

DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (“Agreement”) is entered into this ____ day of _____, 2018 (“Effective Date”), by and between the City of Redmond (“City”), a Washington municipal corporation, and Seritage SRC Finance, LLC (“Owner”), a Delaware limited liability company. The City and Seritage are referred to collectively as the “Parties” and individually as a “Party.”

RECITALS

A. Owner is planning the redevelopment of approximately 14 acres of the block generally located at 2200 148th Avenue NE, between NE 20th Street and NE 24th Street in Redmond, Washington. The redevelopment plan includes multifamily housing units, office, hotel, retail, market/grocery, restaurant uses, and parks and open space (“the Project”).

B. As of the Effective Date of this Agreement, Owner owns the property legally described on the attached Exhibit C, and is entitled to acquire the properties legally described on the attached Exhibit D, pursuant to a land swap (“Land Swap Transaction”) with the neighboring property owner on the block, FW WA-Overlake Fashion Plaza, LLC (“Neighbor”) currently documented by that certain Agreement for Exchange of Real Property and Option between Owner and Neighbor (“Exchange Agreement”). The configuration of the property subject to the Master Plan and this Agreement is shown in Exhibit A and is and legally described on Exhibit B (“Master Plan Property”).

C. Owner has prepared a master plan entitled “Seritage Place Master Plan” dated _____, 2018 to provide for coordinated redevelopment of the Master Plan Property over time (“Master Plan”). The Master Plan has been the subject of a public review process that included public review and comment at multiple neighborhood meetings and recommendations for approval by the City’s Design Review Board and Technical Committee. The Redmond City Council also conducted several study sessions and a public hearing to obtain further public comment on the Master Plan and this Agreement.

D. Environmental impacts of the development proposed by the Master Plan were identified and considered through the Overlake Neighborhood Plan Update and Implementation Project Final Supplemental Environmental Impact Statement (FSEIS), the Overlake SEPA Planned Action Update, and an EIS Addendum to the Overlake Neighborhood Plan Update and Implementation Project FSEIS.

E. Completion of the Project in accordance with this Agreement will promote the goals and policies of the Redmond Comprehensive Plan, including but not limited to, allowing residents and visitors greater access to major employment hubs, emphasizing regional retail as part of mixed-use developments, and providing a mix of retail and commercial opportunities that meet a range of needs from daily goods and services to niche and boutique retailers, to restaurants and entertainment. The Comprehensive Plan goals furthered by the Project include, but are not limited to: LU-52, OV-5, OV-9, OV-42, OV-56, UC-6, UC-7, UC-9, UC-10, UC-22, and UC-24.

F. RCW 36.70B.170 through 36.70B.210 authorize 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 and the residents and businesses of the Overlake Neighborhood.

G. By executing this Agreement, the Parties intend to set forth their mutual agreements and understandings as they relate to the development of the Master Plan Property and the Project.

AGREEMENT

1. **Land and FAR.** The Master Plan Property, exclusive of public right-of-way, comprises 607,789 square feet of total land area, as depicted in Exhibit A (overall basic site plan showing Master Plan Property boundary) and legally described in Exhibit B. As provided in RZC 21.12.090(C), the maximum allowed development on the Master Plan Property is expressed in terms of the ratio of floor area to total gross land area 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 607,789 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. |

2. **The Project.** The Project proposes to redevelop the approximately 14 acres of the Master Plan Property commonly known as the Overlake Fashion Village or Sears site within the Overlake Neighborhood of the City of Redmond. The Project consists of approximately 185,000 square feet of retail including a potential market/grocery and restaurant/food services, 500 multifamily residential units (equivalent to approximately 476,865 square feet), a 210-room hotel (equivalent to approximately 121,565 square feet), 266,800 square feet of office space, and parking for approximately 2,245 vehicles. The Project also includes approximately 2.4 acres of parks and open space areas such as urban pathways.

3. **Conformance with Master Plan and Intent.** The Redmond City Council has approved the Master Plan on _____, 2018 by Ordinance _____. Approval of the development shown in the Master Plan and identified in this Agreement is specifically conditioned upon dedication of the land and construction of the improvements identified in the Master Plan and/or this Agreement, including but not limited to, the park, open space, street, and utility facilities identified hereafter. Existing structures, and site and building modifications to facilitate interim use of existing structures, if any, are not regulated by the Master Plan. In the event of a material conflict between the Master Plan and this Agreement, this Agreement shall control. The intent of this Agreement is that the Project complies with the Redmond Comprehensive Plan.

4. **Vested Rights.**

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

to 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 regulations, transportation concurrency, and other laws, ordinances, policies, and administrative regulations and guidelines of the City governing land development.

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

- (a) Plan review, fees, inspection fees, and connection charges and the method of calculation of amount of impact fee established by schedules, charts or tables;
- (b) Stormwater and utility connection charges, general facility charges, and monthly service charges;
- (c) Amendments to building, plumbing fire and other construction codes adopted pursuant to RCW 19.27 or 19.27A; and
- (d) Other City enactments that are adopted pursuant to state or federal mandates (such as the City’s NPDES Municipal Stormwater Permit) that preempt the City’s authority to vest regulations.

4.3 City’s Reserved Rights. Notwithstanding any other provisions of this Agreement, pursuant to RCW 36.70B.170(4) and Washington law, the City reserves authority to impose new or different officially adopted regulations of general applicability to the extent required by a serious threat to public health and safety, as determined by the Redmond City Council after written notice and an opportunity to be heard has been provided to Owner.

4.4 Future Amendments to Code. Owner may request to be bound by future amendments to the Redmond Zoning Code, the Redmond Municipal Code or other regulations, policies, and guidelines affecting development against which Owner is vested by this Agreement.

