A minimum of 60% parking below grade;
- (d) Full-Service Hotel/Conference Center, and
- (e) Transit-Oriented Development.

The development incentives corresponding to each bonus feature as set forth in RZC 21.12.170 and as specifically identified in the chart entitled “Bonus Calculations” as set forth in the Appendix to the Master Plan, have been awarded for provision of such bonus features and shall be taken into account in all decisions on applications for development of the Project.

2.4 Vested Rights.

2.4.1 Development Regulations. Except as provided otherwise in this Agreement, development of the Project shall be vested to and governed by City development regulations in effect as of the Effective Date of this Agreement. Except as expressly stated otherwise herein, any amendments or additions made during the term of this Agreement to City development regulations shall not apply to or affect the conditions of development of the Project. As used in this Agreement, “development regulations” shall be deemed to include regulations, policies, procedures and guidelines addressing zoning, environmental review (including SEPA procedures and substantive SEPA policies), building and site design, utilities, stormwater, impact fees, transportation concurrency and other laws, ordinances, policies, and administrative regulations and guidelines of the City governing land development.

2.4.2 Exemptions. The following are exempt from vesting under this Agreement:

- (a) Plan review fees, inspection fees, connection charges and the amounts of impact fees established by schedules, charts or tables;
- (b) Stormwater and utility connection fees and monthly service charges;
- (c) Amendments to building, plumbing, fire and other construction codes;
- (d) City enactments that are adopted pursuant to State or federal mandates that preempt the City’s authority to vest regulations.

2.5 City’s Reserved Rights. Notwithstanding any other provisions of this Agreement, 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 written notice and an opportunity to be heard has been provided to all owners of the Property.

2.6 Future Amendments. Owner may request to be bound by future amendments to the Redmond Zoning Code, the Redmond Municipal code or other regulations, policies or guidelines affecting development, and such request shall be approved administratively provided that, as a result of being subject to such amendment(s), the development of the Property will meet the following criteria: no new land use not allowed under current regulations is proposed; no reduction in the amount of open space is proposed; and no increase to the total square footage of structures to be developed is proposed. Otherwise, the request to be bound by the future amendments(s) shall be approved by the City Council as an amendment to this Agreement. Except for the termination date, any of the dates set forth in this Agreement may be revised administratively by agreement between Owner and City Staff.

2.7 Development Approvals.

2.7.1 Site Plan Entitlement Process. Detailed development plans for development sites within the Property shall be approved through the site plan entitlement process and other approval processes provided for in the RZC, as applicable. Depictions of building footprints, shapes and number of stories in the Master Plan are illustrative only. Such graphics and text shall not constrain the process of designing and approving individual developments which shall address applicable city-wide and special Overlake Village design guidelines and conform with standards governing structure height and bulk, environmental sustainability and other applicable development regulations.

2.7.2 Conditions. The City shall not impose any condition on the Project, or any development proposal for one or more sites within the Project, that is inconsistent with this Agreement or the Master Plan except as provided in Section 2.5 of this Agreement.

2.8 Residential Component. The Master Plan satisfies the requirement of RZC 21.12.070 (A) and (C) that 50% of all GFA constructed on the Property be devoted to residential use through an alternate method of calculating the required minimum quantity of residential development consisting of the following elements:

- (a) The land area restricted to residential development shall comprise 50% or more of the total land area of all development parcels; and
- (b) A minimum of 1,400 dwelling units must be constructed upon the residential development parcels.

Specific timing or sequencing of development of the residential and non-residential components of the Project shall not be required. All residential structures may include retail and other pedestrian activating uses at ground floor levels. The Master Plan specifies the initial allocation of the minimum number of residential units that must be constructed on each residential development parcel to achieve the minimum required 1,400 dwelling units. Up to ten percent of the required minimum number of residential units assigned to each development parcel in the

Master Plan may be reallocated among other residential development parcels by the affected parcel owners as evidenced by a written, recorded agreement, a copy of which shall be provided to the City as part of the site plan entitlement process for development of all affected parcels. Transfers shall not be allowed to increase the minimum number of residential units to be required of any one parcel by more than 20% of the requirement for that parcel as shown in the Master Plan.

2.9 Affordable Housing. Residential developments within the Project shall be subject to and shall satisfy the affordable housing requirements as set forth in RZC 21.20. Compliance with such requirements shall be accomplished project-by-project, provided the City may approve through the site plan entitlement process a proposal to satisfy requirements of one project by locating affordable units in another project. No other phasing of compliance with affordable housing requirements shall be required.

2.10 Development Sites/Land Division. The size, configuration and number of legal lots or development parcels within the Property may be modified without amendment of the Master Plan through boundary line adjustments, lot consolidations, binding site plans, short plats, subdivisions or creation of condominiums. Such modifications must be consistent with the requirements of Section 2.8, above, and with the mobility concept as set forth in the Master Plan. The Property shall be deemed "classified for commercial use" as this term is used in RCW 58.17.040 (4) for the purpose of legally dividing the property through administrative approval of one or more binding site plans.

2.11 Agreement Runs with the Land.

2.11.1 Transfer of Ownership. In the event of transfer of ownership of all or any portion of the Property, the benefits accruing to, and the obligations placed upon the "Owner" under this Agreement shall run with the land and title to the Property and inure to the benefit of, and be binding upon each person having any right or title or other legal interest in the Property with respect to that party's interest in the Property. This Agreement shall be deemed to create privity of contract and estate with and among all persons and entities acquiring any interest in the Property subsequent to the date hereof.

2.11.2 Administration of Agreement. Following execution of this Development Agreement, GHC and the City shall agree upon those administrative matters pertinent to implementation of the Master Plan and Development Agreement that should be addressed when any transfer of ownership of less than the entire Property to a new owner occurs in the absence of a party with overall responsibility for development of the Master Plan Area ("Master Developer"). The purpose of this requirement is to ensure that the City burden in administering the terms of the Development Agreement and Master Plan will not be unduly increased by a transfer resulting in multiple owners without one Master Developer. GHC and the City will make reasonable efforts to promptly enter into this agreement, provided the closing of the sale of any parcel shall not be delayed due to lack of such agreement and, in any event such agreement shall be completed no later than six months following closing of the first sale of a parcel without provision for a Master Developer.

2.12 Impervious Surface and Landscaping Standards. The Master Plan demonstrates compliance with requirements for minimum landscaped area and maximum impervious surface areas over the Master Plan Area, rather than on a parcel-by-parcel basis. Attainment of the total required minimum and maximum areas based on the entire Master Plan Area is ensured through specific individual allocations of these areas among the public spaces and private parcels shown in the Master Plan, with verification of compliance with these minimums and maximums to be confirmed through the site plan entitlement process. The allocations of minimum and maximum areas in the Master Plan shall be controlling unless modified through re-allocation of minimum landscaped area and/or maximum impervious surface areas among the public spaces and/or private parcels in a binding site plan, short plat, subdivision, boundary line adjustment or other modification approved by the City. In the event of any difference between the allocation in the Master Plan and the allocation set forth in the subsequent binding site plan, short plat, subdivision, boundary line adjustment or other modification approved by the City, the most current allocation shall control. When a development site consists of two or more parcels, the requirements may be satisfied over the development site, rather than parcel-by-parcel.

3. BROTS Commercial Development Limitation.

3.1 BROTS Agreement. The Cities of Redmond and Bellevue entered into an interlocal agreement regarding land use planning and transportation improvements in the Bel-Red/Overlake area dated September 30, 1999 ("BROTS Agreement"). Under the BROTS Agreement, as amended, commercial development in the Redmond portion of the BROTS area is currently limited to 15,457,783 square feet of Gross Floor Area (the "BROTS Cap"). All commercial development allowed by the BROTS Cap has been allocated to (i) existing development, (ii) pending development requests and (iii) allocations for vacant and severely underdeveloped parcels. The City affirms that the BROTS Cap will remain in effect through December 31, 2012, unless an earlier termination date is agreed upon by Redmond and Bellevue, and that thereafter the BROTS Cap shall not limit the timing or development of the Property or Project.

3.2 Prior Allocation of Development Capacity under BROTS Cap to Microsoft. Pursuant to the agreements between the City and Microsoft Corporation titled "Development Agreement" entered into in 2005 and "Development Agreement II" (addressing the former Nintendo property) entered into in 2008 ("Microsoft Agreements"), 252,157 square feet of the total quantity of development on the Microsoft property authorized by the Microsoft Agreements (the "Microsoft Holdback") may not be constructed until (i) the BROTS Cap is raised, (ii) square footage under the BROTS Cap currently allocated becomes unallocated, or (iii) the BROTS Cap expires and is not renewed. The Microsoft Agreements provide that upon the occurrence of any of these events, available development capacity up to the amount of the Microsoft Holdback is automatically transferred to Microsoft.

3.3 Limitation on Development of Project.

3.3.1 Group Health Site Holdback. Construction of buildings within the Project excluding Exempt Development as provided for in Section 3.4 of this Agreement shall

not commence prior to the BROTS Cap End Date (as defined below) unless one or both of the following events occur:

- (a) The BROTS Cap is raised in excess of the Microsoft Holdback; or
- (b) Square footage under the BROTS Cap that is currently allocated becomes unallocated in excess of the Microsoft Holdback.

The term "BROTS Cap End Date" as used in this Agreement shall mean December 31, 2012, provided that if the BROTS Cap is terminated or otherwise ceases to have legally controlling effect as of an earlier date, then "BROTS Cap End Date" shall mean such earlier date. The portions of the Project subject to this subsection 3.3.1 are referred to in this Agreement as the "Group Health Site Holdback".

3.3.2 Reduction or Elimination of Group Health Site Holdback. Upon occurrence of either of the events described in Section 3.3.1 (a) or (b) of this Agreement, (1) Owner shall automatically, without need for any further action by any party, have the right to use the square footage made available, (2) the square footage shall automatically be allocated to Owner and (3) the square footage shall serve to immediately eliminate or reduce the amount of development on the Property subject to the Group Health Site Holdback, as applicable, depending upon the amount of square footage available for reduction. Upon occurrence of the events described in subsections 3.3.1 (a) or (b) of this Agreement, Owner shall automatically, without the need for any further action by any party, have the right, subject to obtaining all required development approvals and conditions of this Agreement, to proceed with construction of development subject to the Group Health Site Holdback and the Group Health Site Holdback shall be automatically eliminated as to such development.

3.3.3 Allocation of Development Capacity Formerly Subject to Group Health Site Holdback. Upon the transfer of ownership of each portion of the Property designated in the Master Plan for development that is subject to the Group Health Site Holdback, Owner shall agree in writing with the transferee ("Holdback Allocation Agreement") as to what, if any, portion of such development right subject to the Group Health Site Holdback shall become available for use on the transferred parcel in the event of a reduction or elimination of the Group Health Site Holdback pursuant to Section 3.3.2, including the priority of such right with respect to all other parcels within the Property subject to the Group Health Site Holdback. The Holdback Allocation Agreement shall be recorded upon transfer of title to the affected portion of the Property. Once recorded, the Holdback Allocation Agreement shall be accepted by the City as proof of the rights of owners of one or more parcels identified in the Holdback Allocation Agreement to proceed with development that has been freed of the Group Health Site Holdback pursuant to Section 3.3.2 of this Agreement.

3.4 Exempt Development.

3.4.1 Definition. "Exempt Development" as used in this Agreement, shall mean the development identified in subsections 3.4.2 through 3.4.4.

3.4.2 Residential Development. Residential development in the Project shall not be limited by the BROTS Cap. For purposes of this section, “residential development” shall include buildings designed and used for residential uses, including residential mixed-use buildings, and including space ancillary to residential uses such as elevator lobbies and mailrooms. Building space in residential development devoted to retail or other commercial uses is not included in the term “Exempt Development”. Such non-residential space shall be subject to the BROTS Cap.

3.4.3 Replacement Development. The GFA of Existing Structures on the Property is agreed to be 473,115 square feet. Upon demolition of some or all of the Existing Structures, construction of new office, retail or other commercial GFA up to the total GFA of the demolished structures (“Replacement GFA”) shall not count against or otherwise be limited by the BROTS Cap. Replacement GFA may be included in one or more structures located on any building site on the Property.

3.4.4 Buildings Occupied After the BROTS Cap End Date. The City shall accept, process and approve building and other development permit applications for structures that will not be occupied until after the BROTS Cap End Date when the following requirements are met:

(a) The project architect has certified to the City in writing that the projected completion date for all structures covered by each such application is subsequent to the BROTS Cap End Date; and

(b) The project applicant acknowledges in writing that the City will not issue a temporary or final occupancy permit for any such structure prior to the BROTS Cap End Date.

The City shall not delay acceptance, processing or approval of any such application due to the inclusion in the application of proposed development within the scope of the BROTS Cap or Group Health Site Holdback.

3.4.5 Land Use Approvals Not Affected by BROTS Cap. Proposed development otherwise subject to the BROTS Cap or Group Health Holdback may be included in an application for approval of a master plan, site plan entitlement, subdivision, binding site plan, boundary line adjustment and any other land use approval that does not authorize construction of buildings for human occupancy. The City shall not delay acceptance, processing or approval of any such application due to the inclusion in the application of proposed development within the scope of the BROTS Cap or Group Health Site Holdback.

4. Sewer and Water Utilities.

4.1 Sewer and Water System Capacity and Service. Provided the requirements of subsection 4.4 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 during the term of

this Agreement, the City agrees that sufficient sewer and water capacity will exist for the development contemplated by this Agreement and the City will provide utility service to such development.

4.2 Development Approvals. This Section 4 shall be deemed to satisfy all requirements for and certification of adequacy of, sewer and water availability, including those set forth in RZC 21.54.010. The City shall not withhold any subdivision, short subdivision, binding site plan, boundary line adjustment, site plan entitlement, building permit or other development approval on account of insufficient water or sanitary sewer capacity to accommodate the Project unless a declaration of such crisis circumstances is made by the City. In the event that the City declares such a crisis during the term of this Agreement, the City shall reserve the next available water and/or sewer capacity for the square footage covered by this Agreement, subject only to contractual commitments to allocate such capacity entered into prior to the date of this Agreement that are then in force.

4.3 Utility Planning. The City shall include full build-out of the Property in the forecasted service demands used in the update of the General Sewer Plan and the Water System Plan in all future studies of, and plans for City sewer and water facilities. Owner shall notify the City promptly when each decision is made to go forward with development under this Agreement to provide the City with advance planning for utility service.

4.4 Condition upon Provision of Utility Service—Off-Site Water Line Replacement. The City's obligation to provide sewer and water service as set forth in this Agreement is conditioned upon Owner replacing approximately 400 feet of existing 10-inch asbestos cement water main in the right-of-way of 156th Avenue N.E., south of the intersection of 156th & NE 31st Street, with new 12-inch ductile iron water pipe ("Waterline Replacement"). Owner may coordinate the performance of this work with other work to promote efficiency and cost savings, provided that no combustible construction shall be permitted on the Property prior to completion of the Waterline Replacement except in the case of construction of one or more residential structures where the developer has demonstrated through fire flow analysis acceptable to the City that a minimum of 3,500 GPM will be provided to the site of each structure.

4.5 On-Site Utility Improvements. On-site utility improvements required to serve the Project shall be in substantial conformance with the Master Plan. Owner shall submit detailed utility engineering and construction plans through the City's construction plan review process at the time of individual development applications. Deviations from the Master Plan that provide materially equivalent utility service and comply with City standards may be proposed by the applicant and approved administratively without amendment of the Master Plan.

4.6 Location and Access. Due to site conditions and features included in the Master Plan, some of the existing and proposed water and sewer lines may be located outside of public rights-of-way. Owner may be allowed to locate existing and proposed connecting sewer and water 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 for those utility lines.

Where sewer and water lines are located in non-paved areas, Owner shall be allowed to construct an all-weather drivable ground surface 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 maintenance vehicles. The all-weather drivable 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 soil, sand or mulch as appropriate and necessary for erosion control. Any further restoration of the ground surface shall be the responsibility of Owner. Trees, structures and retaining walls shall not be planted or constructed over any sewer or water lines.

5. Stormwater.

5.1 Standards. Current standards for stormwater flow control and runoff treatment for development and redevelopment are contained in the City of Redmond Clearing, Grading and Stormwater Management Technical Notebook (Stormwater Technical Notebook), effective January 1, 2007 as amended by the August 18, 2010 Addendum. Development of the Property is vested to these standards, provided that, following written notice to all owners of the Property and a public hearing, the City Council may determine that there is a serious threat to public health and safety and declare a public emergency necessitating modification of such standards.

5.2 Overlake Regional Stormwater Facilities Program. The Overlake Neighborhood Plan provides for managing stormwater in the Overlake sub-basin on a regional basis, rather than through the traditional site-by-site approach. The City is currently working to design these future regional facilities and is working toward acquiring land for the facilities. The Master Plan has been prepared and approved in anticipation that development of the Project will utilize the regional system and contribute payment toward the cost of the system. Accordingly, to enable development of the Project to move forward in reliance upon the regional stormwater facilities, the City shall continue its best efforts to secure sites for the three facilities and to complete design and construction of the facilities. The City's goal is to have the first flow control facility operational by 2015 and the first stormwater runoff treatment facility operational by 2021.

RMC 13.20.047 provides for payment of the Overlake sub-basin capital facilities charge in lieu of the requirement to install permanent on-site detention ("flow control") facilities and permanent on-site water quality ("runoff treatment") facilities, provided that Low Impact Development techniques (LID) are required where feasible. Accordingly, development of the Property shall be subject to the Overlake sub-basin capital facilities charge in effect at the time of development in lieu of permanent on-site flow control and runoff treatment facilities which shall not be required.

5.3 Interim On-Site Treatment and Flow Control. In the event development of all or a portion of the Project occurs before regional stormwater facilities providing flow control and/or runoff treatment become operational with available capacity for the Property, interim

stormwater facilities shall be required to protect downstream properties and surface waters from stormwater runoff impacts generated by redevelopment of the Property.

Interim treatment facilities shall provide enhanced runoff treatment for all redeveloped pollution generating impervious surfaces in accordance with the Stormwater Technical Notebook.

Interim flow control facilities shall be designed to ensure that redevelopment of this site does not increase the rate of stormwater runoff from the Property as compared to the rate of runoff from the Property as of the date of this Agreement. The "pre-developed conditions" standard shall not be applicable to design of these interim flow control facilities. Interim flow control facilities may be reduced or eliminated by offsetting new impervious surfaces with the removal of existing impervious surface on the Property and conversion of such area to pervious surface. This shall be demonstrated through stormwater modeling presented within the drainage report prepared in accordance with the requirements of the Stormwater Technical Notebook, with appropriate identification of land cover and soil types.

5.4 Removal of Interim Facilities. As the City constructs regional facilities, those regional facilities will meet the full requirements for flow control and runoff treatment for properties that have paid fees for capacity within those facilities. Interim flow control facilities may be removed once regional flow control facilities providing for that capacity have been constructed. Interim runoff treatment facilities may be removed once regional runoff treatment facilities providing for that capacity have been constructed. Removal of interim facilities shall be subject to City approval through a Clearing and Grading permit.

The intent of the Master Plan is to allow for temporary stormwater management facilities to be built on-site to accommodate earlier phases of development and then built over to accommodate later phases of development.

5.5 Underground Detention Facilities. Notwithstanding any other provisions of this Section, Owner, at its option, shall be allowed to detain in underground vaults on private property any stormwater runoff from that is required to be detained as a result of the Project. Underground vaults serving as interim detention facilities for stormwater runoff from private property may be located under buildings provided all design and access requirements are met. All underground vaults receiving stormwater runoff from a public street or other public facility *must be located within a City drainage easement, dedicated tract, or a public right-of-way* and may not be located beneath a building.

6. Environmental Review.

6.1 SEPA Planned Action. The Washington State Environmental Policy Act (SEPA) authorizes cities to prepare and adopt a planned action. The purpose of a SEPA planned action is to integrate planning and regulation under the Growth Management Act with environmental review under SEPA. Under this process, environmental review is done once as part of the adoption of a neighborhood plan or plan update. When proposals for development that implement the neighborhood plan are processed by the City, the Planned Action EIS serves

as the environmental analysis for each proposed development and no further environmental analysis is required.

6.2 Overlake SEPA Planned Action. The City established a SEPA planned action covering the Overlake Neighborhood Plan in 1999. The EIS for this first planned action addressed growth and development called for in the 1999 Overlake Neighborhood Plan through 2012. As set forth in RZC 21.70.110, Redmond, in cooperation with the City of Bellevue, prepared a final supplemental environmental impact statement (FSEIS) on the Overlake Neighborhood Plan Update and Implementation Project that was issued August 30, 2007 and adopted the updated planning documents and FSEIS as a planned action pursuant to SEPA ("Overlake SEPA Planned Action Update"). The Overlake SEPA Planned Action Update analyzed impacts from growth and development under the Overlake Neighborhood Plan Update and Implementation Project through 2030, including more than 5,800 new residential dwelling units and an increase in the level of commercial growth by 4.5 million square feet of building floor area. As the first proposal for development covered by the Overlake SEPA Planned Action Update, the impacts of the Project were analyzed by this planned action.

6.3 Project within Scope of Overlake SEPA Planned Action. As conditioned by this Agreement, the Project satisfies each of the requirements for planned action coverage specified in RZC 21.70.110 (C) and (D). The Overlake Planned Action Update adequately addresses the significant environmental impacts of the Project, has been used to analyze the environmental impacts of the Project, and has guided formulation of the conditions placed upon approval of the Project as set forth in this Agreement. The procedure for confirming that each proposal to develop a portion of the Property is within the scope of the Overlake SEPA Planned Action Update ("Verification Procedure") shall be as set forth in RZC 21.70.110 (E).

6.4 Complete Mitigation. Subject to the Verification Procedure as provided in the preceding Section 6.3, and the mitigation required to Bellevue transportation facilities as provided in the following Section 6.5, pursuant to RCW 36.70B.170 (3) (c) the provisions of this Agreement shall constitute complete mitigation of the environmental impacts of the Project. Except as required by the Verification Procedure and impact mitigation provisions of Section 6.5, no additional mitigation measure, development condition or other requirement to mitigate any environmental impact shall be placed upon the Project, or any development approval for any development site within the Project. Subject to compliance with the Verification Procedure as set forth in Section 6.3 above, (a) the Overlake SEPA Planned Action Update shall serve as the environmental review document for each proposal to develop a portion of the Project, (b) no further environmental review is required for each such development proposal, and (c) no environmental mitigation condition shall be imposed upon any such proposal except as set forth in this Agreement.

6.5 Mitigation of Impacts on Bellevue Transportation Facilities. Notwithstanding any other provision of this Agreement, the procedure and obligations related to review and mitigation of impacts on City of Bellevue transportation facilities as currently set forth in Exhibit F to the BROTS Agreement, a copy of which is attached as Exhibit C to this Agreement, shall be complied with regardless of the expiration, termination or extension of the BROTS Agreement. The City of Bellevue is intended to be a beneficiary of this, and only this, Section 6.5 and shall

be entitled to enforce the provisions of this Section. This Section shall not be amended without written approval of the City of Bellevue.

7. Transportation Management.

7.1 Mitigation of Transportation Impacts.

7.1.1 Development Phasing. In order to mitigate impacts on transportation facilities, development of the Project shall be divided into two phases:

- (a) Phase I shall not exceed any of the following quantities of building space:
 - (i) 1.0 FAR of commercial uses not including hotel/conference center uses (1,204,049 square feet of GFA); or
 - (ii) 1.15 FAR for all commercial development including hotel/conference center uses (1,384,656 square feet of GFA); or
 - (iii) a mix of residential and commercial development equivalent to (i) above, using a conversion factor of 121 square feet of commercial GFA for each residential dwelling unit; or
 - (iv) a mix of residential and commercial development equivalent to (ii) above, using a conversion factor of 121 square feet of non-hotel commercial GFA for each residential dwelling unit.

7.1.1 (a). (b) Phase II is all development that exceeds any threshold in subsection

7.1.2 Timing of Phases.

(a) Phase I. Upon obtaining applicable site plan entitlement, building, engineering and construction approvals, and provided the requirements of Sections 3., 7.1.3 and 7.1.4 of this Agreement are met, construction of one or more development projects comprising Phase I may proceed during the term of this Agreement without restriction as to timing.

(b) Phase II. No building permit for construction of any Phase II structure may be issued until all of the following requirements have been satisfied (See map at Exhibit D for location of referenced improvements):

- (i) For Phase II building permit applications submitted on or before December 31, 2022:
 - Funding is secured for construction of the SR-520 Access Ramp; and

- Transportation concurrency is satisfied as provided in Section 7.2.2 below; and
 - Commitment for construction of NE 26th Street east of 152nd Ave NE has been provided; and
 - one of the following two requirements has been satisfied:
 - (1) Commitment for construction has been provide for NE 26th, NE 27th and NE 28th Streets, west of 152nd Avenue NE., or
 - (2) Owner has provided its commitment for construction of channelization improvements and signal modifications along 152nd Ave NE as shown conceptually in Exhibit E.
- (ii) For Phase II building permit applications submitted on or after January 1, 2023:
- Funding is secured for construction of the SR-520 Access Ramp; and
 - Transportation concurrency is satisfied as provided in Section 7.2.3 below; and
 - Commitment for construction of NE 26th Street east of 152nd Ave NE has been provided; and
 - One of the following two requirements has been satisfied:
 - (1) Commitment for construction has been provide for NE 26th, NE 27th and NE 28th Streets, west of 152nd Avenue NE., or
 - (2) An Additional Transportation Analysis must have been performed (as specified in the following subsection (v)) that shows Adequate Transportation Facility Capacity without such streets (as specified in the following subsection (vi)).
- (iii) "Funding is secured" as used in subsections (b)(i) and (b)(ii) shall mean that all funds required to complete the project are either in hand, or in the case of government funding sources, authority to participate in funding of the project has been given at the legislative or departmental level, as require by the rules of each such governmental funding source even though expenditures may be subject to annual or other periodic authorizations; and in the case of private funding sources, means that each private source has either committed contractually to the funding or is otherwise legally obligated to pay such funds such as in the case of funding though a local improvement district, impact fees or other legally enforceable funding program.

(iv) “Commitment for construction” as used in subsection (b)(i) above means that a contract for construction of the improvement has been entered into and a written commitment to commence and complete construction of the improvement(s), with an estimated schedule, has been provided by the party undertaking the obligation to the City.

(v) “Additional Transportation Analysis” as used in subsection (ii) shall be defined as follows:

(a) in the case of an analysis performed not more than two years following the update of the City Transportation Facility Plan (TFP) to include 2030 improvements (anticipated to occur in 2012), “Additional Transportation Analysis” means replication of the analysis included in the independent transportation assessment dated August 29, 2011 prepared by Transportation Engineering Northwest on file with the City titled “Overlake Village (Zone 4) Master Plan Transportation Assessment” (“TENW Study”) for 2030, without the addition of NE 26th and NE 27th, both west of 152nd Avenue NE.; and

(b) in the case of an analysis performed more than two years following the update of the City Transportation Facility Plan (TFP) to include 2030 improvements, “Additional Transportation Analysis” means a transportation analysis performed in accord with City transportation standards and methodology in effect at the time of performance of the analysis.

(vi) “Adequate Transportation Facility Capacity” as used in subsection (ii) above, shall be defined as follows:

(a) In the case of an analysis performed not more than two years following the update of the City Transportation Facility Plan (TFP) to include 2030 improvements, “Adequate Transportation Facility Capacity” means that such analysis shows not more than a ten percent degradation in any condition as compared to the Full Build-out conditions disclosed in the TENW Study.

(b) In the case of an analysis performed more than two years following the update of the City Transportation Facility Plan (TFP) to include 2030 improvements, “Adequate Transportation Facility Capacity” means that City standards in effect for adequacy of transportation facilities are satisfied, including such additional transportation mitigation as may reasonably be required to satisfy the standards.

7.1.3 SR-520 Access Ramp Funding.

(a) The City intends to adopt a funding plan to pay for a portion of the cost of the SR-520 Access Ramp Project that is not funded by State, federal or other sources. The funding plan may include increased transportation impact fees. The increased fees may apply to the entire City, or only to that part of the City determined to be most benefitted by the Project.

(b) Owner will be subject to such increased impact fees on the same basis as all other development projects within the area subject to the fees.

(c) Development within the Master Plan Area will be subject to other City funding mechanisms that may be used to fund the SR-520 Access Ramp Project, such as a special transportation assessment area or local improvement district, on the same basis as all other property subject to such funding requirements. Owner agrees not to protest the formation of such special transportation assessment area or local improvement district (without prejudice to rights to challenge the amount of any assessment or other charge as provided by applicable law.)

7.1.4 Transportation Improvements to be constructed by Owner.

(a) Street Improvements to Be Constructed With First Commercial Permit. The transportation improvements identified in parts (i)-(viii) of this Section 7.1.4 (a), the location of which are shown on Exhibits F-1 and F-2 hereto, must be constructed in conformance with City standards in effect at the time of construction as part of the first development project that includes any commercial building. These improvements are referred to in this Agreement collectively as the "Commercial Street Improvements":

- (i) Frontage improvements along 152nd Ave NE. Owner shall make all frontage improvements on the Project side of the street consistent with the street section identified in the Overlake Village Street Design Guidelines as adopted by the City Council on April 5, 2011 and as shown on Exhibit G hereto, provided that the existing curb gutter and storm drainage shall remain in place and shall form a part of the completed improvement to the extent feasible, with improvements installed by Owner limited to those extending from the curb eastward. Owner shall dedicate land along the Project frontage to the City as required to provide 50 feet of right-of-way east of the existing centerline. The improvement shall also include curb-to-curb restriping to balance vehicular and bicycle modes from the north property line of the Property northward to the point where 152nd Ave NE angles to the northeast in order to safely accommodate both vehicles and bicyclists along this portion of the roadway (as shown on the map in Exhibit H).
- (ii) NE 27th/28th Street from 152nd to 156th (the "Spine Road").

- As depicted in the Master Plan, and consistent with the adopted Overlake Neighborhood Plan, the Spine Road shall generally be a 3-lane public roadway (narrowing to 2 lanes adjacent to the park) with parking and bike lane.
- An additional turn lane between 155th Avenue NE and 156th Avenue NE shall be provided if the City determines it is required as provided below:
 - The determination of need for the additional turn lane shall be made by the City at the time of construction and engineering review for the Spine Road.
 - The City shall provide the best available traffic volume information to Owner with volumes projected for 2030, assuming full build-out of the Project.
 - Owner shall provide analysis required for the City to determine the appropriate channelization.
 - Any boundary line adjustment, binding site plan or other division of the Property that occurs prior to such determination by the City shall locate parcel boundaries and designate the future road in a manner that will accommodate the 2-lane roadway plus appropriate turn lanes.
 - Upon acceptance of the Spine Road, Owner shall dedicate the completed improvements to the City. If the fourth lane was not required, all excess land that was reserved in any boundary line adjustment, binding site plan or other division of the Property to accommodate a 4-lane section and not used to complete the public improvements shall remain in private ownership.

- (iii) NE 28th Street from 152nd to 153rd as a 3-Lane Public Roadway with Parking.
- (iv) 153rd Ave NE between NE 27th St and NE 28th St as a 2-Lane Public Roadway with Parking.
- (v) Intersection Improvements at 152nd/28th and 152nd/27th. The signals shall be constructed in the ultimate locations consistent with the Overlake Village Street Design Guidelines as approved April 5, 2011, to the extent practical. Driveway realignment and/or other access modifications may be required on private property owned by a third party. Owner shall make a good faith effort to reach voluntary agreement with third parties on such

modifications. The City shall support Owner's efforts as required to accomplish the modifications. Timing of signal installation and/or activation shall be consistent with City review of warrant analysis and results of such access modification efforts.

- (vi) Modifications to the Traffic Signal and Northbound Left-Turn Lane at 156th/28th Street. Modifications shall be made as needed to accommodate a revised west leg and lengthened northbound left-turn lane. Using the best available 2030 volume projections (assuming full build-out of the Project) provided by the City, Owner shall provide analysis required for the City to determine the required length of the northbound left turn lane.
- (vii) Frontage Improvements On 156th Ave NE. Owner shall make all frontage improvements and dedicate right-of-way consistent with the City's approved standards in effect at the time the work is performed and consistent with the street section identified in RZC 21.12.150 and as depicted on Exhibit I hereto, provided that the existing curb gutter and storm drainage shall remain in place and shall form a part of the completed improvement to the extent feasible, with improvements installed by Owner limited to those extending from the curb westward. Additional ROW will be dedicated along a portion of the frontage to accommodate a future southbound right turn lane at 156th/Bel-Red Road (Joint BROTS 22.3).
- (viii) Modification of Eastbound Left Turn Lane From N.E. 24th Street to Northbound 152nd Ave NE. If the City has not provided similar improvements already, Owner will design and construct a signal modification to accommodate revised eastbound channelization and phasing during certain time periods to be determined by the City of Redmond. The improvement is intended to give the City of Redmond the ability to change the inside eastbound through lane to a left-through lane during certain times of the day. Improvements will include all necessary signal equipment, cabinet programming, signage, and striping to accomplish the revised channelization and phasing. If necessary as part of the improvement, Owner will also upgrade pedestrian curb ramps and push buttons to current standards. Additional ROW or road widening is not included.

(b) Completion and Dedication. The Commercial Street Improvements shall be completed (built and dedicated to the City), prior to occupancy of the first commercial building in the Project.

**7.1.5 Southbound Right Turn Lane at 156th Avenue NE/Bel-Red Road.
(Joint BROTS 22.3).**

(a) Microsoft Corporation has an existing obligation under its 2005 Development Agreement with the City for its Main Campus to construct this improvement (Joint BROTS 22.3) at such time as it obtains approval subsequent to the date of the 2005 Development Agreement to construct Main Campus office buildings resulting in a net increase of more than 1.4 million GFA after deduction of demolished buildings replaced by the new space ("Net New Main Campus Office Space"). This level of net new development is referred to herein as the "Turn Lane Threshold".

(b) As of the date of this Agreement, the Turn Lane Threshold has not been reached.

(c) At the time of each building permit application for development of a portion of the Project that includes one or more commercial buildings, a calculation shall be performed to determine the amount of Net New Main Campus Office Space and "Net Commercial Project Space", combined. "Net Commercial Project Space" shall mean all commercial GFA in the Project for which a building permit has been issued (including completed buildings and buildings under construction) plus GFA included in all proposed buildings for which an active building permit application is on file with the City, reduced by the GFA of all Existing Structures that have been demolished, or will be demolished and replaced by the proposed structures.

(d) If the proposed Project development will cause the cumulative total of Net New Main Campus Office Space and Net Commercial Project Space to exceed the Turn-Lane Threshold, the proposed development shall not be approved until a commitment has been provided to the City by Owner and/or other property owner(s) or developer(s) (or by the City or another governmental entity) for construction of the southbound right turn lane at this intersection with a projected completion date on or before the projected date for occupancy of the development project.

(e) Owner shall make a good faith effort to acquire any right-of-way required for the improvement that is not owned by the Owner. As used in this Subsection, "good faith effort" is defined, at a minimum, as including making contact with each owner of the necessary right-of-way and offering to purchase the right-of-way from the Owner at not less than the fair market value thereof, as determined by a qualified appraiser selected and paid for by Owner with the approval of the City. The City will support the Owner's efforts to acquire the necessary right-of-way and, in the event that Owner's good faith effort to acquire is unsuccessful, the Redmond City Council will consider whether condemnation proceedings should be initiated. Nothing in this agreement obligates the City Council to exercise its eminent domain power.

Within six months of receiving from Owner and/or other property owner(s)/developer(s) (1) notice of intent to proceed with construction of the improvement, (2) engineering information that identifies the right of way acquisition required for the improvement,

and (3) proof of the Owner's unsuccessful good faith effort to acquire the necessary right-of-way, the City shall either:

(1) Acquire the right-of-way or initiate condemnation proceedings to acquire the required right-of-way, or

(2) Notify Owner of an alternate improvement that will provide substitute mitigation for the impact addressed by the original improvement. The City may require Owner to construct the alternate improvement, or may accept all or part of the cost of the improvement in satisfaction of Owner's obligation.