4.5 Future Amendments to Agreement. This Agreement shall be amended administratively upon a request by the Owner if the request does not result in an increase in the aggregate square footage approved by the Master Plan, does not significantly increase impacts created by the Project, and does not include a use not approved by this Agreement and the approved Master Plan. Except for the term of this Agreement, any of the dates set forth in this Agreement may be revised administratively by agreement between the Owner and City staff.

5. **Term.** This agreement becomes effective upon the date all parties have signed and shall expire and be of no further effect twenty years from the date that the Redmond City Council approves this by ordinance, regardless of what date the last party signs. 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 Redmond City Council. Under RZC 21.76.070.P.3, the City and Owner intend for the Master Plan to be in effect for a term concurrent with this Agreement and intend that any request for extension of the Master Plan will be processed concurrently with an extension of this Agreement, and that any expiration of the Master Plan shall cause this Development Agreement to expire.

6. **Development Approvals.**

6.1 **Site Plan Entitlement Process.** Detailed development plans within the Master Plan Property shall be approved through the site plan entitlement process and other approval processes provided for in the RZC, as applicable. The road widths, right-of-way dedications, and street and utility improvements shall be governed by the Master Plan for any future Site Plan Entitlement application. However, depictions of building footprints, shapes and number of stories in the Master Plan are illustrative only. Such graphics and text in the Master Plan 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 and other applicable development regulations and City of Redmond engineering codes and standards. At Owner's and City's option and agreement, the City and Owner shall enter into a memorandum of understanding for each project undergoing entitlement review to set expedited review schedules.

6.2 **Flexibility.** The approved Master Plan is considered a conceptual guide by which development in the Project should be carried out. The Master Plan is not intended to require specific uses, square footages, building shapes, or building footprints on specific parcels, nor is it intended to require or preclude access points to/from parcels if deviations to access are sought during the Site Plan Entitlement process. The Master Plan is intended to be an overall approved development umbrella, with certain right-of-way improvements and public benefits to be delivered in certain phases. Approved uses in the Master Plan may be transferred to any parcel on the site and the unit count of residential units may be modified, including increasing or decreasing the number of units allowed, so long as the new use generates the same or lesser trips as the use previously approved on that parcel as part of the Master Plan ("Prior Use"), based on the methodology of the Transportation Impact Analysis accompanying the Master Plan. Deviations from the access point locations shown in the Master Plan may be submitted for consideration during the Site Plan Entitlement process for each development pursuant to RZC 21.76.070(C). Subsequent

developments within the Master Plan shall be allowed to be flexible to achieve the intent of this Agreement stated in Section 3, to allow the City to obtain its public benefits and rights-of-way, and to allow for the administrative flexibility and amendments permitted in Section 4.5. The Agreement may be administratively amended pursuant to Section 4.5 to reflect changes to the Project permitted under this section.

6.3 Conditions. The City shall not impose any condition on the Project, or on any development proposal within the Project, that is inconsistent with this Agreement or the Master Plan except as provided in Section 4.3 of this Agreement.

6.4 Development Site/Land Division. The size, configuration and number of legal lots or development parcels within the Master Plan Property may be modified if approved by the City without amendment of the Master Plan through boundary line adjustments, lot consolidations, binding site plans, short plats, subdivisions or creation of condominiums. Any future land division or consolidation shall not impact the ultimate size of open spaces, infrastructure, or other required public benefits or improvements, unless permitted as an administrative amendment to this Agreement and the City obtains like public benefit or infrastructure. The Master Plan 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.

7. Phasing of Development.

7.1 Description of Phases. Please see pages 60, 64, and 68 of the Master Plan for a depiction of the agreed-upon phases. Amendment of the phasing plan may be administratively approved by agreement between Owner and City staff so long as all infrastructure associated with each phase remains coordinated so as to provide adequate mitigation for the impacts associated with the development proposed in that phase, and the City obtains like public benefits associated with each phase.

7.2 Street and Right of Way Improvements. Owner will construct on-site street and right-of-way improvements, as shown on pages 33-55 of the Master Plan and outlined in Exhibit F to this Agreement. The on-site street and right of way improvements outlined in the Master Plan and in Exhibit F constitute the entirety of the street and right of way improvements required for the Project. Changes to the Project that result in administrative amendments to this Agreement under Section 4.5 will not require additional street and/or right of way improvements beyond those described in the Master Plan and this Agreement, so long as the change to the Project generates the same or lesser trips as the Prior Use, based on the methodology of the Transportation Impact Analysis accompanying the

Master Plan. The construction of any frontage street improvement, and the dedication to the City of each completed frontage street improvement, shall be completed prior to the occupancy of any building in the phase for which the improvement is required. Should Owner choose to construct improvements designated for future phases at an earlier time, such work shall be coordinated with the City. The improvements shall be designed and constructed in accordance with the Master Plan and shall follow City of Redmond standards and code requirements.

7.3 Administrative Deviations for Right of Way Widths.

7.3.1 Right of Way Widths. The widths of the right of way to be constructed by Owner are shown on page 13 of the Master Plan, and specific street and right-of-way improvements are shown on pages 33-55 of the Master Plan.

7.3.2 Deviations. The City agrees that the Project may qualify for administrative design flexibility under RZC 21.76.070(C) for Administrative Engineering Deviations to the agreed-upon road widths, dedications and right of way improvements in the Master Plan. The City agrees to consider road width deviations, if the Owner requests such deviations and the deviation requirements in the RZC and the City's Administrative Engineering Deviation Procedure are met.

7.4 Utilities. Any required water mains, sewer mains, and storm drainage facilities will be installed in all major public street improvements or private roads within public right of way or in easements acceptable to the City, and be dedicated to the City. Construction of such improvements shall be in accordance with the City of Redmond Stormwater manual as well as other applicable City standards. Owner will construct and phase utility improvements as shown and stated in the Master Plan. No additional utility improvements are required. Changes to the Project that result in administrative amendments to this Agreement will not result in additional utility requirements beyond those described in the Master Plan and this Agreement provided no increase in stormwater runoff or utility demands occur that exceed the capacities of the proposed Master Plan utilities shown. 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.

7.5 Permanent Parks and Open Space. The Project includes the construction of two parks, identified on the approved Master Plan as Gateway Plaza and Da Vinci Park. Gateway Plaza is approximately 1 acre in size and is proposed for passive and events-related uses. Da Vinci Park is approximately 1.35 acres in size and is proposed for active recreation uses.

Owner and the City will utilize the City's park master planning process to determine the uses and features to be included in the development of Gateway Plaza and Da Vinci Park. Ownership and maintenance responsibilities for the parks will be determined between the Parties through the parks master planning process.

7.5.1 Phase 1 Temporary Park. Owner will construct as part of Phase 1 a 0.9- acre temporary park as shown in the Master Plan.

7.5.2 Parks constructed in Subsequent Phases. The Master Plan outlines the phasing plan for construction of the permanent parks. The parks provided by the Owner are a public benefit and satisfy all impact fee requirements for open space and parks that may be required as part of Site Plan Entitlement for individual developments within the Master Plan. The Parties agree to cooperate in seeking and attempting to secure available additional funds for park construction or maintenance.

8. Technology Office Uses. The Parties agree that any technology office/headquarters use to be located on the Master Plan Property falls within the currently permitted Information and Communication use category listed in Table RZC 21.12.040.C and will not be considered a Transitional Use or a General Sales and Services use. The Parties agree that this technology office/headquarters use directly supports the intent of this Agreement and the Comprehensive Plan vision for the Overlake Neighborhood and the OV-3 zone.

9. Boundary Line Adjustment and Short Subdivision. Owner has applied for a Boundary Line Adjustment ("BLA") to allow for the Land Swap Transaction between Owner and Neighbor. The Master Plan and Development Agreement apply to Master Plan Property to be owned by Seritage following completion the BLA and the Land Swap Transaction, as depicted in Exhibit A and legally described in Exhibit B. In the event the BLA is not approved and recorded and the Land Swap Transaction completed prior to the expiration of the Exchange Agreement, the Master Plan and this Agreement will terminate. Owner will also submit a short subdivision application under RZC 21.74 to create parcels on the Master Plan Property ("Short Subdivision"). The Parties agree that any remnant/non-buildable parcels created by road dedications or land divisions may be subjected to tieover agreements.

9.1 Sears Auto Center. The Sears Auto Center property, currently owned by Owner and legally described in Exhibit E attached to this Agreement and incorporated herein by this reference as if fully set forth herein ("Sears Auto Center Property") will become a separate legal parcel upon recordation of the BLA and will be conveyed to Neighbor as part of the land swap being implemented upon recordation of the BLA. Following the completion of that land swap, Neighbor intends to renovate or replace in kind the Sears Auto Center with up to, and not to exceed, 39,460 square feet of retail/restaurant use. The renovation or replacement in kind of the Sears Auto Center does not require a master plan under RZC

21.12.020. Rather, the Sears Auto Center renovation or replacement in kind has been conclusively determined by the City to be a distinct development which shall be processed as a Site Plan Entitlement under RZC 21.76.070.Y. To the extent that street and frontage improvements are required as a result of tenant improvements to the Auto Center, the City agrees to allow an administrative deviation request to be submitted to waive or postpone any street improvements required along NE 20th St and 148th Ave NE until a future master plan application is submitted to the City by Neighbor or a subsequent owner. This Agreement only applies to the Sears Auto Center Property for the limited purposes set forth in this subsection. Nothing in this Agreement is intended to limit the rights of Neighbor or its successor as it relates to the Neighbor's parcel.

10. Compliance with South Overlake Neighborhood Infrastructure Plan. The street alignments and utility requirements shown in the Master Plan are compliant with the conceptual TMP and technical documents for the South Overlake Neighborhood Infrastructure Plan. Nothing in the conceptual TMP or technical documents requires the alignments and utilities approved in the Master Plan or this Agreement to be changed or superseded upon adoption of a new/updated TMP, technical documents, or South Overlake Infrastructure Plan.

11. Shared Parking. Parking for uses in one building may be shared or provided for in another building, provided that appropriate parking easements are provided if separate ownerships are involved, and provided further, that all required parking is in place at the time any building requiring such parking receives a certificate of occupancy. As an example, but not by way of limitation, commercial uses may share parking and have guest parking for residential and/or hotel uses in a nearby, but different structure, from the structure where the use is located.

12. Public Parking. At least one hundred (100) stalls of the total parking provided in the Project will be open and accessible to the public at the prevailing market rate. These 100 spaces will be approximately allocated as follows: 25 spaces within Phase I and 75 spaces within Phase II. Owner will place signage on these parking spaces that limits the parking duration to no more than four (4) hours during the day. While residents and businesses located in the Project may be able to reserve parking spaces for patrons, employees, and residents, the one hundred stalls shall remain open to the general public. Owner agrees to execute and record a covenant on the title to the Master Plan Property providing for such parking. The covenant shall be in a form approved by the City and shall be recorded prior to the issuance of any certificate of occupancy for any building on a site where parking is to be provided. If the City and the Owner agree that the 100 stalls of public parking is no longer needed in the future, this requirement may cease and the covenant shall be released.