The estimated cost of the alternate improvement to be incurred by Owner shall not exceed the estimated cost of the original improvement. Both estimates shall be approved by the City and shall be made or updated to dates within six months of identification of the alternate improvement. Owner shall not be required to construct the alternate improvement unless all land required for the alternate improvement is available to Owner for use in constructing the alternate improvement. Owner shall make a good faith effort to acquire the necessary land in the same manner as is required for the original improvement. If Owner is unable to acquire right-of-way required for the alternate improvement identified by the City after making a good faith effort to acquire the necessary land, then Owner shall pay City the estimated cost of constructing the alternate improvement, including required right-of-way (not to exceed the cost of the original improvement, including required right-of-way) and the obligations of this Section 7.1.5 shall thereupon be deemed fully satisfied.

If the City does not initiate proceedings to acquire right-of-way needed for the original improvement, or identify the alternate improvement as and when provided in this subsection, then Owner shall pay City the estimated cost of constructing the original improvement, together with the fair market value of the right-of-way Owner was unsuccessful in acquiring and the obligations of this Section 7.1.5 shall thereupon be deemed fully satisfied.

(f) In the event Owner pays for some or all of the original or alternate improvement, Owner shall be entitled to a latecomers agreement providing for cost recovery from any party undertaking future development that would have been required to provide the improvement if it had not been constructed by Owner, provided that the agreement is consistent with and meets the requirements of state law and Redmond ordinances for such agreements.

7.1.6 Southbound Right Turn Lane at Bel-Red Road/NE 24th Street (Joint BROTS 53.1). A building permit for proposed development that will cause total traffic generation from the Project to exceed the traffic generated by the prior use of the Property for medical office and hospital use shall not be issued until a southbound right turn lane consistent with Joint-BROTS 53.1 has been constructed or a commitment for construction with a projected completion date on or prior to the projected date for occupancy of the proposed development has been provided to the City by Owner and/or other property owner(s)/developer(s) (or the City or another governmental entity has committed to construct the improvement).

(a) The traffic generation from the prior use shall be deemed to have been 620 p.m. peak-hour trips. 620 p.m. peak-hour trips shall be deemed to equate to (1) 586,000 square feet of GFA of new commercial development in the Project, or (2) an equivalent combination of residential and commercial development using 121 square feet of GFA of commercial development per residential living unit to convert living units to commercial GFA.

(b) If all Existing Structures have been demolished, or will be demolished as a condition of issuance of the building permit, the threshold for the requirement of providing for the turn lane as set forth in this Section is 586,000 square feet of GFA of commercial or equivalent combination of residential and commercial development.

(c) If any Existing Structures will remain on the Property following completion of the proposed development, traffic generation attributable to such Existing Structures at the rate of 1.31 p.m. peak-hour trips per 1,000 square feet of GFA shall be added to the traffic generation attributable to the proposed development. If the combined total traffic generation exceeds 620 p.m. peak-hour trips, the turn lane requirement must be satisfied.

(d) Owner shall make a good faith effort to acquire any right-of-way required for the improvement that is not owned by the Owner. As used in this Subsection, "good faith effort" is defined, at a minimum, as including making contact with each owner of the necessary right-of-way and offering to purchase the right-of-way from the Owner at not less than the fair market value thereof, as determined by a qualified appraiser selected and paid for by Owner with the approval of the City. The City will support the Owner's efforts to acquire the necessary right-of-way and, in the event that Owner's good faith effort to acquire is unsuccessful, the Redmond City Council will consider whether condemnation proceedings should be initiated. Nothing in this agreement obligates the City Council to exercise its eminent domain power.

Within six months of receiving from Owner and/or other property owner(s)/developer(s) (1) notice of intent to proceed with construction of the improvement, (2) engineering information that identifies the right of way acquisition required for the improvement, and (3) proof of the Owner's unsuccessful good faith effort to acquire the necessary right-of-way, the City shall either:

- (1) acquire the right-of-way or initiate condemnation proceedings to acquire the required right-of-way, or
- (2) notify Owner of an alternate improvement that will provide substitute mitigation for the impact addressed by the original improvement. The City may require Owner to construct the alternate improvement, or may accept all or part of the cost of the improvement in satisfaction of Owner's obligation.

The estimated cost of the alternate improvement to be incurred by Owner shall not exceed the estimated cost of the original improvement. Both estimates shall be approved by the City and shall be made or updated to dates within six months of identification of the alternate improvement. Owner shall not be required to construct the alternate improvement unless all land

required for the alternate improvement is available to Owner for use in constructing the alternate improvement. Owner shall make a good faith effort to acquire the necessary land in the same manner as is required for the original improvement. If Owner is unable to acquire right-of-way required for the alternate improvement identified by the City after making a good faith effort to acquire the necessary land, then Owner shall pay City the estimated cost of constructing the alternate improvement, including required right-of-way (not to exceed the cost of the original improvement, including required right-of-way) and the obligations of this Section 7.1.6 shall thereupon be deemed fully satisfied.

If the City does not initiate proceedings to acquire right-of-way needed for the original improvement, or identify the alternate improvement as and when provided in this subsection, then Owner shall pay City the estimated cost of constructing the original improvement, together with the fair market value of the right-of-way Owner was unsuccessful in acquiring and the obligations of this Section 7.1.6 shall thereupon be deemed fully satisfied.

(c) In the event Owner pays for some or all of the improvement, Owner shall be entitled to a latecomers agreement providing for cost recovery from any party undertaking future development that would have been required to provide the improvement if it had not been constructed by Owner, provided that the agreement is consistent with and meets the requirements of state law and Redmond ordinances for such agreements. When a credit has been provided against transportation impact fees for the cost an improvement, Owner shall not be entitled to include the credited amount in a latecomers agreement.

7.1.7 Commercial Frontage Improvements. Development of commercial parcels shall include construction of such frontage improvements and other access improvements as are needed for access to the commercial parcel(s) as determined through the site plan entitlement process in accord with City street and access standards then in effect.

7.1.8 Alternate Timing and Scope. The City and Owner may agree to alter the timing of construction of one or more improvements to coordinate with construction of other improvements or for other reasons, and may agree to reduce the scope or specifications of any improvement, by setting forth such agreement in writing without the need to amend this Agreement, provided administrative approval may take the form of a recommendation, with final approval to be by vote of the City Council where deemed appropriate by the Public Works Director.

7.1.9 Residential Development. Residential developments are allowed to go forward independent of completion of the Commercial Street Improvements provided each such development shall include construction of such frontage improvements and other access improvements as are needed for access to the residential parcel(s) as determined through the site plan entitlement process in accord with City street and access standards then in effect. Analysis of access operations on 152nd Ave NE at NE 26th, NE 27th, and/or NE 28th Street, as applicable, may be required.

7.1.10 Street Design and Right-Of-Way Acquisition.

(a) Street design profiles and dimensions are set forth in Exhibit J to this Agreement, subject to modifications that may be proposed by Owner and approved by the City through the site plan entitlement process. The City shall, if needed, support right-of-way acquisitions on any non-Owner owned properties that are needed to accommodate any of the public transportation improvements, including consideration by the City Council of use of condemnation proceedings, if required. Nothing in this agreement obligates the City Council to exercise its eminent domain power.

(b) In the case of NE 26th Street east of 152nd, the City shall initiate discussions with King County within six months of recording of this Agreement with the objective of working cooperatively with the County and Owner on conceptual design of street improvements that will be compatible with existing and planned development on both sides of the street, and that can be constructed with shared right-of-way contributions. If, after discussions it appears adequate right-of-way will not be available to construct the full street improvements as shown in Exhibit J, then the City will work with Owner to agree upon the conceptual design of an improvement with reduced width that can be constructed within a 40-foot wide right-of-way along the southern boundary of the Owner's Property.

7.1.11 No Implied Modification of City Standards. Nothing in this Agreement is intended to modify applicable City codes or ordinances governing construction of, or bonding for, public improvements as a condition of obtaining final approval of any binding site plan, subdivision, or other property division.

7.2 Transportation Concurrency

7.2.1 Phase I Concurrency Certificate. Pursuant to RZC 21.52.010 (B) (7), Phase I (as defined in Section 7.1.1 above) shall be deemed to have met the transportation concurrency requirements set forth in the RZC. A certificate of transportation concurrency for Phase I with duration concurrent with the term of this Agreement, including extensions thereof, shall be issued to Owner within ten days after the date of this Agreement. Other than the analysis required by Section 6.5 above to analyze impacts on Bellevue transportation facilities for the purpose of calculating mitigation payments, no additional transportation analysis and no additional transportation concurrency certificates shall be required to construct Phase I of the Project.

7.2.2 Phase II—Building Permit Applications through 2022. Pursuant to RZC 21.52.010 (B) (7), Phase II development (as defined in Section 7.1.1 above) proposed in a building permit application submitted to the City on or before December 31, 2022 shall be deemed to have met the transportation concurrency requirements set forth in the RZC upon satisfaction of the funding requirement for the SR-520 Access Ramp and all other requirements set forth in Section 7.1.2(b) (i) above. Other than the analysis required by Section 6.5 above to analyze impacts on Bellevue transportation facilities for the purpose of calculating mitigation payments, no additional transportation analysis and no additional transportation concurrency certificates shall be required to construct such Phase II development.

7.2.3 Phase II—Building Permit Applications after 2022. No building permit shall be issued for any Phase II structure if the building permit application was submitted on or after January 1, 2023 until the transportation concurrency requirements set forth in RZC 21.52.010 and the requirements of Section 7.1.2 (b) (ii) above have been satisfied.

7.3 Transportation Impact Fees.

7.3.1 Calculation of Net New Mobility Unit Demand.

(a) The City procedure for calculating net new project demand for mobility units for purposes of transportation concurrency and impact fees shall be modified for development within the Master Plan Area to account for demolition of Existing Structures. Upon demolition of an Existing Structure (excluding the power building), credit for reduction of existing demand for mobility units attributable to such Existing Structure shall automatically accrue to the owner of the Existing Structure. The credit for demolition of the hospital building shall be 444 mobility units. The credit for demolition of the medical office building shall be 1,892 mobility units. The credit may be used in whole or part by such owner to reduce the demand for mobility units attributable to such owner's development within the Master Plan Area, or may be assigned to another owner or developer of property within the Master Plan Area. Credits may only be used in the calculation of net new mobility unit demand for development within the Master Plan Area and may not be used in connection with any development located outside of the Master Plan Area.

(b) Upon submittal of information demonstrating that the percentage of total person-trips generated by a development project within the Master Plan Area that are likely to be made in single occupant vehicles ("mode split") will be less than 70%, the City procedure for calculating net new project demand for mobility units for purposes of transportation concurrency and impact fees shall be modified to include a mode split reduction factor in the calculation of project demand for mobility units. The reduction factor shall be calculated by dividing the project-specific mode split by 70% and multiplying the resulting percentage times the mobility unit demand otherwise attributable to the project. Example: For a project with a demonstrated 60% mode split and a demand for 500 mobility units, the percentage reduction and adjusted demand for mobility units would be calculated as $0.60/0.70 = 0.86 \times 500 = 430$ mobility units.

7.3.2 Credits against Transportation Impact Fees. In consideration of Owner constructing the transportation improvements as set forth in this Agreement, the City shall credit against Redmond transportation impact fees the cost for the design and construction of improvements made and listed in the Redmond Transportation Facilities Plan (TFP) or subsequently added to the plan or its successor. If not already part of the TFP, City staff shall propose for City Council decision the inclusion in the TFP of all transportation improvements listed below. In the event Owner pays all or part of the cost of a TFP project in lieu of construction, the credit shall be in the amount of such payment:

- (a) Frontage improvements along 152nd Ave NE;

- (b) NE 27th/28th Street from 152nd to 156th, including bike lanes (Spine Road);
- (c) New traffic signals/modifications at 152nd/28th, 152nd/27th, and 152nd/26th;
- (d) Modifications to the Traffic Signal and Northbound Left-Turn Lane at 156th/28th Street;
- (e) Frontage Improvements on 156th Ave NE;
- (f) Southbound Right Turn Lane at 156th Avenue NE/Bel-Red Road. (Joint BROTS 22.3);
- (g) Southbound Right Turn Lane at Bel-Red Road/NE 24th Street (Joint BROTS 53.1).

The credit against impact fees shall be indexed to allow for an adjustment each January 1. The January 1 adjustment to the transportation impact fee credit, if any, shall be determined by calculating the percentage increase, if any, in the Construction Cost Index (published by the Engineering News Record) over the three consecutive 12-month September 1 to August 31 time periods immediately prior to January 1, or the closest three consecutive 12-month time periods immediately prior to January 1 ("Percentage Increase in Construction Cost Index"). The amount of unused credit against transportation impact fees shall be increased each January 1st by the Percentage Increase in Construction Cost Index, if any.

7.3.3 Mitigation of Impacts on Bellevue Transportation Facilities.

Mitigation of Impacts on Bellevue Transportation Facilities is provided for in Section 6.5, above.

8. Mitigation of Impacts on Public Park and Recreation Facilities.

8.1 Dedication and Improvements.

8.1.1 Dedication of Land for Major Public Park and Urban Hillclimb

Pathway.

(a) As a condition of development approval, Owner shall convey to the City fee title to the two land areas designated "Park" and "Urban Hillclimb Pathway" in the Master Plan at page 22. This land totaling approximately 2.64 acres is to be used for the Major Public Park and the east-west section of Urban Pathway as provided for in RZC Sections 21.12.170(D) (2) and 21.12.160. (A second north-south segment of the Urban Pathway is provided for in Section 8.1.5, below).

(b) Owner shall reserve only such easements as are reasonably required to provide access and utilities to development parcels as shown in the Master Plan and to construct the east-west segment of the Urban Pathway as provided for in Section 8.1.2 (b) of this Agreement.

(c) As a condition of development approval, Owner shall also convey a 20-foot wide park and pathway easement to the City as designated in the Master Plan (page 16) for purposes of maintaining and replacing an elevated pedestrian bridge linking the two park land areas as a component of the Urban Hillclimb Pathway.

8.1.2 Owner improvements.

(a) Prior to conveying the land for the Major Public Park to the City, Owner shall at Owner's cost perform all clearing, grading, and street and utility construction required to provide completed street, sidewalk and bicycling access to the park site via the N.E. 27th/28th Street connection between 152nd Avenue N.E. and 156th Avenue N.E. as shown in the Master Plan with utility service stubbed to the property. Owner shall provide any site drainage features and facilities needed to ensure long-term stability and proper drainage. The site shall be hydro seeded and a functioning irrigation system shall be provided.

(b) The Urban Hillclimb Pathway improvements shall be installed by and at the cost of the developers of the parcels adjacent to the Urban Pathway concurrent with development of such parcels in as provided for in RZC 21.12.160. The design and specifications of the pathway improvements shall be determined through the site plan entitlement process.

8.1.3 Timing. The land shall be conveyed to the City promptly following City acceptance of dedication of the completed N.E. 27th/28th Street connection between 152nd Avenue N.E. and 156th Avenue N.E. as shown in the Master Plan or upon such other date as may be mutually agreed upon by Owner and the City. The Urban Pathway improvements shall be installed concurrent with development of the adjacent parcels.

8.1.4 City improvements. The City shall design and install additional park improvements consistent with its neighborhood park standards and the purpose and requirements of the Major Public Park as provided in RZC 21.12.170 (D) (2). In the process of designing the Park, the City shall consider retention of existing significant and landmark trees where feasible and consistent with good park design and public safety. Owner and members of the community shall be consulted and given opportunity to comment on proposed park features, design and materials.

8.1.5 155th Street Urban Pathway. Each development project located on a site that abuts the west side of 155th Avenue shall construct 155th Avenue Urban Pathway improvements within a 20-foot wide corridor in the street right-of-way as provided for in the Master Plan. Upon completion, the pathway and street improvements shall be dedicated to the City. The design and specifications of the pathway improvements shall be determined through the site plan entitlement process.

8.2 Mitigation Payment. In order to provide complete mitigation of impacts of the Project on public park and recreation facilities, Owner agrees to fund City design and construction of improvements for the Major Public Park as set forth in the following Subsection 8.2.1 and 8.2.2 of this Agreement.

8.2.1 Amount of Mitigation Payment. The total amount of the park impact mitigation payment is two million four hundred thousand dollars (\$2,400,000) ("Park Mitigation Payment").

8.2.2 Payment Commensurate with Development. The Park Mitigation Payment shall be paid in installments commensurate with development of the Project as follows:

(a) **First Installment.** As a condition of construction drawing approval for the NE 27th/28th Street connection between 152nd Ave NE and 156th Ave NE (Spine Road), an initial installment payment shall be made in the amount of four hundred thousand dollars.

- (1) The initial payment shall be expended as required to pay (or reimburse) the City's costs for professional services for design of the Major Public Park. The design consultant selection process shall be commenced as soon as reasonably feasible consistent with City budgeting priorities, but no later than three months following collection of the initial installment payment.
- (2) The design process for the Major Public Park shall be carried out diligently with the goal of having a completed Park design not later than twelve to eighteen months following collection of the initial installment payment.
- (3) Any portion of the initial installment payment not expended on design services for the Major Public Park shall be used to pay costs of constructing improvements to the Major Public Park.

(b) **Subsequent Installments.** The second and subsequent installments of the Mitigation Payment shall be made as a condition of issuance of each occupancy permit for a commercial building. The payments shall be in an amount equal to the lesser of:

- (1) \$2.00 per square foot (GSF) of space in the building, or
- (2) The unpaid balance of the total impact fee specified in Subsection 8.2.1

The installment payments required as a condition of occupancy permits shall continue until the full Mitigation Payment has been collected by the City.

8.3 Disposition of Proceeds of Mitigation Payment. The Mitigation Payment is subject to RCW 82.02.020 as follows:

(1) Each installment of the Mitigation Payment shall be held in a reserve account and may only be expended for design and/or construction of the Major Public Park on the Property;

(2) The Mitigation Payment shall be expended within five years of collection, provided Owner and City agree that for purposes of this requirement, "collection" shall mean the date of full payment of the Mitigation Payment through payment of the final installment thereof so that the five-year period shall not begin to run until the full two million four hundred thousand dollar Mitigation Payment has been received by the City ("Date of Full Payment").