13. Public Art. Owner will provide public art and/or street furniture in the permanent parks, the cost of which is not to exceed \$1 million for the Project. The public art and/or street furniture will be provided on an approximate pro rata share based on the square feet constructed per phase. If Owner is unable to provide the pro rata share value of all of the public art and/or street furniture in a particular phase, Owner will contribute the remaining pro rata share value to a fund to be used for public art and/or street furniture for future phases. Locations of the public art and/or street furniture will be determined through the park master planning process.

14. Affordable Housing. Owner shall, at a minimum, provide 10 percent of the units in any new housing development as affordable housing units under RZC 21.20.030. Affordable housing units are defined under RZC 21.78 as “[h]ousing reserved for occupancy by eligible households and affordable to households whose annual income does not exceed eighty percent of median income, adjusted for household size, and no more than thirty percent of the monthly household income is paid for monthly housing expenses.” If Owner elects to provide more affordable housing than the minimum the code requires, or if Owner elects to provide units at a deeper level of affordability (as measured by area median income), Owner and City shall agree administratively upon additional incentives which the City may provide in order to realize an additional level of affordable housing for the Project. Affordable housing will be memorialized via agreements and covenants as provided in the RZC.

15. Electric Car Chargers. Owner will provide a minimum of ten (10) total electric car charging stations project-wide to be located in the below-grade garages. Specific locations will be determined through the Site Plan Entitlement process for each phase of development.

16. Community Space. By the conclusion of Phase 3, Owner will make available a minimum of 500 s.f. of area for community use. This community space may be developed as a standalone space or incorporated into a use approved by the Master Plan and this Agreement. The community space should be indoors. If outdoors, the space shall be appropriate for year round use. The intent for the community space is to provide an area the community may use as a gathering space for meetings, clubs, or other not for profit social events.

17. Local Commercial Use. By the conclusion of Phase 3, Owner will make available a minimum of 5,000 s.f. of area for local commercial tenant(s). Local Commercial is defined as a general sales or service use (as defined by RZC 21.78) founded or based in Redmond or the adjacent cities of Kirkland, Bellevue, or Woodinville that has less than three (3) locations. National franchises (e.g. 7-11, Subway, GNC, etc.) shall not be considered a Local Commercial Use.

18. Public Benefit. The Parties acknowledge that approximately 50% of the Owner’s property is being dedicated to public uses, as outlined in the Master Plan. The dedicated property benefits the City by enhancing public and pedestrian experiences, by allowing the largest parcel in the South Overlake neighborhood to develop consistently with the Redmond Comprehensive Plan, by creating connectivity in the City of Redmond, by turning what was previously an auto-oriented development into a mixed-use pedestrian development consistent with the City’s vision for the neighborhood, and by building out the City’s infrastructure in a large portion of the South Overlake Neighborhood. The City agrees that this dedication of land to public purposes, in addition to the other public benefits provided by the Project (parks, open space, roads, public parking, affordable housing, electric car charging stations, *etc.*) and stated herein provide sufficient public benefit to meet the requirements of RZC 21.76.070.L.3.e.

19. State Environmental Policy Act (“SEPA”) Planned Action. The Overlake Neighborhood Plan was adopted pursuant to an Environmental Impact Statement (“EIS”) and is considered a SEPA Planned Action, see RZC 20C.45.090. The Parties agree that the environmental impacts stemming from this Development and Agreement and the Master Plan have

been analyzed by the Overlake SEPA Planned Action. An addendum to the SEIS has been prepared addressing differences between the Project and the original proposal. The addendum has been reviewed and accepted by the City of Redmond. Individual projects implementing the Master Plan and this Agreement, consistent with the addendum, are considered to have been reviewed pursuant to SEPA and no individual SEPA determinations for individual project site plan entitlements are required. SEPA checklists for individual projects will be required to confirm consistency with the previous SEPA documents and analysis.

20. Transportation Management.

20.1 Transportation Mitigation. On-site street and right of way improvements required either to align with City-proposed transportation system improvements or mitigate the transportation impacts associated with the Project are outlined in the Master Plan and in Exhibit F of this Agreement. All remaining off-site transportation mitigation required for the Project is outlined in Exhibit F. No additional on-site or off-site transportation mitigation will be required for construction of the Project. Changes to the Project that result in administrative amendments to this Agreement will not result in additional transportation mitigation beyond those described in the Master Plan and this Agreement, so long as the change to the Project generates the same or lesser trips as the Prior Use, based on the methodology of the Transportation Impact Analysis accompanying the Master Plan.

20.2 Transportation Concurrency Certificate for Development Proposed on or before December 31, 2023. Pursuant to RZC 21.52.010(B)(7), development proposed in a building permit application submitted to the City on or before December 31, 2023 as part of Phase I or subsequent phases, as described in the Master Plan, shall be deemed to have met the transportation concurrency requirements set forth in the RZC, so long as the change to the Project generates the same or lesser trips as the Prior Use, based on the methodology of the Transportation Impact Analysis accompanying the Master Plan. No additional analysis and no additional transportation concurrency certificates shall be required to construct any development proposed as part of a building permit application submitted to the City on or before this date.

20.3 Transportation Concurrency Certificate for Development Proposed After December 31, 2023. No building permit shall be issued for any new development proposed in a building permit application submitted to the City after December 31, 2023 until the transportation concurrency requirements set forth in RZC 21.52.010 as of the date of this Agreement have been satisfied. Consistent with the City of Redmond's Multimodal Plan-Based Concurrency System Administrative Guidelines in effect at the time of this Agreement, the Owner may choose, at the time of site plan entitlement, to use the City's standard Mobility Unit demand rates, or have an independent

study conducted to develop unique Mobility Unit demand rates. Other than the concurrency review, no additional analysis shall be required to construct subsequent phases of development proposed as part of a building permit application submitted to the City after this date.

20.4 Transportation Impact Fees. 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 Property to account for demolition of structures currently existing on the Master Plan Property (“Existing Structures”). Upon demolition of an Existing Structure, 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 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 Property, or may be assigned to another owner or developer of property within the Master Plan Property. Credits may only be used in the calculation of net new mobility unit demand for development within the Master Plan Property and may not be used in connection with any development located outside of the Master Plan Property. Consistent with the Redmond Municipal Code (RMC) 3.10.120, at the time of building permit issuance, the Owner may choose to use the City’s standard traffic impact fee rates outlined in the schedules in RMC 3.10.100 for the year of the building permit issuance, or have an independent study conducted to develop unique transportation impact fee rates. All independent fee calculation studies shall meet the standards outlined in RMC 3.10.120 and shall be submitted to the City for review and approval.

20.5 Credits against Transportation Impact Fees. In consideration of Owner constructing the transportation improvements as set forth in this Agreement, the City shall credit the total project cost (including land value, design, permit fees, construction, and right-of-way dedications) of each such improvement made and listed in the Redmond Transportation Facilities Plan (TFP) against all transportation impact fees due to the City. 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. The total amount of credit granted shall not exceed the total amount of the impact fee the Owner is required to pay upon completion of the Project. If the amount of credits in a particular phase exceed the amount of the impact fee required for that phase, Owner may apply the remaining credit against impact fees required for future phases of development. The following system improvements shown in the Master Plan are identified as eligible transportation impact fee credits at the time of construction and if necessary the City Council agrees to consider amending the TFP to include them:

- a. NE Alhazen Street

- b. Da Vinci Avenue NE south of NE Alhazen Street
- c. Da Vinci Avenue NE north of NE Alhazen Street (if dedicated as public right-of-way)
- d. 148th Ave NE widening and frontage improvements
- e. NE 24th Street widening and frontage improvements
- f. 148th Ave NE/NE Alhazen Street (additional northbound through lane, intersection, and signal modifications)
- g. 148th Ave NE/NE 24th Street (intersection improvements and signal modifications on SE corner of intersection)
- h. 148th Ave NE/NE 20th Street (northbound right-turn lane)

21. Other Impact Fee Credits. In acknowledgement of the dedication of Owner’s property for public good, including parks, roads, open space, utilities and fire lanes, the Owner is entitled to impact fee credit as calculated by RMC 3.10.130. Construction and/or dedication of land for permanent parks and the temporary park described in Section 7.5.1 shall qualify as a credit against park, recreation, open space or trail facilities impact fees. If the amount of the credit exceeds the amount of the impact fee Owner is required to pay in a particular phase, the amount of the credit which exceeds the impact fee for that phase may be carried over to future phases.

22. Right-of-Way and/or Easement Dedication. In accordance with RZC 21.52.030.G, where a planned street right-of-way or roadway, sidewalk, slope, or utility easement, as indicated by RZC 21.52.030.D, or as is necessary to complete a public City street, lies within a proposed development, the fee owner of the property shall be required to dedicate the right-of-way to the City as a condition of approval, unless stated otherwise in this Agreement. Prior to acceptance of the right-of-way and/or easement by the City, the fee owner will be required to remove or subordinate any existing private easements or rights that encumber the property to be dedicated, and shall be required to remove any encroachments on such easements or rights-of-way.

23. Transfer of Ownership. In the event of transfer of ownership of all or any portion of the Master Plan Property, the benefits accruing to, and the obligations placed upon the Owner under this Agreement shall run with the land and title to the Master Plan Property and insure to the benefit of, and be binding upon each person having any right or title or other legal interest in the Master Plan Property with respect to that party’s interest in the Master Plan 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 Master Plan Property subsequent to the date hereof.

24. Miscellaneous Provisions.

24.1 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.

- 24.2 Recording.** This Agreement shall be recorded with the King County Department of Records and Elections following recording of the Boundary Line Adjustment described in Recital B to achieve the land swap. The provisions of this Agreement shall run with the land and be binding upon and inure to the benefit of the Parties, their successors in interest and assigns.
- 24.3 Amendments.** Major amendments to this Agreement shall require review and approval by the Redmond City Council. City staff shall be entitled to administratively approve minor amendments to this Agreement under Section 4.5. A “Minor Amendment” is defined as an amendment that does not increase the density of the Project or increase its adverse impacts on surrounding properties to a level of significant adverse impacts.
- 24.4 Specific Performance.** The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement and that the Parties are entitled to specific performance of all terms of this Agreement by any Party in default hereof.
- 24.5 Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the state of Washington, notwithstanding any conflict of law provisions.
- 24.6 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 97010
Mail Stop: 4SPL
Redmond, WA 98073-9710

Seritage SRC Finance, LLC

Attention: Phillip Ong
10960 Wilshire Blvd. #1420
Los Angeles, CA 90024

Attention: Matt Fernand, General Counsel
500 Fifth Avenue #1530
New York, NY 10110

And to its Attorney:

Ogden Murphy Wallace, P.L.L.C.
Attention: James E. Haney
901 Fifth Avenue, Suite 3500
Seattle, WA 98164-2008

And to its Attorney:

McCullough Hill Leary, P.S.
Attention: Jessica M. Clawson
701 Fifth Avenue, Suite 6600
Seattle, WA 98104

The Parties may, from time-to-time, notify each other in writing of changes in the names and addresses of persons to receive notices and communications and such changes shall become effective upon receipt by the non-notifying Party. Notices shall be deemed received within three days after being placed in the United States Mail, properly addressed and postage prepaid, or upon personal delivery.