(3) Any portion of the Mitigation Payment not expended as required by this Subsection 8.3 shall be refunded with interest to be calculated from Date of Full Payment and at the same rate applied to tax refunds pursuant to RCW 84.69.100; however, if the payment is not expended within five years due to delay attributable to Owner, the payment shall be refunded without interest.

8.4 Exemption from Park Impact Fees. The requirements to dedicate land, construct pathway improvements, and pay the Mitigation Payment set forth in this Section 8 are authorized by RCW 43.21C.060 as a voluntary agreement to mitigate direct impacts of the Project on public park and recreation facilities. These requirements constitute complete mitigation of direct impacts on public park and recreation facilities that will result from full development of the Project. As provided in RCW 82.02.100 and RMC 3.10.060 (A) (6), development of the Project, including construction of any and all buildings on any and all development parcels within the Property, shall be exempt from payment of all park impact fees otherwise due under RMC 3.10.

9. Mitigation of Impacts on Schools. The Property is located within the Bellevue School District (the "District"). Students residing on the Property will attend the District's schools. All development parcels and all newly developed structures on the Property will be included in real property tax assessments that will include taxes imposed as a result of the District's regular and special tax levies.

To provide for the potential future need to mitigate impacts from student population growth resulting from redevelopment of the Property, Owner agrees that the Property and future improvements constructed on the Property shall be subject to payment of impact fees collected by the District or by the City on behalf of the District to the same extent as all other property within the City that is situated within the boundaries of the District.

10. Parking

10.1 Below-Grade Parking. Not less than sixty percent of all off-street parking within the Master Plan Area shall be located below grade.

10.2 On-Street Parking. Right-of-way for all public streets within the Master Plan Area will be dedicated to the City by Owner. Per RZC 21.12.110 (C), all curbside parking on public and private streets within the Master Plan area shall be counted toward satisfaction of the minimum required parking for adjacent development. Curbside parking spaces located adjacent to the park or other non-development sites shall be allocated toward satisfaction of minimum required parking for development located on the opposite side of the street. Parking on 152nd

Ave NE or 156th Ave NE is not within the scope of this provision and shall not be counted toward satisfaction of any minimum required parking.

11. Trees and Landscaping.

11.1 Tree Protection Standards. The RZC provides that in all new developments, specific standards for retaining trees on the development site and for replacement of removed trees must be met unless a special exception is approved based on the specific characteristics of the development and development site. Owner has requested a special exception to the tree retention and replacement standards. The Director the Department of Planning and Community Development has reviewed the request and based on the characteristics of the Property including topography and existing development, the specific elements of the Project, conceptual plans for streets, utilities, bike lanes and urban pathway facilities, a grading plan, a tree inventory and related information provided by a certified arborist, has recommended to the City Council, and the City Council has determined that an exception should be and is hereby granted to the tree retention and replacement standards based on criteria specified in the Redmond Zoning Code. Public benefits provided by the development and characteristics of the site and project that merit the exception, include:

- A new street network will be provided between 152nd Avenue NE and 156th Avenue NE as called for in the Overlake Neighborhood Plan and Implementation Strategy;
- A new bicycle route will be provided across the site connecting with exiting principal bike routes;
- 1,400 or more dwelling units will be constructed within a transit oriented mixed-use setting;
- A site will be provided for a Major Park and improved Urban Pathways will be constructed connecting the neighborhood with the future light rail station and planned off-site park and open space facilities;
- Walking, biking and useable open space areas will be provided through performance of significant grading to keep grade changes moderate;
- Environmental benefits will result from approximately ten acres of off-site tree and shrub plantings that are not possible through on-site tree retention due to:
- Grading and excavation that is likely to require removal of all existing trees on the development parcels;
- Significant site excavation required for dense, urban development with sixty percent or more of the on-site parking in underground structures;

- Alteration of site hydrology as a result of grading and excavation that will adversely affect the ability of any retained trees to survive;
- Significant risk of falling trees that would endanger persons and property.

In lieu of a requirement to retain any existing Significant or Landmark trees on the Property, mitigation of the tree removal for development of the Project shall be provided by Owner through planting of off-site replacement trees, shrubs and other plant materials intended to approximate the environmental benefits of the existing trees in permanently preserved locations as set forth on Exhibit K to this Agreement. The City shall seek opportunities for preservation of trees in connection with the design of the Park as provided in Section 8.1.4.

12. Term. The term of this Agreement shall be twenty (20) years, except as provided in this Section. The City and Owner may agree to extend the term of this Agreement, provided that such extension is approved by the City Council. Current City ordinances limit the term of the Master Plan to ten years, with one potential extension for five years. The City and Owner intend that the Master Plan be in effect for a term concurrent with this Agreement. Accordingly, City staff will present to the City Council for consideration a proposed amendment to the Redmond Zoning Code to provide for a master plan to have the same term as the development agreement where approval of a development agreement is required to vest the master plan to land use regulations in effect at the time of approval of the master plan. If the Zoning Code is not so amended, or if the Master Plan is not extended, this Agreement shall expire when the Master Plan expires.

13. Miscellaneous Provisions

13.1 Public Infrastructure Financing. The City and Owner will cooperate and utilize their best reasonable efforts to consider and utilize mutually beneficial financial mechanisms to provide funding and financing for public infrastructure improvements that will serve the Project. Potential financial mechanisms include local improvement districts, community facility districts, revenue bonds, latecomer agreements and state and federal grant funding.

13.2 Code Citations. All citations and references to the Redmond Zoning Code and Redmond Municipal Code in this Agreement shall refer to those provisions in force as of the date of this Agreement, unless express reference is made to future amendments thereto.

13.3 Recording. This Agreement shall be recorded with the King County Department of Records and Elections.

13.4 Amendments. Any amendment to this Agreement shall require approval by the City Council unless administrative approval is specifically authorized by this Agreement. Modifications and/or amendments of the Master Plan agreed to by Owner and approved by the City administratively or upon City Council approval shall be deemed incorporated into this Agreement without further action. Section 6.5 providing for mitigation of impacts on Bellevue transportation facilities shall not be amended without written approval of the City of Bellevue.

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

13.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington.

13.7 Notices. All notices and other communications required or otherwise provided for by this Agreement shall be in writing, and shall be given to the following persons:

City of Redmond

Attention: Director of Planning
and Community Development
P.O. Box 90710
Redmond, Washington 98073-9710

And to its Attorney:
Ogden, Murphy, Wallace, P.L.L.C.
Attention: James E. Haney
1601 Fifth Avenue
Suite 2100
Seattle, WA 98101-1686

Group Health Cooperative

Attention: Executive Director of Administrative Services Division
Administration & Operations Campus
South Building, ASB-1
12501 E. Marginal Way S
Tukwila, WA 98168

And to its Attorney:
Davis Wright Tremaine LLP
Attention: Larry C. Martin
777 108th Ave NE, Suite 2300
Bellevue, WA 98004-5149

13.8 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.

13.9 Attorneys' Fees. In the event of any dispute concerning this Agreement, the substantially prevailing party shall be entitled to receive its attorneys' fees and costs at trial, at any alternative dispute resolution proceeding and on appeal.

13.10 Severability. In the event that any section, sentence, clause or phrase of this Agreement is determined to be invalid or unconstitutional by any court of competent jurisdiction, the remaining sections, sentences, clauses and phrases shall remain viable and in full force and effect.

13.11 Counterparts. This Agreement may be executed in counterparts, with each Party sending a pdf of its signature to the other Party via e-mail transmission. This Agreement, when fully executed and signature pages exchanged as provided herein shall be effective as the original document.

13.12 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 such Party drafted the ambiguous language.

13.13 Exhibits. This Agreement includes the following exhibits:

| | |
|-----------|---|
| Exhibit A | Legal Description of the Property |
| Exhibit B | Depiction of the Property |
| Exhibit C | BROTS Development Review Procedures (BROTS Exhibit F) |
| Exhibit D | Transportation Facility Improvements Map |
| Exhibit E | 152 nd Ave NE Channelization Plan |
| Exhibit F | Locations of Commercial Street Improvements |
| Exhibit G | 152 nd Ave NE Street Section |
| Exhibit H | Restriping Area |
| Exhibit I | 156 th Ave NE Street Section |
| Exhibit J | Street Design Profiles/Dimensions |
| Exhibit K | Tree Replacement Requirements |

13.14 Final and Complete Agreement. This Agreement constitutes the final and complete expression of the Parties on all subjects relating to the development of the Property. This Agreement supersedes and replaces all prior agreements, discussions and representations on all subjects relating to the development of the Property. No Part 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 as of the date first set forth above.

GROUP HEALTH COOPERATIVE,
A Washington non-profit corporation

By: _____

Print Name: WILLIAM K. KAW

Its VP, ADMIN SERVICES

CITY OF REDMOND,
A Washington optional municipal code city

By: _____

Print Name: JOHN MARCHIONE

Its: MAYOR

ATTEST:

Michael B. McGehee
City Clerk



APPROVED AS TO FORM:

Sam G. [Signature]
City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 10th day of December, 2011, before me, a Notary Public in and for the State of Washington, personally appeared William D. Biggs, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed this instrument; on oath stated that he/she was authorized to execute the instrument as Executive Director of Administrative Services Division of GROUP HEALTH COOPERATIVE; and acknowledged said instrument to be his/her free and voluntary act and deed, as partner, for the uses and purposes therein mentioned.

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

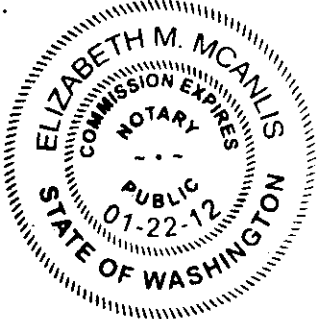


Elizabeth McAuliffe
 NOTARY PUBLIC in and for the State of
 Washington, residing at Redmond, WA
 My appointment expires 01/22/2012
 Print Name Elizabeth McAuliffe

STATE OF WASHINGTON)
)
) ss.
COUNTY OF KING)

On this 20th day of December, 2011, before me, a Notary Public in and for the State of Washington, personally appeared John Marchione, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed this instrument; on oath stated that he/she was authorized to execute the instrument as City of Redmond Director of Planning; and acknowledged said instrument to be his/her free and voluntary act and deed, as partner, for the uses and purposes therein mentioned.

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



Elizabeth McAnlis
NOTARY PUBLIC in and for the State of
Washington, residing at Redmond, WA
My appointment expires 01/22/2012
Print Name Elizabeth McAnlis

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

PARCEL A:

THE WEST HALF OF TRACT 4, BELLEVUE GARDENS THIRD ADDITION TO KING COUNTY, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE(S) 72, IN KING COUNTY, WASHINGTON; TOGETHER WITH THAT PORTION OF THE NORTH HALF OF VACATED NORTHEAST 28TH STREET ADJOINING, LYING BETWEEN THE SOUTHERLY PRODUCTION OF THE WEST LINE OF SAID TRACT 4 AND THE SOUTHERLY PRODUCTION OF THE EAST LINE OF SAID WEST HALF OF TRACT 4, AS VACATED UNDER ORDINANCE NUMBER 617 OF THE CITY OF REDMOND, RECORDED UNDER RECORDING NUMBER 7308030404, WHICH ATTACHED THERETO BY OPERATION OF LAW; AND TOGETHER WITH THAT PORTION OF THE EAST 30 FEET OF VACATED 152ND AVENUE NORTHEAST ADJOINING, LYING BETWEEN THE WESTERLY PRODUCTION OF THE NORTH LINE OF SAID TRACT 4 AND THE WESTERLY PRODUCTION OF THE SOUTH LINE OF SAID TRACT 4, AS VACATED MARCH 07, 1960, IN VOLUME 64 OF KING COUNTY COMMISSIONER'S RECORDS, PAGE 635, WHICH ATTACHED THERETO BY OPERATION OF LAW.

PARCEL B:

THAT PORTION OF LOTS 5 AND 6, BELLEVUE GARDENS THIRD ADDITION, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE(S) 72, IN KING COUNTY, WASHINGTON, AND OF VACATED NORTHEAST 28TH ADJOINING, AS VACATED UNDER ORDINANCE NUMBER 617 OF THE CITY OF REDMOND, RECORDED UNDER RECORDING NUMBER 7308030404, LYING WESTERLY AND SOUTHERLY OF A LINE DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON THE SOUTH LINE OF SAID LOT 6 WHICH IS 440 FEET WEST OF THE SOUTHEAST CORNER THEREOF ;
THENCE NORTH 00°24'06" EAST 500 FEET;
THENCE NORTH 89°35'54" WEST 40 FEET;
THENCE NORTH 00°24'06" EAST 180 FEET;
THENCE NORTH 89°35'54" WEST 140.78 FEET, MORE OR LESS, TO INTERSECT THE SOUTHERLY PRODUCTION OF THE WEST LINE OF THE EAST HALF OF LOT 4 OF SAID ADDITION;
THENCE SOUTH ALONG SAID PRODUCED LINE TO THE NORTH LINE OF THE SOUTH HALF OF SAID VACATED NORTHEAST 28TH STREET;
THENCE WEST ALONG SAID NORTH LINE TO THE EAST MARGIN OF 152ND AVENUE NORTHEAST AND THE TERMINUS OF THE HEREIN DESCRIBED LINE.

PARCEL C:

THE EAST HALF OF TRACT 4, BELLEVUE GARDENS THIRD ADDITION TO KING COUNTY, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE(S) 72, IN KING COUNTY, WASHINGTON;
EXCEPT THE EAST 12 FEET THEREOF CONVEYED TO CITY OF REDMOND BY INSTRUMENT RECORDED UNDER RECORDING NUMBER 7401250336.

PARCEL D:

THAT PORTION OF LOTS 5 AND 6, BELLEVUE GARDENS THIRD ADDITION, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 21 OF PLATS, PAGE(S) 72, IN KING COUNTY, WASHINGTON, AND OF VACATED NORTHEAST 28TH ADJOINING, AS VACATED UNDER ORDINANCE NUMBER 617 OF THE CITY OF REDMOND, RECORDED UNDER RECORDING NUMBER 7308030404, LYING EASTERLY AND NORTHERLY OF A LINE DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON THE SOUTH LINE OF SAID LOT 6 WHICH IS 440 FEET WEST OF THE SOUTHEAST CORNER THEREOF ;
THENCE NORTH 00°24'06" EAST 500 FEET;
THENCE NORTH 89°35'54" WEST 40 FEET;
THENCE NORTH 00°24'06" EAST 180 FEET;
THENCE NORTH 89°35'54" WEST 140.78 FEET, MORE OR LESS, TO INTERSECT THE SOUTHERLY PRODUCTION OF THE WEST LINE OF THE EAST HALF OF LOT 4 OF SAID ADDITION;
THENCE SOUTH ALONG SAID PRODUCED LINE TO THE NORTH LINE OF THE SOUTH HALF OF SAID VACATED NORTHEAST 28TH STREET;
THENCE WEST ALONG SAID NORTH LINE TO THE EAST MARGIN OF 152ND AVENUE NORTHEAST AND THE TERMINUS OF THE HEREIN DESCRIBED LINE .
EXCEPT THE EAST 12 FEET THEREOF CONVEYED TO CITY OF REDMOND BY INSTRUMENTS RECORDED UNDER RECORDING NUMBERS 7401250335, 7401250336, AND 7401250337.

Exhibit B
Depiction of Property



EXHIBIT C

BROTS DEVELOPMENT REVIEW PROCEDURES

A. Purpose

The purpose of this document is to provide for clear, predictable, and equitable procedures for conducting transportation impact analyses associated with development activity within the Overlake area¹, and to support the identification of transportation impacts and reasonable, effective mitigation measures to deal with those impacts.

In this document, the City where the proposed development is located is assumed to be the lead agency in the review of traffic impacts, and is referred to as the "lead City". Conversely, the other City is then referred to as the "non-lead City".

B. Applicable Developments

The requirements outlined in this document shall apply to any proposed developments or phased developments in the Overlake Area of Redmond and Bellevue that will generate 30 or more new vehicle trips in the PM peak hour. A phased development is defined as an approval involving multiple buildings by the same developer on the same or contiguous parcels for which development applications are filed no more than one year apart. Phases of such a development are treated together as one development for the purposes herein.

C. Overlake Area Defined

The boundary for the Overlake Area is shown on Map F-1. Any applicable development in Redmond or Bellevue proposed within this Area shall be subject to the terms of this document.

D. Basic Scope of Analysis

1. The traffic analysis conducted by the lead City shall contain, at a minimum, the following analyses:
 - a. An analysis of level of service conditions within a six-year concurrency time frame. This analysis shall be based on assigning proposed development traffic combined with base (current) year traffic onto a transportation network which incorporates all projects that are anticipated to be constructed within six years or which incorporates the six-year CIP program of either City including fully funded state projects. The purpose of this analysis is to verify maintenance of transportation service standards.

¹ The area described by Bellevue's Mobility Management Area #12 and Redmond Transportation Management District #5.

Data to be generated shall include project trip generation, project trip distribution, project turning movements, and background turning movements at affected intersections. Production of turning movement information may be waived with the agreement of the non-lead City. The traffic analysis shall include level of service data for all signalized intersections within the Overlake MMA/TMD, and the area-average level of service for the Overlake MMA/TMD. The traffic analysis shall also include level of service data for all signalized intersections outside the Overlake MMA/TMD affected by ten or more PM peak hour trips from the proposed development or phased development. Area-average level of service shall be according to the methodology used by the lead City. Intersection level of service analysis shall be according to the methodology used by the City in which the intersection is located.

- b. An analysis of long-term conditions which incorporates traffic from the proposed development. This analysis shall be based on development proposal traffic combined with long-range traffic onto a transportation network which incorporates the long range Transportation Facility Plan (TFP) of each City, along with planned state projects. If project trips are already included in the long range traffic projections, a separate long term analysis may not be required.