- 24.7 Full Understanding – Construction.** 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.

24.8 Attorney's Fees. If either Party institutes litigation against the other Party to enforce any provision of this Agreement or to redress any breach thereof, the prevailing Party shall be entitled to recover its costs and reasonable attorney's fees incurred in such litigation.

24.9 Severability. If 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.

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

24.11 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.

24.12 Exhibits. This Agreement includes the following Exhibits:

Exhibit A: Depiction of the Master Plan Property

Exhibit B: Legal Description of the future Master Plan Property to be created pursuant to the Land Swap Transaction

Exhibit C: Legal Description of King County Tax Parcel #262505-9196

Exhibit D: Legal Descriptions of King County Tax Parcels #262505-9275 and 262505-9276

Exhibit E: Legal Description of future Sears Auto Center Property, to be created pursuant to the BLA application

Exhibit F: On-Site and Off-Site Street and Right of Way Improvements

24.13 Final and Complete Agreement. This Agreement constitutes the final and complete expression of the Parties on all subjects relating to the development of the Master Plan Property. This Agreement supersedes and replaces all prior agreements, discussions and representation on all subjects relating to the development of the Property, including but not limited to, the Memorandum of Understanding for the Overlake Plaza Project executed by the Parties on _____, 2018. Neither Party is entering into this Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or

agreements other than those contained in this Agreement and the exhibits hereto

24.14 Effect of Expiration or Termination. Upon expiration or sooner termination of this Agreement, all rights and obligations of the Parties under this Agreement shall terminate and be of no further effect. Any unused credits against transportation and park impact fees created by this Agreement shall expire upon expiration or termination of this Agreement or six (6) years from the date the credit is awarded, whichever is later. Any development for which a permit is issued after expiration or termination of this Agreement and after six years from the date the any impact fee credit is awarded, whichever is later, shall be subject to the payment of impact fees as provided in City ordinances applicable to such development, notwithstanding any credit created by this Agreement for any land dedication, conveyance, or construction improvements during the effective period of this Agreement. All development for which a permit is issued after expiration or termination of this Agreement shall be required to satisfy any applicable concurrency requirements notwithstanding the issuance of any concurrency certificate during the effective period of this Agreement pursuant to the terms of this Agreement. All development for which a permit is issued after the expiration or sooner termination of this Agreement shall be subject to SEPA review if not previously completed and may be conditioned to mitigate any environmental impacts of such development, notwithstanding any mitigation provided during the term of this Agreement, and the City shall not be required to credit any mitigation provided during the term of this Agreement against any mitigation subsequently determined necessary to mitigate the environmental impacts of any development for which a permit is issued after expiration or sooner termination of this Agreement. It is the intent of the Parties that the requirements of this Agreement shall apply only during its term and that once this Agreement has expired or is terminated, all rights created by the terms of this Agreement will have expired or terminated.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

SERITAGE SRC FINANCE, LLC

CITY OF REDMOND

By: _____
Its: _____
Date: _____

By: _____
John Marchione
Its: Mayor
Date: _____

Attest:

Michelle M. Hart, City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Manager of SERITAGE SRC FINANCE, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for Washington
Residing at: _____
My appointment expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that John Marchione is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the CITY OF REDMOND, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Printed: _____
NOTARY PUBLIC in and for Washington
Residing at: _____
My appointment expires: _____