The purpose of this analysis is to (1) determine the financial responsibility of the proposed development for funding of the transportation system improvements, and (2) to disclose long-term level of service conditions which assume the proposed development.

Data to be generated shall include project trip generation, project trip distribution, project turning movements, and background turning movements at affected intersections. Production of turning movement information may be waived with the agreement of the non-lead City. The traffic analysis shall include level of service data for all signalized intersections affected by ten or more PM peak hour trips from the proposed development. Intersection level of service analysis shall be according to the methodology used by the City in which the intersection is located.

- c. The analyses described in subsections D.1.a. and D.1.b., above, may be modified or eliminated administratively as necessary to conform to any changes in the financing or impact mitigation systems described in the Interlocal Agreement to which these procedures are attached that are approved as provided in paragraph 11.A of the Interlocal Agreement. Each City agrees to inform the other City when such evolution warrants review of these procedures, and to participate in good faith in such a revision of these procedures.
2. The trip generation rates for proposed developments shall be based upon the rates cited in the most recent edition of the ITE Trip Generation Manual, or upon the rates cited in Bellevue's Transportation Impact Fee Program Technical Report (April 1991 or most recent update) or other acceptable studies. These rates may be adjusted to reflect documented data submitted by the developer or the Cities. If trip reduction strategies can

be successfully implemented, monitored and enforced, the resulting reductions shall be reflected in the development trip generation volumes.

E. Notification of Proposed Development

1. The lead City for a proposed development within the Overlake Area shall notify the non-lead City of the proposal application in writing as early in the review process as is practical.
 - a. This written notification should include a copy of the most recent site plan available and an estimate of the PM peak hour trip generation (with a breakdown of new, pass-by, and diverted trips, as available) for the development.
 - b. If the project includes a request to be covered by a SEPA Planned Action, this request shall be included with this notification. The notification and request shall be provided to the non-lead City before the lead City decides whether the proposal is covered by a SEPA Planned Action.
2. If the lead City decides a project is covered by a SEPA Planned Action, the lead City shall provide the non-lead City with a copy of the official notice of the said decision. For the City of Redmond's Overlake SEPA Planned Action, the City has administratively decided that the date of the published notice of the proposal application, pursuant to RCW 36.70B.110 or its successor, shall be the date of the official notice of the decision as to whether the project is covered by the Planned Action.
3. For any notice required by this section, if the non-lead City has any questions regarding the proposal or wishes to suggest issues for the scope of analysis, the non-lead City shall provide those questions or suggestions to the lead City within five working days of receiving the written notice.

F. Preparation and Review of Traffic Impact Analysis

1. The lead City for the proposed development shall define the scope of the traffic impact analysis. Input from the non-lead City on the scope of analysis is encouraged. The traffic impact analysis shall be prepared solely under the direction of the lead City. All discussions with the developer and/or the developer's project team on the traffic impact analysis shall be through the lead City, unless the developer is directed by the lead City to contact the non-lead City.
2. Once a traffic impact analysis has been prepared for the proposed development, the lead City shall provide two copies of the analysis, along with any necessary background information, to the non-lead City. The non-lead City shall have ten working days to review and comment on the traffic impact analysis.
3. If the comments from either City are significant enough in the lead City's determination to warrant new analysis, the lead City will require a revision of the traffic impact

analysis. When the revised traffic impact analysis has been completed, the lead City shall provide two copies of the new analysis to the non-lead City. The non-lead City shall then have five working days to review and comment on the new traffic impact analysis.

4. The Cities acknowledge the joint objective of minimizing the time and resources required to generate traffic impact analysis data in support of timely review of development proposals. In support of that objective, the Cities agree that it is essential that the non-lead City provide complete and final commentary on traffic impact analysis scoping and adequacy within the time lines outlined in sections F-1 through F-3, above, and that the lead City solicit and acknowledge commentary of the non-lead City and make a reasonable effort to satisfy the analysis requests of the non-lead City.

G. Mitigation of Traffic Impacts

1. Traffic impacts within the lead City precipitated by new development in the Overlake Area shall be mitigated by the developer as directed by the lead City. Traffic impacts of the development within the non-lead City on the non-lead City's TFP projects (including BROTS projects) will be mitigated through use of a pro rata share system. When the lead City's impact fees are updated to include the BROTS projects, impact mitigation to be applied to BROTS projects will occur through the impact fees and a joint funding program by the Cities. Impact mitigation to be applied to the non-lead City's TFP non-BROTS projects will continue to be addressed through pro rata share contributions to the cost of the project.
2. If pro rata share analysis is needed, the lead City shall provide the developer with a long-term PM peak hour trip assignment based on the Bellevue/Kirkland/Redmond traffic model, at the developer's expense. The developer shall calculate the pro rata share of TFP projects in the non-lead City impacted by ten or more vehicle trips generated by the development in the PM peak hour. The pro rata share shall be calculated by dividing the development's PM peak hour trip volume traveling through a given transportation improvement by the total long range network year PM peak hour volume at that location, and then multiplying the resulting number by the cost of the street improvement. Prior to issuance of a building permit, the developer shall, at the discretion of the non-lead City, pay to the non-lead City, or enter into an agreement with the non-lead City to pay at a future date, a pro rata share of TFP projects within the non-lead City that are not covered by BROTS impact fees.
3. The current TFP project list for the non-lead City will be provided to the lead City at the time notification is given of a proposed development. The resulting mitigation fee estimates shall be included as part of the first draft of the traffic impact analysis so that the non-lead City shall have the opportunity to review the calculations.
4. A traffic analysis showing that a development will send trips into a non-lead City's MMA/TMD that already exceeds its adopted LOS standard or into a non-lead MMA/TMD that as a result then exceeds its adopted LOS standard may trigger the requirement for additional analysis and mitigation. The non-lead City may request that

the lead City require that the development's total impact exceeding the adopted standard in such an MMA/TMD be mitigated in order to avoid or minimize a significant negative impact in accordance with the non-lead City's policies and standards under SEPA. The analysis and mitigation shall be based on the adopted policies and regulations of the impacted non-lead City.

5. Mitigation of project impacts on the non-lead City's TFP projects are collected from developers by the lead City until final inspection of the TFP project is complete and construction costs have been paid in full.
6. Mitigation of project impacts on state improvement projects shall be calculated as per the policy of the lead City. If monetary mitigation is required, the lead City shall collect payment from the developer for transfer to the Washington State Department of Transportation. The requirement to pay such mitigation will be imposed up to the date that final inspection of the project is complete and construction costs have been paid in full unless otherwise provided for in an interlocal agreement between the State of Washington and the lead City.

H. Resolution of Disputes

The traffic review and mitigation process outlined above is intended to minimize disputes between the two Cities. When the non-lead City disputes any element of a traffic impact analysis or an approval of a SEPA Planned Action request, staff representatives will meet and confer and attempt to reach agreement. If the two Cities are not able to resolve disagreements prior to issuance of a SEPA threshold determination for a proposed development, prior to approval of permit conditions, or prior to approval of a SEPA Planned action Request, then the non-lead City has the right to appeal the SEPA determination, project approval, or SEPA Planned Action Approval through established appeal processes.

MAP F-1 **JOINT DEVELOPMENT REVIEW PROCEDURES** **AREA OF PARTICIPATION**

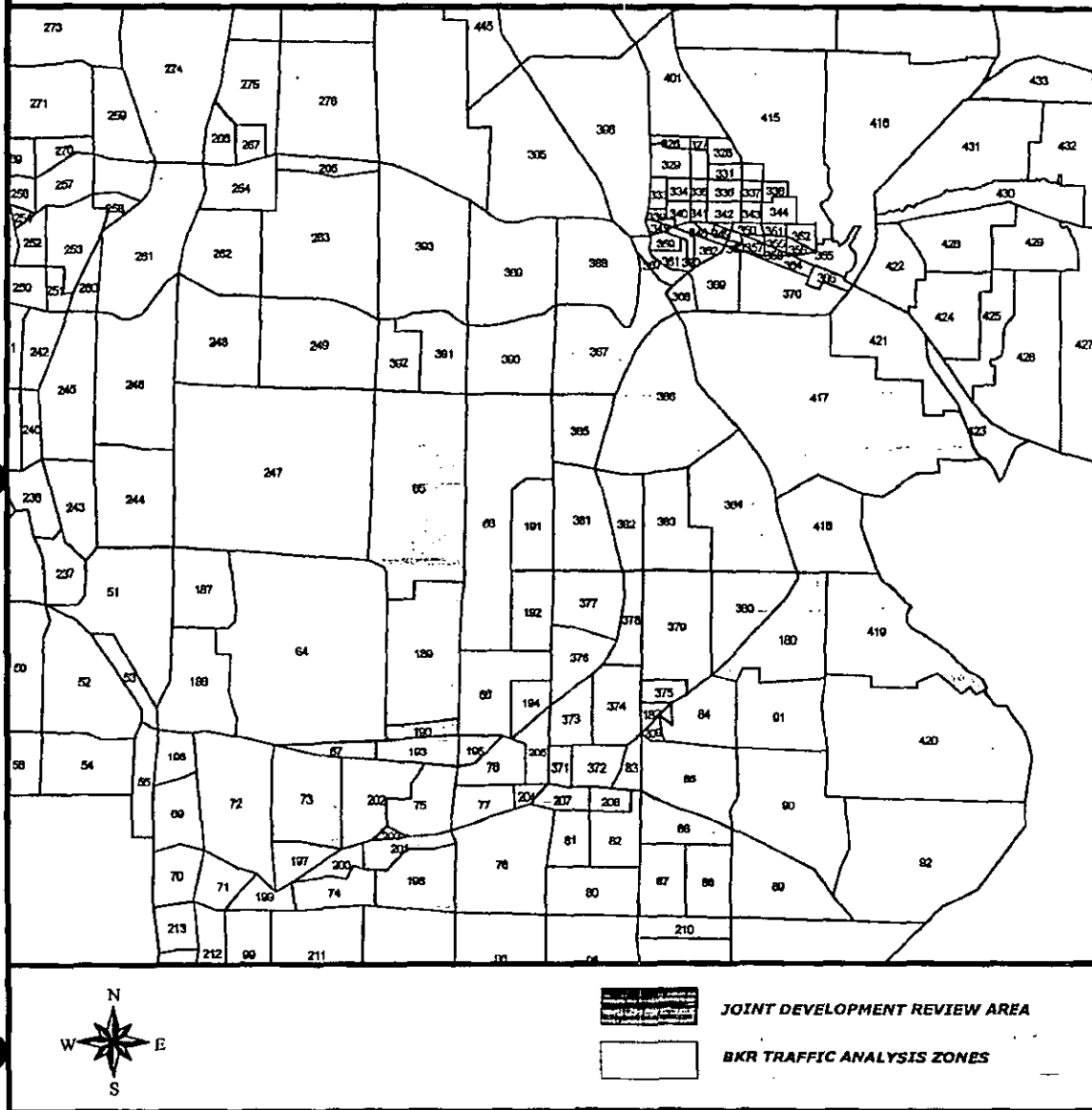
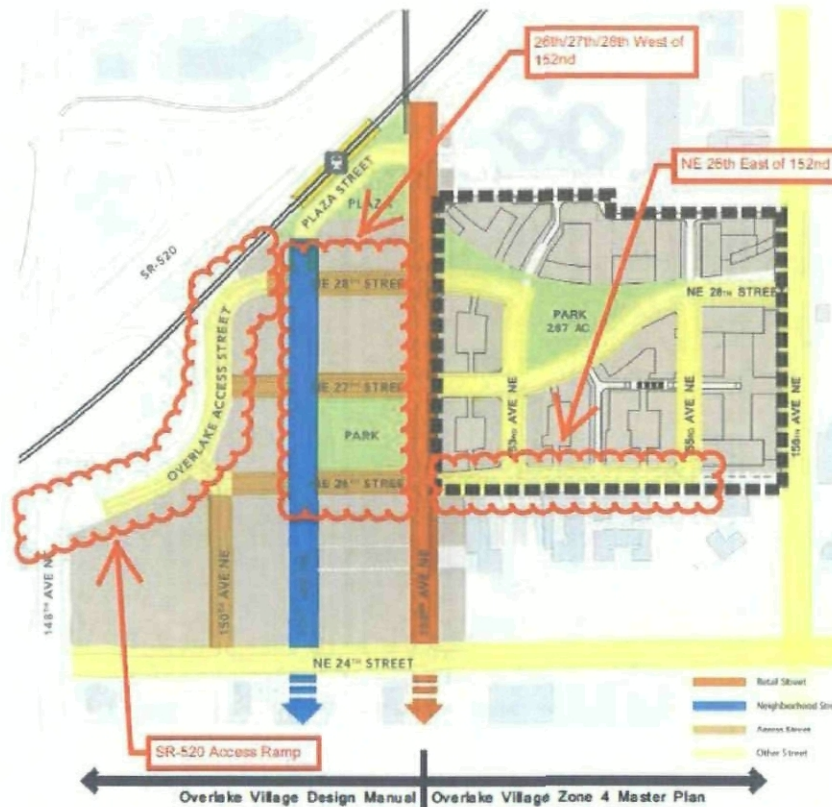


EXHIBIT D TRANSPORTATION FACILITY IMPROVEMENTS MAP



CITY OF REDMOND, WASHINGTON

Street Grid

The street network is designed to link the site with current and future neighborhood street grids and traffic patterns. This Master Plan furthers the City of Redmond's mobility goals by providing alternate routes and access through the area for vehicles, bicycles, and pedestrians.

The Master Plan supports access to the site from 152nd and 156th, the major north-south arterials in the area, and creates a street grid that supports the City's urban design goals and the plans for improved access to the area from SR 520.

External vehicular circulation

Provide balanced access to the site from 152nd Ave NE and 156th Ave NE

- A majority of traffic will access the site via 152nd Ave NE
- Additional traffic will access the site from east via 156th Ave NE

Support planned street grid improvements west of 152nd Ave NE

- Align new streets in Overlake Village Zone 4 with the street grid established west of 152nd Avenue NE by the City of Redmond's Overlake Village Design Manual

Accommodate new traffic patterns that will result from the planned exit ramp from SR 520

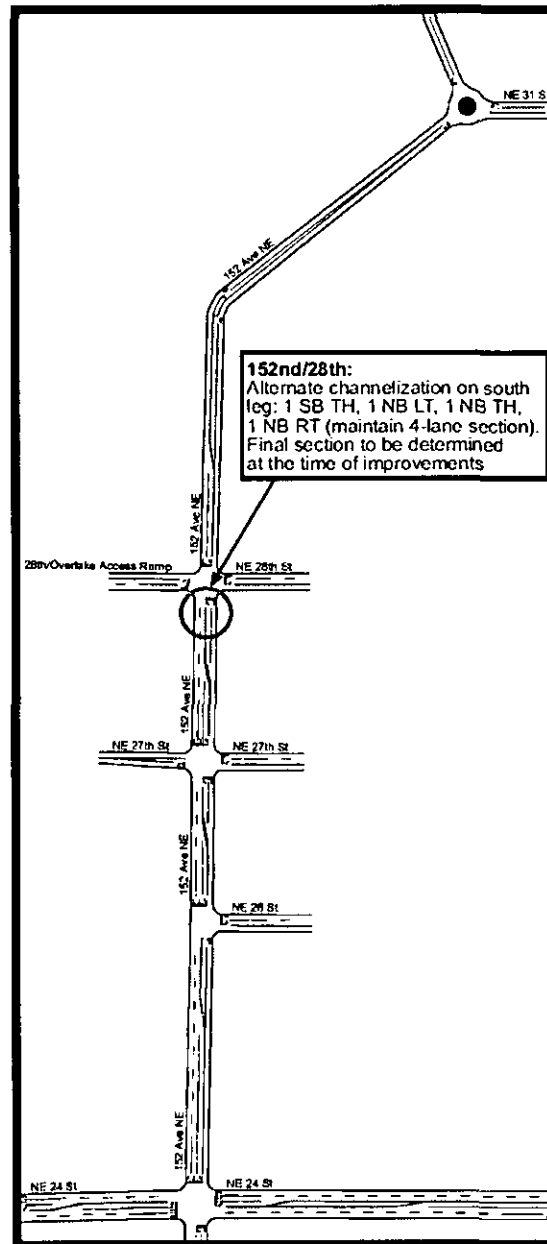
- Design internal streets to accommodate future increased traffic on NE 26th, 27th, and 28th Streets

Internal vehicular circulation

- Extend the planned street grid east of 152nd Ave. NE into Overlake Village Zone 4
- Provide through connection from 152nd Ave NE to 156th Ave. NE
- Create a network of neighborhood streets which support fine-grained site development
- Create connections to the surrounding neighborhood at NE 26th, NE 27th and NE 28th Streets

Mobility

EXHIBIT E **152ND AVE NE CHANNELIZATION PLAN**



152nd: Full Buildout Channelization

- Full Buildout GHC Land Use by 2022
- With Overlake Access Ramp
- With 26th Connection to GHC
- Without PSBP Grid west of 152nd