EXHIBIT A
DEPICTION OF MASTER PLAN PROPERTY

EXHIBIT B

LEGAL DESCRIPTION OF MASTER PLAN PROPERTY

EXHIBIT C

LEGAL DESCRIPTION OF KING COUNTY TAX PARCEL #262505-9169

EXHIBIT D

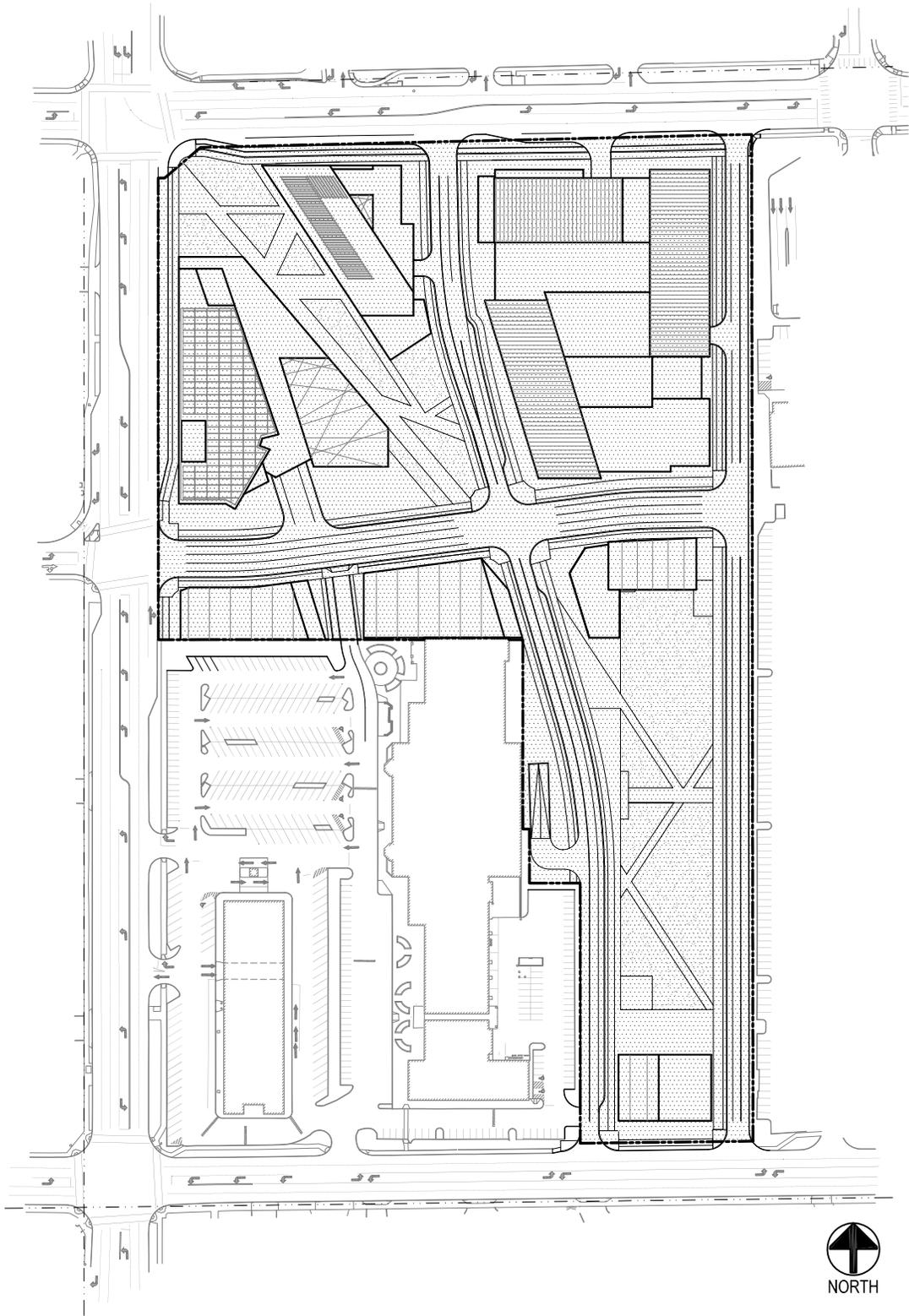
**LEGAL DESCRIPTIONS OF KING COUNTY TAX PARCELS #262505-9275 AND
262505-9276**

EXHIBIT E

**LEGAL DESCRIPTION OF FUTURE SEARS AUTO CENTER PROPERTY, TO BE
CREATED PURSUANT TO THE BLA APPLICATION**

EXHIBIT F

ON-SITE AND OFF-SITE STREET AND RIGHT OF WAY IMPROVEMENTS



SITE PLAN
SCALE: 1" = 200'



LEGEND

 SERITAGE MASTER PLAN PROPERTY

EXHIBIT B
MASTER PLAN LEGAL DESCRIPTION

LOTS 2, 3, AND 4 CITY OF REDMOND SHORT PLAT NUMBER SS-85-19, RECORDED NOVEMBER 13, 1985 UNDER RECORDING NUMBER 8511131475 AND CORRECTIONS RECORDED DECEMBER 27, 1985 AND DECEMBER 11, 1987 UNDER RECORDING NUMBERS 8512270656 AND 8712110366, IN KING COUNTY, WASHINGTON.

AND THAT PORTION OF LOT 1 OF SAID SHORT PLAT DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 1;
THENCE SOUTH 68°11'46" WEST 52.19 FEET TO THE TRUE POINT OF BEGINNING;
THENCE NORTH 89°21'53" WEST 203.00 FEET;
THENCE NORTH 62°07'00" WEST 2.47 FEET;
THENCE SOUTH 89°21'53" EAST 207.93 FEET;
THENCE SOUTH 68°11'46" WEST 2.96 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT THAT PORTION OF SAID LOT 2 DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1;
THENCE NORTH 88°40'39" WEST 17.20 FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING NORTH 88°40'39" WEST 105.00 FEET;
THENCE NORTH 1°19'21" EAST 2.20 FEET;
THENCE SOUTH 88°40'39" EAST 105.00 FEET;
THENCE SOUTH 1°19'21" WEST 2.20 FEET TO THE TRUE POINT OF BEGINNING;

(ALSO KNOWN AS PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NO. LLR-87-9, RECORDED FEBRUARY 22, 1988 UNDER RECORDING NUMBER 8802220272, ALL IN SECTION 26, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON).

AND EXCEPT

THAT PORTION OF PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NO. LLR-87-9, RECORDED UNDER RECORDING NUMBER 8802220272, IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 2, THENCE NORTH 01°19'08" EAST, ALONG THE EASTERLY RIGHT OF WAY MARGIN OF 148TH AVENUE NORTHEAST, A DISTANCE OF 33.89 FEET;
THENCE DEPARTING SAID EASTERLY RIGHT OF WAY MARGIN, SOUTH 89°22'06" EAST, A DISTANCE OF 489.62 FEET TO A SOUTHEAST CORNER OF PARCEL 1 OF SAID LOT LINE ADJUSTMENT;
THENCE NORTH 68°11'32" EAST ALONG THE EAST LINE OF SAID PARCEL 1, A DISTANCE OF 49.23 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 1;
THENCE SOUTH 01°19'08" WEST, ON THE SOUTHERLY EXTENSION OF THE EAST LINE OF SAID PARCEL 1, A DISTANCE OF 52.68 FEET TO THE NORTH RIGHT OF WAY MARGIN OF NORTHEAST 20TH STREET;
THENCE NORTH 89°22'06" WEST, A DISTANCE OF 534.90 FEET TO THE POINT OF BEGINNING;

AND EXCEPT

THAT PORTION OF PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NO. LLR-87-9, RECORDED UNDER RECORDING NUMBER 8802220272, IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL 2, THENCE NORTH 01°19'08" EAST, ALONG THE EASTERLY RIGHT OF WAY MARGIN OF 148TH AVENUE NORTHEAST, A DISTANCE OF 33.89 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID LINE, NORTH 01°19'08" EAST, A DISTANCE OF 340.21 FEET TO THE SOUTH LINE OF PARCEL 1 OF SAID LOT LINE ADJUSTMENT;