NOTE: DIAGRAM IS CONCEPTUAL ONLY

TENW 10/24/11

EXHIBIT F-1
LOCATIONS OF COMMERCIAL STREET IMPROVEMENTS



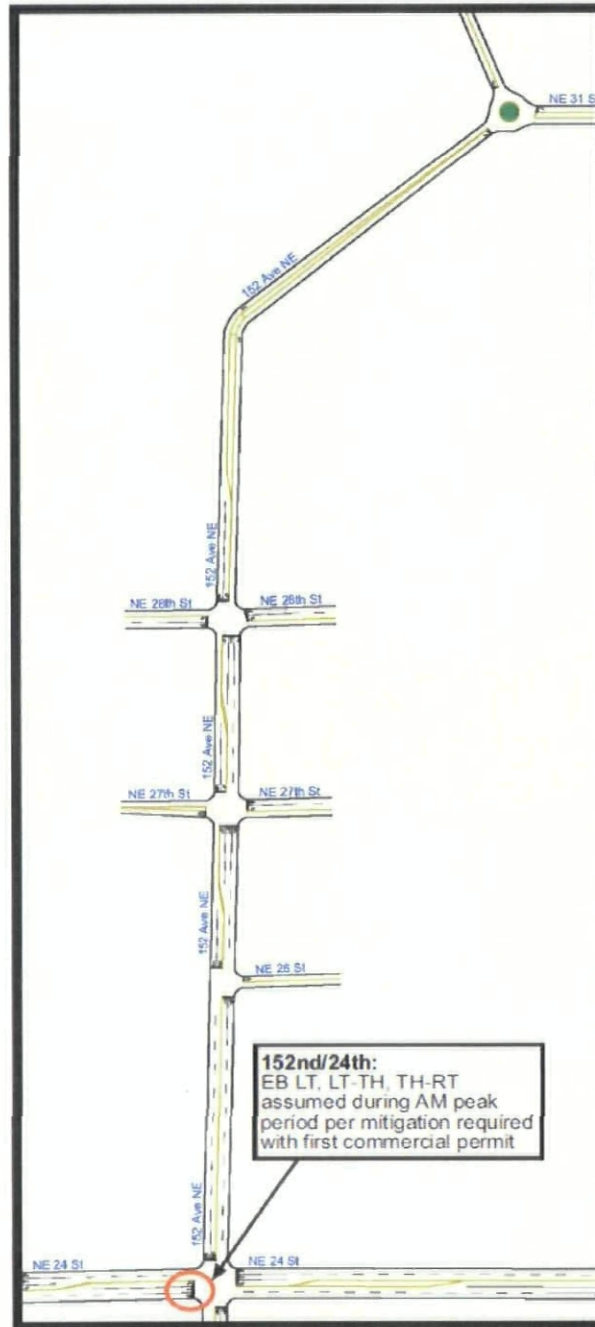
156th Ave. NE Commercial Sector

Development of Blocks 2, 3, 6, and 10

At the time of development of any block in the 156th NE Commercial Sector the following infrastructure will be delivered:

- Build NE 27th Street with all utilities
- Build NE 28th Street with all utilities
- Build the NE 27/28th Connector Street with all utilities
- Build 153rd NE between NE 27th and NE 28th with all utilities
- Build the open space area for the future district park (provide preliminary rough grading, stormwater drainage system and hydro-seeded landscape). Future district park design and construction by City of Redmond.
- Build frontage improvements the entire length of 152nd Avenue NE and 156th Avenue NE
- Provide traffic signalization or other intersection improvements along 152nd Ave NE at NE 27th and NE 28th Streets and along 156th Avenue NE at NE 28th Street as required per City of Redmond analysis
- Provide full street frontage improvements at the perimeter of any block developed

EXHIBIT F-2



152nd: Phase 1 Channelization

- Phase 1 GHC Land Use
- Without Overlake Access Ramp
- Without 26th Connection to GHC
- Without PSBP Grid west of 152nd

NOTE: DIAGRAM IS CONCEPTUAL ONLY

TENW 10/24/11

EXHIBIT G 152ND AVE NE STREET SECTION

RETAIL STREET REQUIREMENTS

The Retail Street cross section varies along its length to accommodate traffic volumes and bicycle facilities as needed.

Standard Section

The standard Retail Street section represents the preferred design for the intended character and function of the Retail Street. Further description of the standard section is located on the following pages.

Variations from the Standard

Variations from the standard section, identified on the diagram and table to the right, are:

- **Section 1**—north of the Station Plaza, roadway transitions to two travel lanes with bike lanes
- **Section 2**—curbside parking is removed along the plaza and park
- **Section 3**—between NE 26th and NE 24th Street, the roadway transitions to four travel lanes

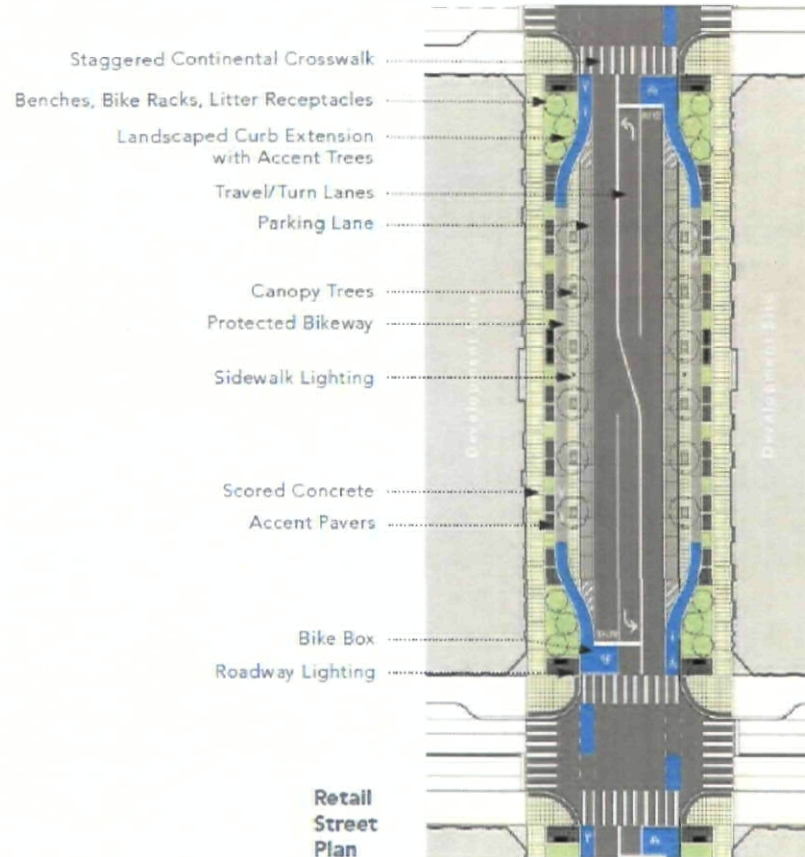


| COMPARISON OF RETAIL STREET SECTIONS | | | | |
|--------------------------------------|---|---|--------------------|---|
| | Roadway (total width) | | | Sidewalks (total width) |
| | Travel Lanes | Parking | Bicycle Facilities | Sidewalk Zones |
| Standard Section (100' R.O.W) | 48' total | | | 52' total |
| | (2) 11' Travel Lanes (1) 11' Left-Turn Lane | (2) 7'-6" Parking Lanes | | (2) 26' Sidewalks, each includes a 7' Protected Bikeway |
| Section 1 (100' R.O.W) | 54'-6" total | | | 45'-6" total |
| | (2) 11' Travel Lanes (1) 11' Left-Turn Lane | (1) 7'-6" Parking Lane East Side of Street | (2) 7' Bike Lanes | (1) 26'-6" Sidewalk, East Side of Street (1) 19' Sidewalk, West Side of Street |
| Section 2 (100' R.O.W) | 40'-6" total | | | 59'-6" total |
| | (2) 11' Travel Lanes (1) 11' Left-Turn Lane | (1) 7'-6" Parking Lane East Side of Street | | (1) 33'-6" Sidewalk, West Side of Street Includes a 7' Protected Bikeway (1) 26' Sidewalk, East Side of Street Includes a 7' Protected Bikeway |
| Section 3 (100' R.O.W) | 58' total | | | 42' total |
| | (2) 11' Travel Lanes (1) 11' Left-Turn Lane (1) 11' Right-Turn Lane | (2) 7' Parking Lanes | | (2) 21' Sidewalks, each includes a 7' Protected Bikeway |

RETAIL STREET STANDARD SECTION

The standard Retail Street section is located between NE 28th Street and NE 27th Street.

| STANDARD SECTION ELEMENTS | |
|---------------------------|--|
| Traffic: | Two-way; Two 11-ft. travel lanes, one 11-ft. left-turn lane |
| Parking: | 7-ft. 6-in. parallel lane, each side of street |
| Sidewalk: | 26 ft. wide, each side of street |
| Bicycle: | 7-ft. protected bikeway, each side of street |
| Intersections: | Laid-down corners, staggered continental crosswalks, bike boxes |
| Curbs: | 1-ft. concrete |
| Paving: | Scored concrete, tinted concrete, accent pavers and asphalt |
| Trees: | Canopy, accent |
| Landscape: | Shrubs and groundcover in 4-ft. x 6-ft. tree wells and curb extensions |
| Lighting: | Roadway and sidewalk |
| Furnishings: | Benches, trash receptacles, bike racks |



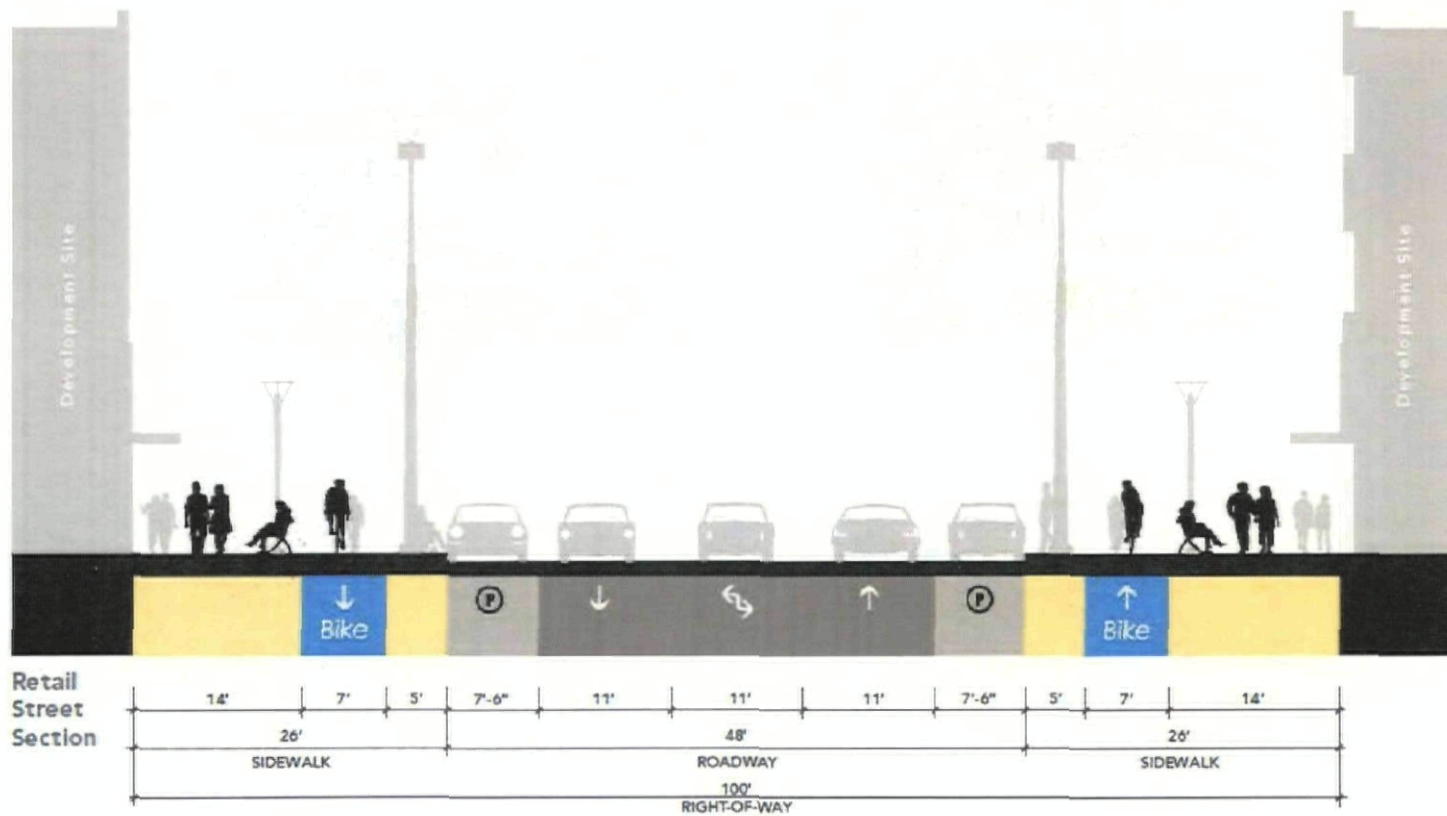


EXHIBIT H RESTRIPING AREA



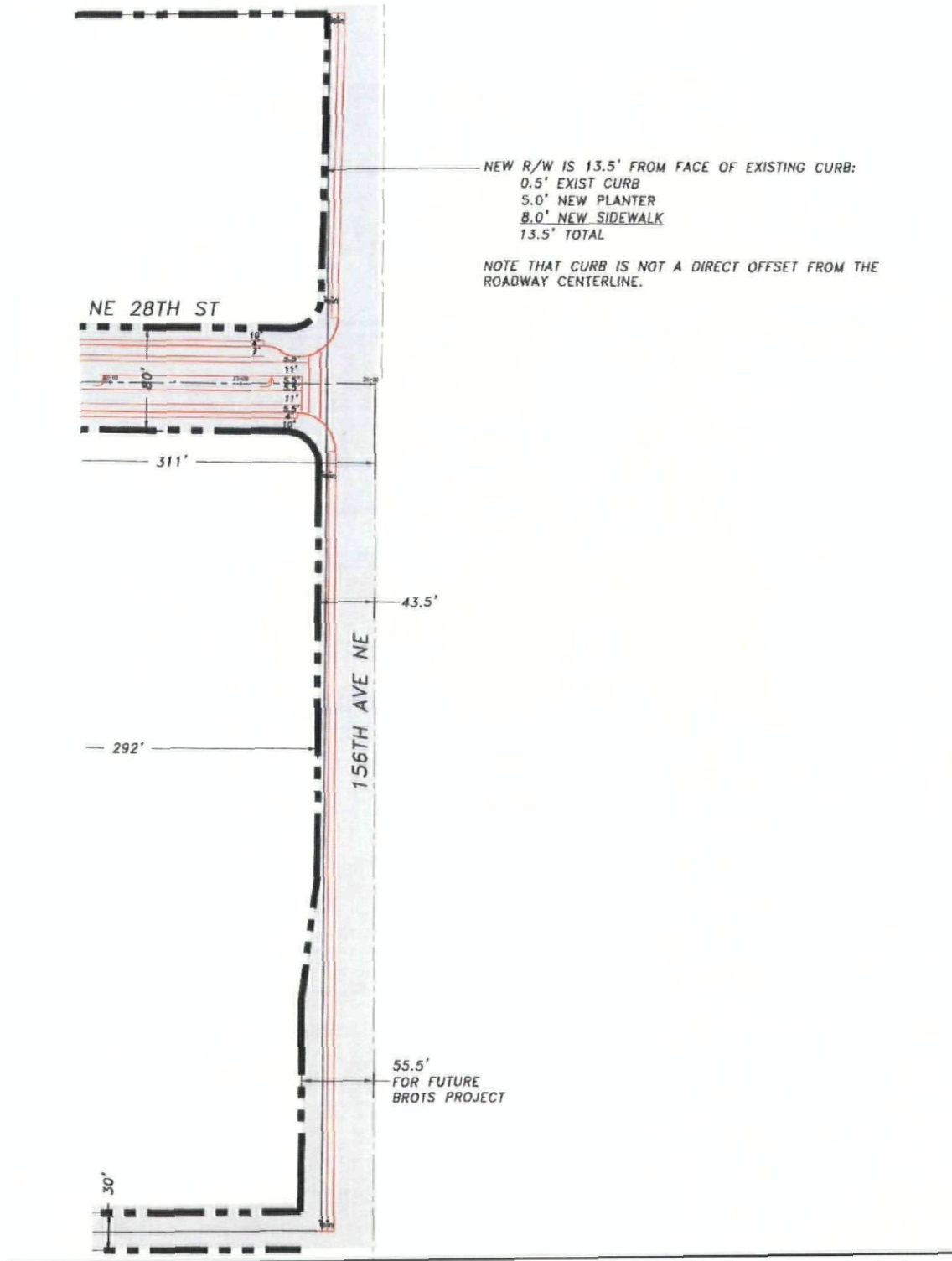
156th Ave. NE Commercial Sector

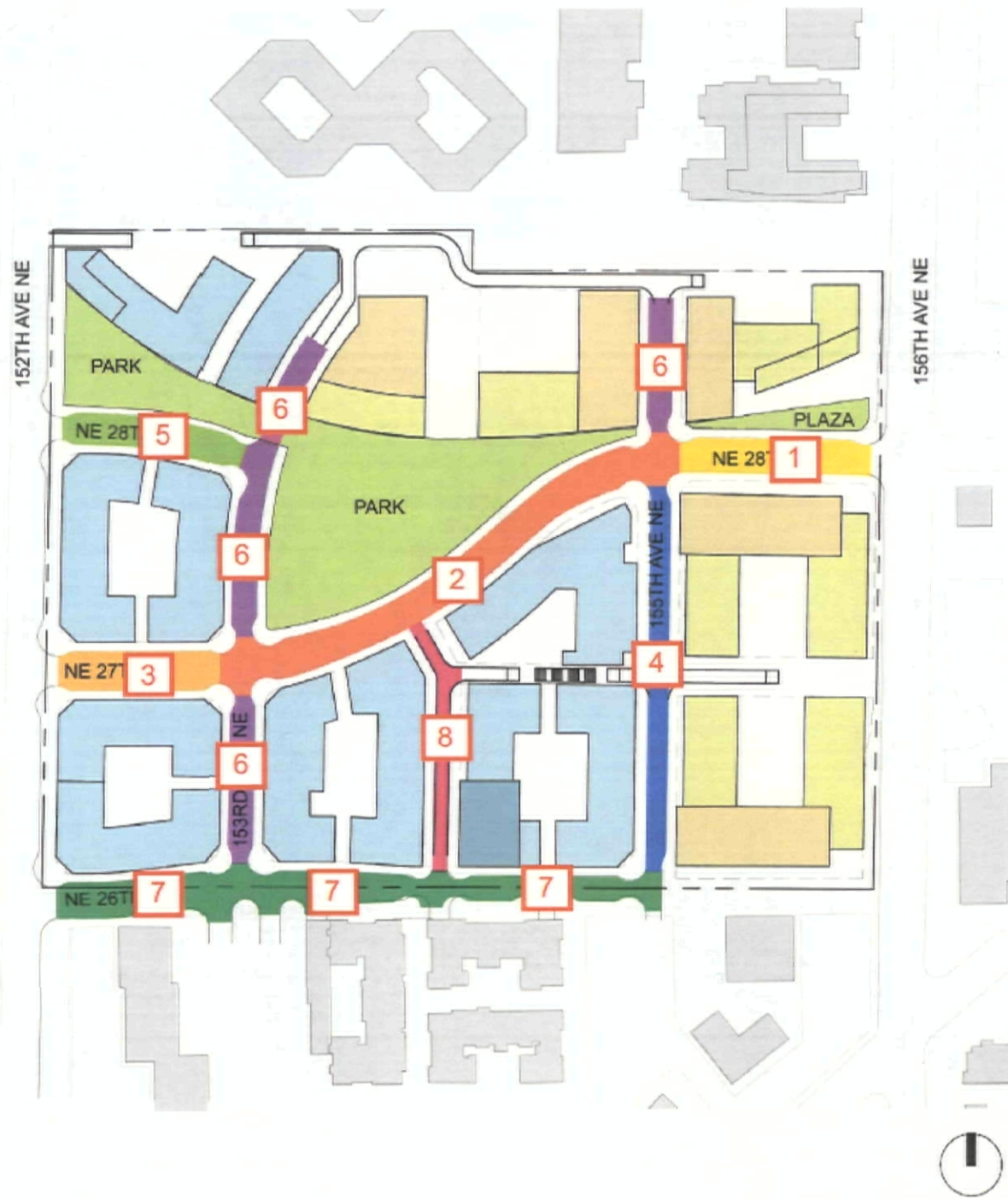
Development of Blocks 2, 3, 6, and 10

At the time of development of any block in the 156th NE Commercial Sector the following infrastructure will be delivered:

- Build NE 27th Street with all utilities
- Build NE 28th Street with all utilities
- Build the NE 27/28th Connector Street with all utilities
- Build 153rd NE between NE 27th and NE 28th with all utilities
- Build the open space area for the future district park (provide preliminary rough grading, stormwater drainage system and hydro-seeded landscape). Future district park design and construction by City of Redmond.
- Build frontage improvements the entire length of 152nd Avenue NE and 156th Avenue NE
- Provide traffic signalization or other intersection improvements along 152nd Ave NE at NE 27th and NE 28th Streets and along 156th Avenue NE at NE 28th Street as required per City of Redmond analysis
- Provide full street frontage improvements at the perimeter of any block developed

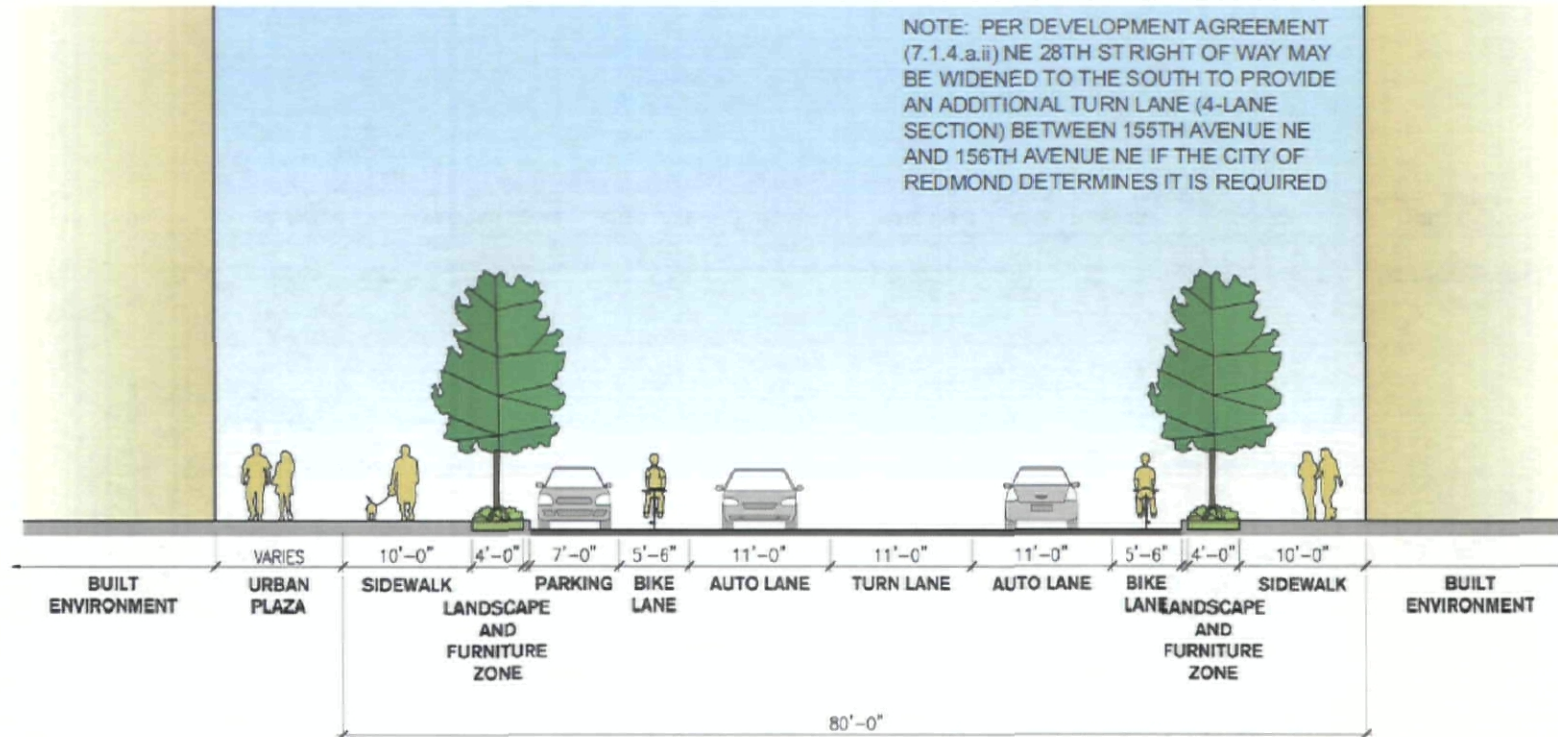
EXHIBIT I
156TH AVE NE STREET SECTION





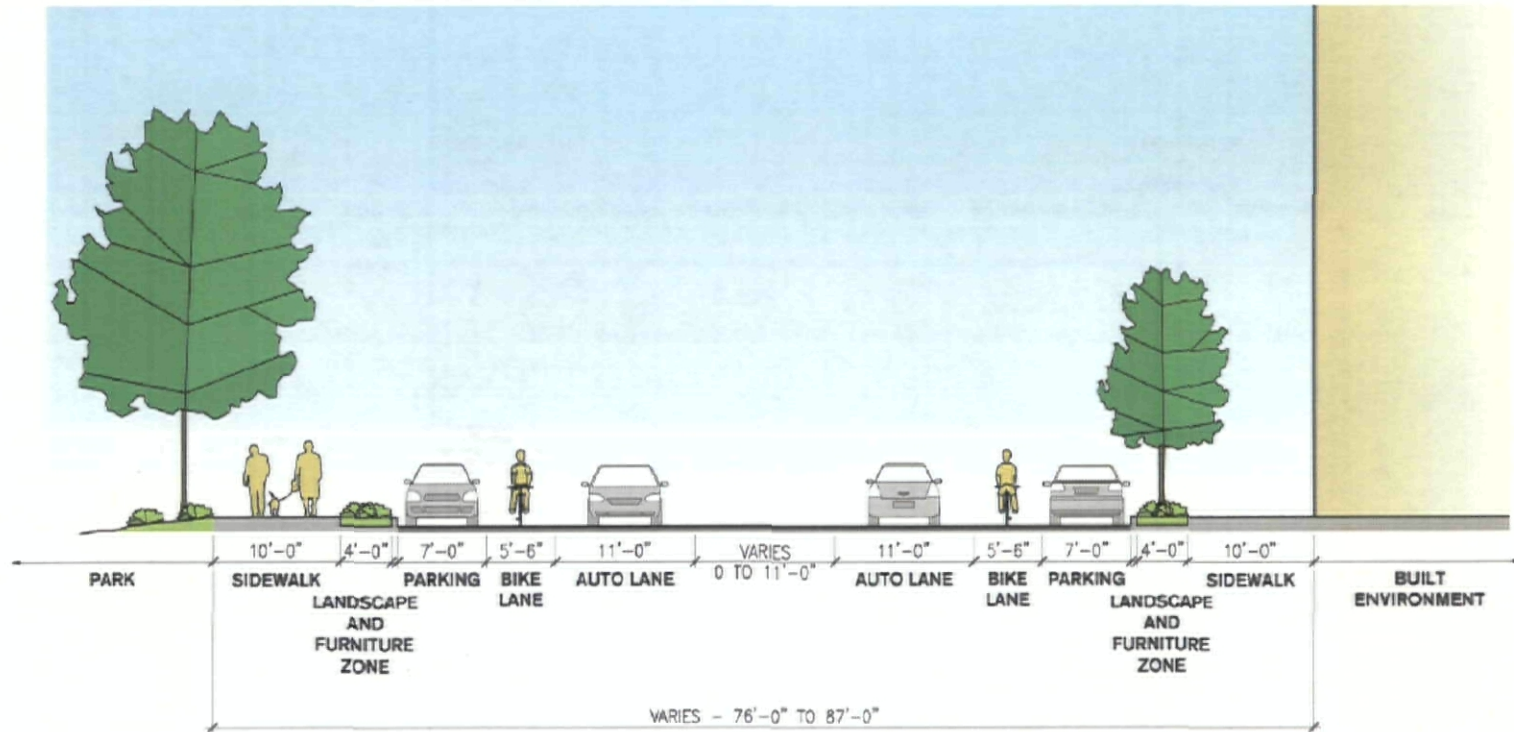
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Through-Site Connector



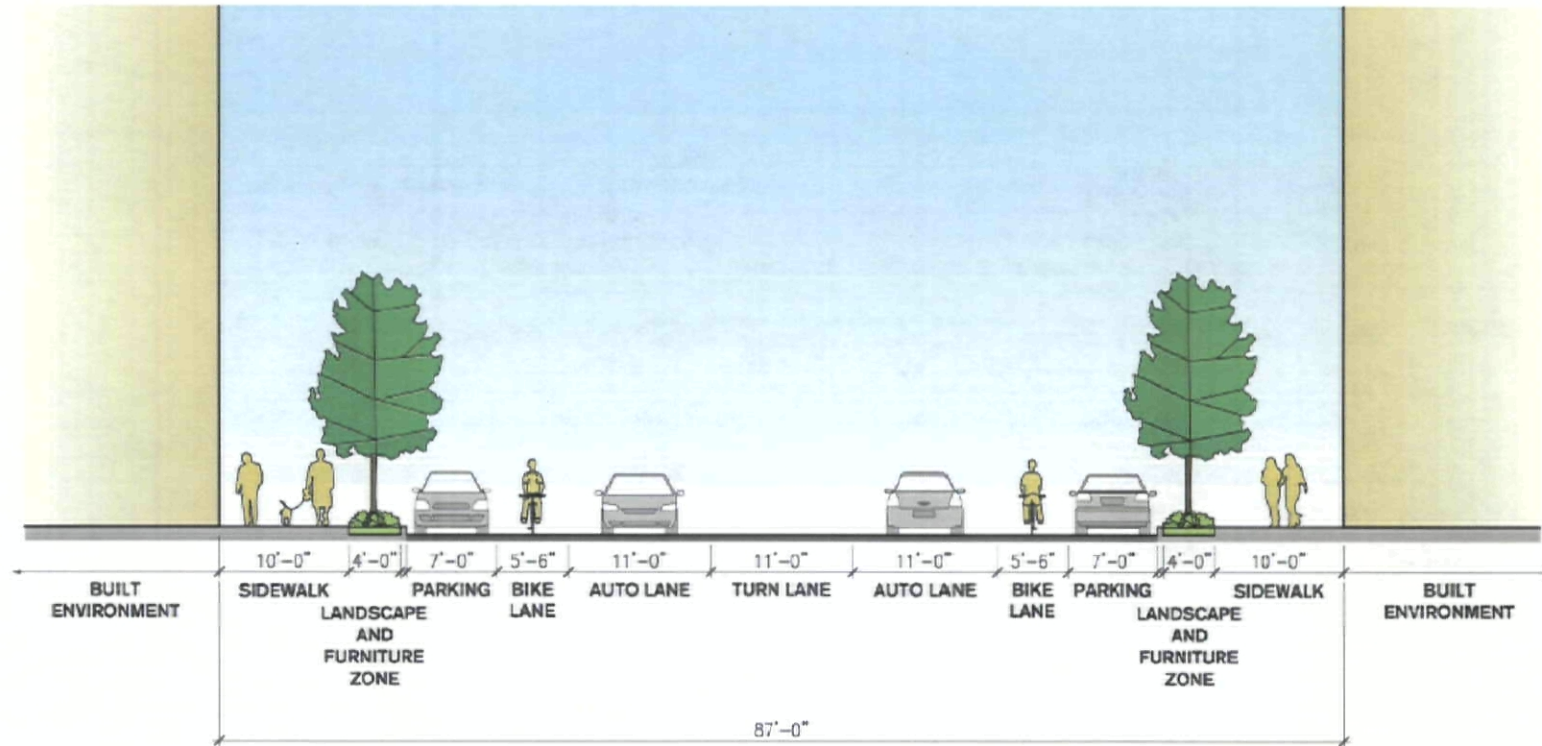
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Through-Site Connector



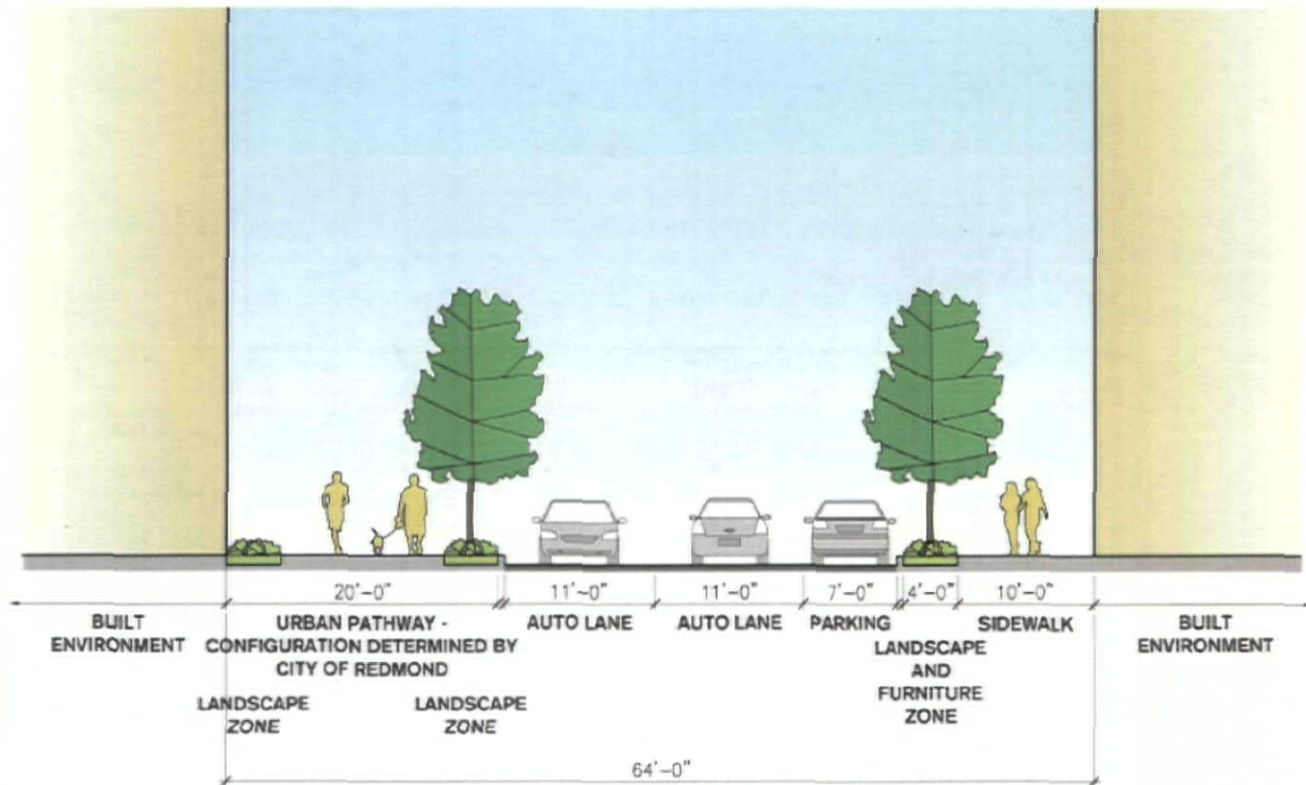
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Through-Site Connector



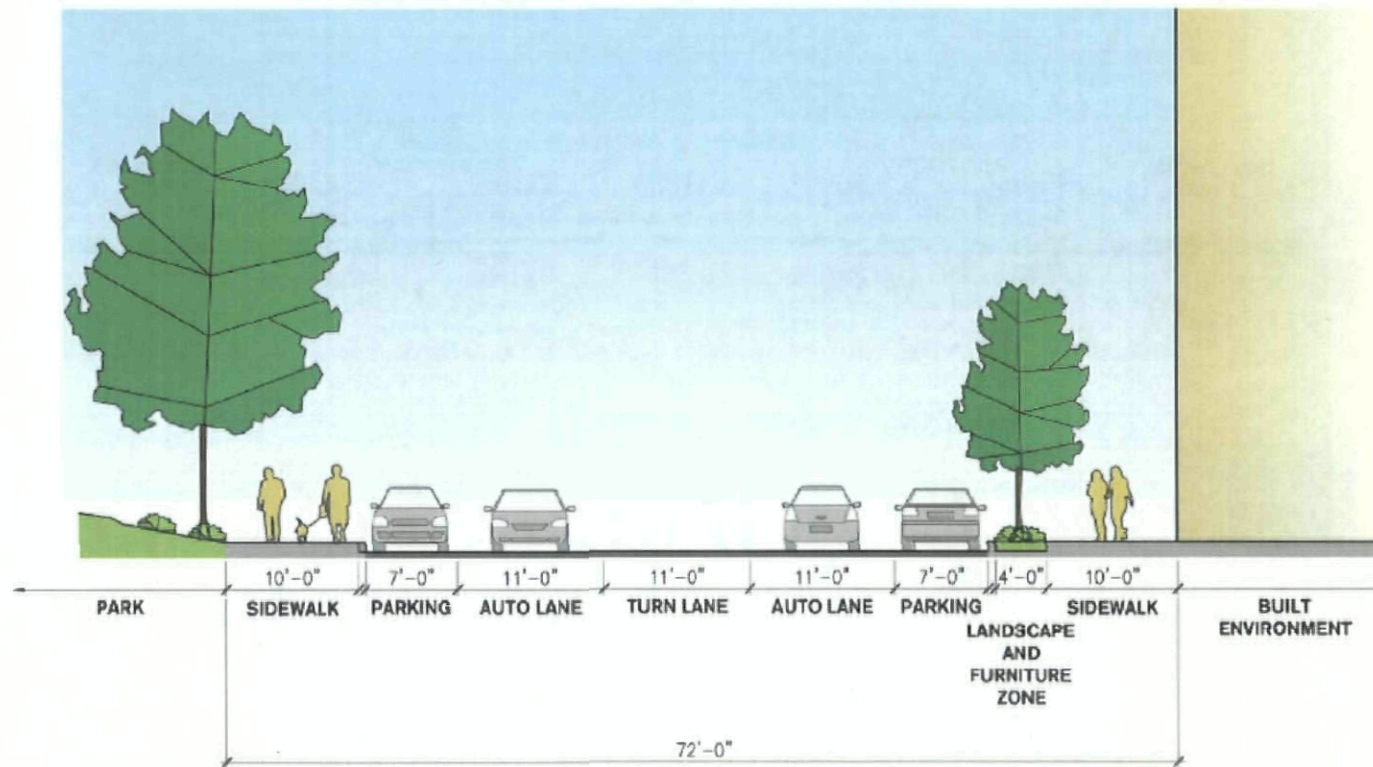
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Urban Pathway Street



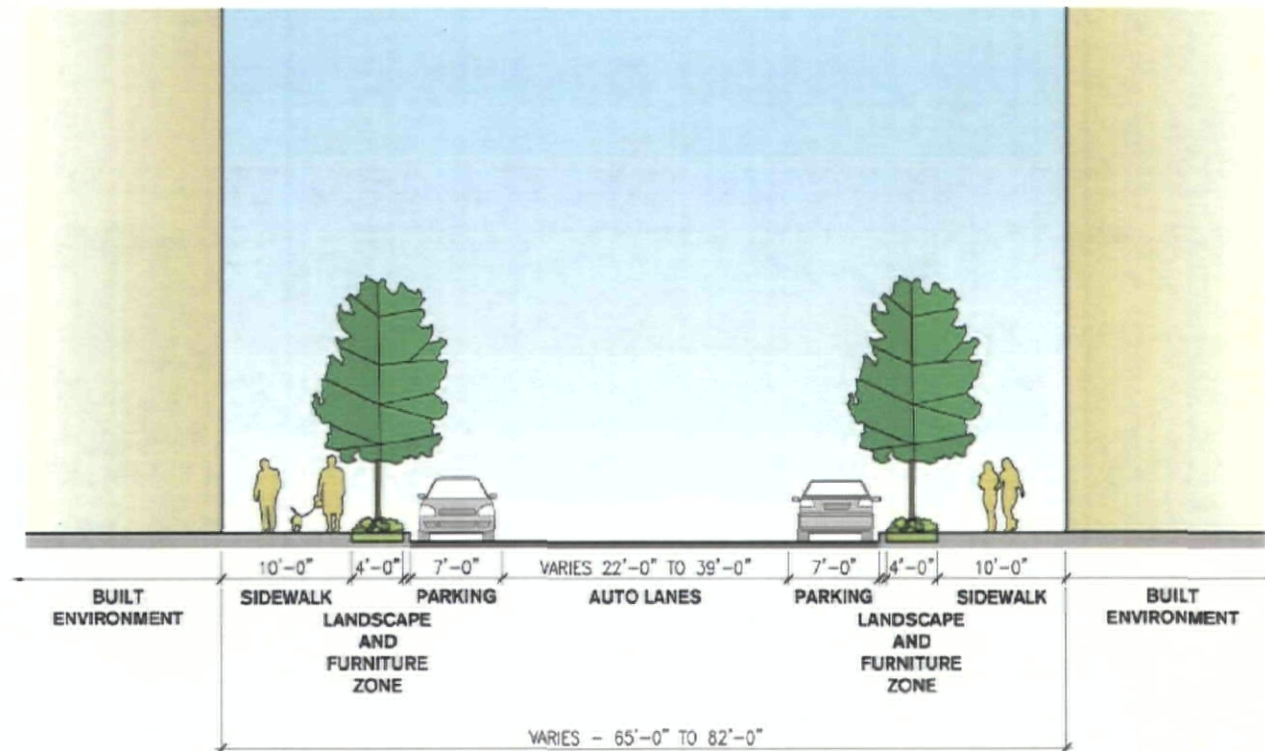
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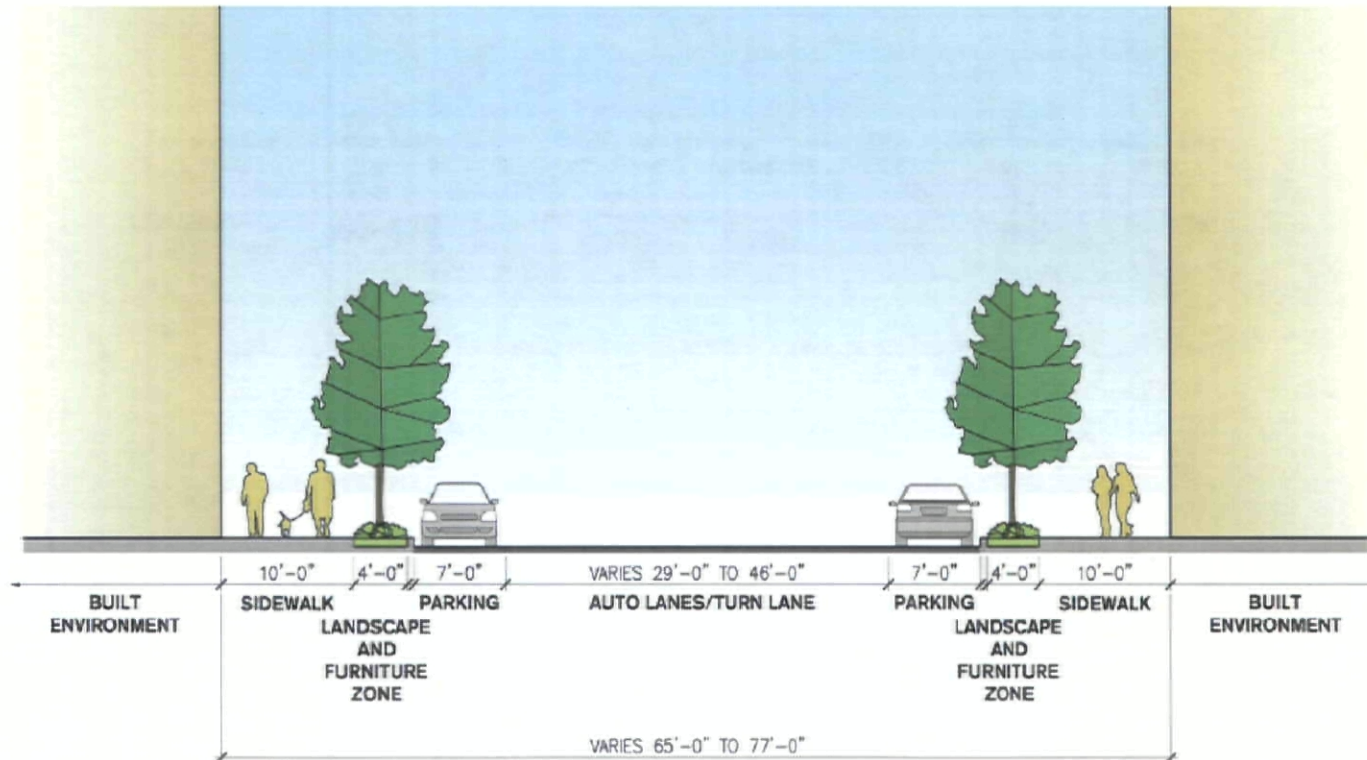
Local Street



6

Local Street





8

Landscaped Private Street

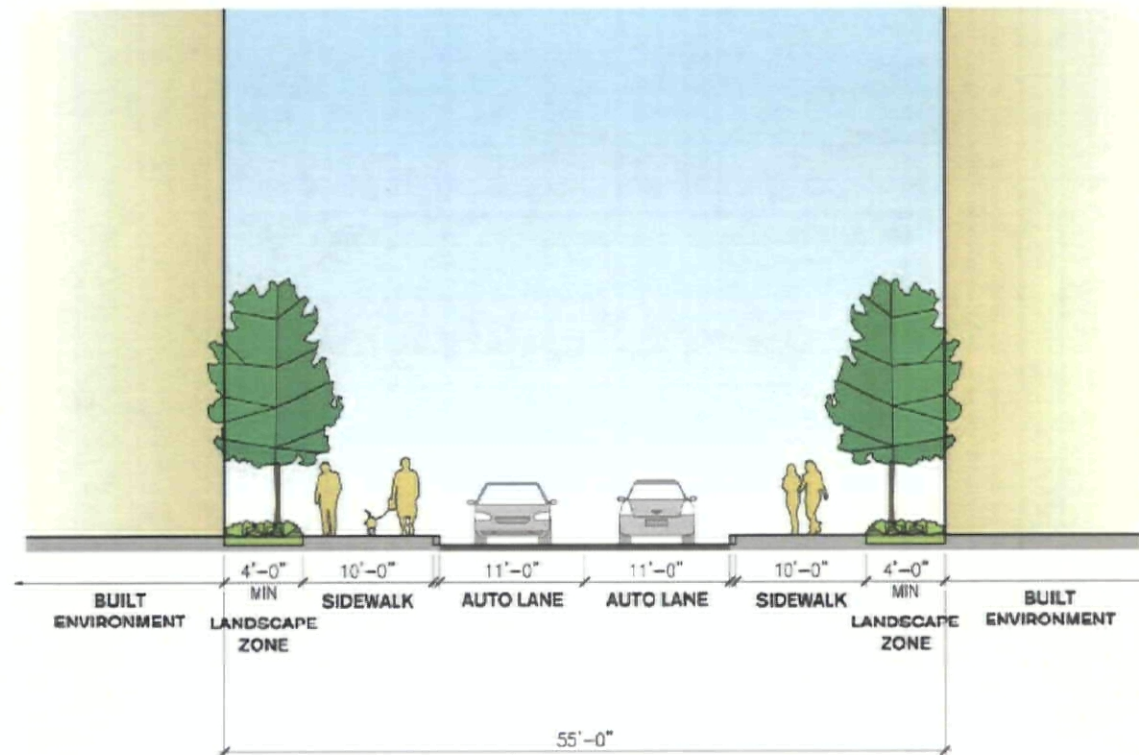


EXHIBIT K

TREE REPLACEMENT REQUIREMENTS

Intent

The intention of this mitigation is to approximately replicate the public benefit of the current stand of trees on the Group Health site over time. City Staff estimates that it would take approximately 10 acres of land area planted with a three tier vegetative approach to create the canopy and value desired for this mitigation. This assumes that no significant or landmark trees will be retained at the completion of development because it is not feasible to preserve trees on an urban project with this level of density for reasons described earlier. Tree mitigation will be provided off site as allowed by RZC 21.72.080 (E) at a 3:1 ratio for significant trees and a 6:1 ratio for landmark trees. Planting of replacement trees will occur at the earlier of a parcel sale by Group Health, or clearing for installation of street, utility or other infrastructure improvements, the construction of which is not required for development of a parcel that has been sold by Group Health.

Group Health will be responsible for replacement tree and vegetation planting per the tree mitigation plan until all tree replacement required by the plan has been completed.

Existing Trees and Mitigation Quantities

Significant and Landmark trees as defined by the COR have been mapped and evaluated by Urban Forestry Services, Inc. in a report last updated on August 9, 2010. Mitigation terms specific to this agreement will be a part of the Development Agreement.

Each significant tree shall be replaced with mitigation trees at a ratio of 3 to 1 and each landmark tree shall be replaced at ratio of 6 to 1. In order to meet the three tier vegetative replacement plan requirements, the off-site mitigation shall also include mitigation shrubs or ferns at a ratio of 28 to 1 for each significant tree and 56 to 1 for each landmark tree. The size of mitigation trees, shrubs and ferns shall be one 1-gallon container stock with the species to be selected from a COR approved plant list. Smaller sizes and greater quantities have been selected to enhance survival success. The required number of replacement plants for the entire site will be:

985 Significant Trees with 3:1 mitigation = 2,955 Mitigation Trees

65 Landmark Trees with 6:1 mitigation = 390 Mitigation Trees

Total Mitigation Tree Quantity = 3,345 Mitigation Trees

985 Significant Trees with 28:1 mitigation = 27,580 Mitigation Shrubs/Ferns

65 Landmark Trees with 56:1 mitigation = 3,640 Mitigation Shrubs/Ferns

Total Mitigation Shrub/Fern Quantity = 31,220 Mitigation Shrubs/Ferns

Timing of Clearing

Tree clearing will occur as required to implement development with the intent to retain trees in areas not affected by the development activity where reasonably and safely possible. Clearing limits will require approval by the COR on a project basis.

Timing of Planting and Means of Mitigation Calculations

Initial Planting. The initial planting of mitigation trees and shrubs, whether triggered by a parcel sale or site work independent of a parcel sale, shall include the greater of (a) 1,000 trees and 9,370 shrubs, or (b) the prorated share of mitigation as described in the following paragraph regarding plantings tied to parcel sales, or the number of trees and shrubs resulting from the ratios of trees removed to replacement trees and shrubs as set forth in the next subsequent paragraph regarding mitigation of tree removal resulting from site work independent of a parcel sale, whichever is applicable.

Plantings Tied to Parcel Sales. Subject to the initial planting requirement set forth above, each parcel sale will trigger a requirement to provide a share of the tree mitigation. A prorated share of the tree mitigation will be applied to each parcel, based on the parcel size in relation to the entire Master Plan area. For example, a parcel representing 10% of the developable land would trigger a mitigation planting of 10% of the total mitigation requirement. Based on the Mitigation Quantities above, this would equal 335 trees and 3,122 shrubs. The mitigation quantity may be different than the number of trees actually removed from the site, since the quantity calculation is based on all parcels bearing their respective percentage of the mitigation. Predetermined mitigation based on parcel size will ease the entitlement process for the COR and help define in advance the entitlement commitments for applicants.

Site Work Independent of a Parcel Sale. Subject to the initial planting requirement set forth above, Site work not directly associated with the sale of a development parcel that removes Significant Trees and Landmark Trees shall be mitigated. This will require planting replacement trees and vegetation per the same terms as parcel sales (3:1 for Significant Trees; 6:1 for Landmark Trees, plus associated shrubs and ferns). In this case the remaining tree mitigation obligation for the entire Master Plan Area will be deemed modified by reducing the allocation of remaining replacement trees and vegetation to unsold development parcels. Proportionate credit will be given to each unsold parcel for the trees and vegetation planted in connection with such site work not associated with land sales.

(Example: Group Health elects to install street and utility improvements to enhance marketing of parcel sales. The activity is not associated with any particular parcel sale. 100 Significant Trees and 10 Landmark Trees are removed to install the improvements. Group Health must plant 360 trees and associated vegetation off site on publicly owned land designated by the City. Upon planting of these trees and vegetation, the remaining replacement obligation is deemed reduced by 360 trees and the number of associated plants that were planted off site. The respective prorated shares of this total obligation assigned to each unsold development parcel are re-calculated.

Location of Offsite Tree Mitigation

The COR will provide approximately 10 acres of publicly owned land or land with an appropriate easement for the mitigation planting sites. Sites selected shall be accessible to construction vehicles and require limited improvements, including removal of invasive plants, brush or grass, and planting.

Priority for site selection in order shall be 1. City-owned sites in the Overlake neighborhood; 2. Other City-owned sites; 3. Private sites protected by native growth protection easements. The mitigation planting will likely occur in several phases. The COR may choose more than one site for the mitigation work, but only two sites per phase of mitigation planting will be allowed. The

COR is obligated to identify the site within 60 days following a request by Group Health which identifies how many trees will be planted in satisfaction of a tree mitigation obligation as set forth above. If the COR is unable to identify a site within that time frame, fee in lieu payment will be accepted for the mitigation. The fee in lieu amount shall be \$300 per each tree removed that requires mitigation. The provisions of this paragraph apply to all requests to identify sites for planting, including the initial planting addressed above, provided in the case of the request to identify a site for the initial planting, the fee in lieu shall be based on the number of trees to be removed that corresponds to the number of mitigation trees identified in the request to identify the site for the initial planting using the ratios specified in the paragraph above headed "Existing Trees and Mitigation Quantities".

Site Preparation at Offsite Mitigation Locations

It is anticipated that most sites will require some site preparation prior to planting. Group Health's obligation to site preparation is limited to removal and disposal of brush, grass, weeds and/or other low existing vegetation prior to planting. Grading, drainage, soil improvements and/or other site work is not included in this scope.

Timing of Mitigation Planting

Group Health will install associated parcel mitigation planting within one year of the receipt of land sale funds at the time of closing. Planting shall occur between the dates of September 15 and May 15. Group Health will make a best effort to plant mitigation materials prior to associated clearing on the Group Health site, but recognizing the limitations of the planting time window, the timing of closing in relationship to permitting, site availability for mitigation and construction sequencing may not make this possible for some projects.

Maintenance of the Mitigation Planting

Group Health will maintain and warranty the mitigation planting for a period of three years from the time of approved installations. Dead, dying or missing materials will be replaced during this time period with standard COR landscape bonds guaranteeing the work.