THENCE ALONG THE SOUTH AND WEST LINES OF SAID PARCEL 1 THE FOLLOWING SEVEN (7) COURSES;

THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 64.00 FEET;
THENCE NORTH 01°19'08" EAST, A DISTANCE OF 13.00 FEET;
THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 65.00 FEET;
THENCE SOUTH 01°19'08" WEST, A DISTANCE OF 7.00 FEET;
THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 93.00 FEET;
THENCE SOUTH 01°19'08" WEST, A DISTANCE OF 313.00 FEET;
THENCE SOUTH 62°07'19" EAST, A DISTANCE OF 66.72 FEET;

THENCE NORTH 89°22'06" WEST, A DISTANCE OF 281.69 FEET TO THE TRUE POINT OF BEGINNING;

CONTAINING AN AREA OF 607,789 SQUARE FEET OR 13.9529 ACRES, MORE
OR LESS;

SITUATE IN THE CITY OF REDMOND, KING COUNTY, WASHINGTON.

SERTIAGE GROWTH PROPERTIES
FASHION PLAZA
TAYLOR R. SCHULTE, P.L.S. 44646
BRH JOB NO. 2017180.00
JULY 6, 2018, 2018

BUSH, ROED & HITCHINGS, INC.
2009 MINOR AVENUE EAST
SEATTLE, WA 98102
(206) 323-4144

EXHIBIT C
SE-2 LEGAL DESCRIPTION

THAT PORTION OF PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NO. LLR-87-9, RECORDED UNDER RECORDING NUMBER 8802220272, IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE NORTHWEST CORNER OF PARCEL 1 OF SAID LOT LINE ADJUSTMENT, THENCE SOUTH 88°40'52" EAST, ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 58.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE ON THE EASTERLY EXTENSION OF THE PREVIOUS LINE, SOUTH 88°40'52" EAST, A DISTANCE OF 214.58 FEET TO A NORTHERLY CORNER OF SAID PARCEL 1;

THENCE SOUTH 75°57'04" WEST, ALONG A NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 56.60 FEET;

THENCE NORTH 88°40'52" WEST, ALONG A NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 160.00 FEET;

THENCE NORTH 01°19'08" EAST, A DISTANCE OF 15.00 FEET TO THE TRUE POINT OF BEGINNING;

CONTAINING AN AREA OF 2,809 SQUARE FEET OR 0.0645 ACRES, MORE OR LESS;

SITUATE IN THE CITY OF REDMOND, KING COUNTY, WASHINGTON.

SERTIAGE GROWTH PROPERTIES
FASHION PLAZA
TAYLOR R. SCHULTE, P.L.S. 44646
BRH JOB NO. 2017180.00
AUGUST 21, 2017

BUSH, ROED & HITCHINGS, INC.
2009 MINOR AVENUE EAST
SEATTLE, WA 98102
(206) 323-4144

EXHIBIT D

**LEGAL DESCRIPTION
PARCEL NO. 262505-9276**

LOT 4 OF OVERLAKE FASHION PLAZA SHORT PLAT NO. SS-85-19 AS RECORDED NOVEMBER 13, 1985 UNDER RECORDING NO. 8511131475 AND AMENDED RECORDED DECEMBER 27, 1985 AND DECEMBER 11, 1987 UNDER RECORDING NOS. 8512270656 AND 8712110366, IN KING COUNTY, WASHINGTON.

SITUATE IN THE CITY OF REDMOND, KING COUNTY, WASHINGTON.

**LEGAL DESCRIPTION
PARCEL NO. 262505-9275**

LOT 3 OF OVERLAKE FASHION PLAZA SHORT PLAT NO. SS-85-19 AS RECORDED NOVEMBER 13, 1985 UNDER RECORDING NO. 8511131475 AND AMENDED RECORDED DECEMBER 27, 1985 AND DECEMBER 11, 1987 UNDER RECORDING NOS. 8512270656 AND 8712110366, IN KING COUNTY, WASHINGTON.

SITUATE IN THE CITY OF REDMOND, KING COUNTY, WASHINGTON.

EXHIBIT E
SEARS AUTO CENTER LEGAL DESCRIPTION

THAT PORTION OF PARCEL 2 OF CITY OF REDMOND LOT LINE ADJUSTMENT NO. LLR-87-9, RECORDED UNDER RECORDING NUMBER 8802220272, IN KING COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE SOUTHWEST CORNER OF SAID PARCEL 2, THENCE NORTH 01°19'08" EAST, ALONG THE EASTERLY RIGHT OF WAY MARGIN OF 148TH AVENUE NORTHEAST, A DISTANCE OF 33.89 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING ALONG SAID LINE, NORTH 01°19'08" EAST, A DISTANCE OF 340.21 FEET TO THE SOUTH LINE OF PARCEL 1 OF SAID LOT LINE ADJUSTMENT;

THENCE ALONG THE SOUTH AND WEST LINES OF SAID PARCEL 1 THE FOLLOWING SEVEN (7) COURSES;

THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 64.00 FEET;
THENCE NORTH 01°19'08" EAST, A DISTANCE OF 13.00 FEET;
THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 65.00 FEET;
THENCE SOUTH 01°19'08" WEST, A DISTANCE OF 7.00 FEET;
THENCE SOUTH 88°40'52" EAST, A DISTANCE OF 93.00 FEET;
THENCE SOUTH 01°19'08" WEST, A DISTANCE OF 313.00 FEET;
THENCE SOUTH 62°07'19" EAST, A DISTANCE OF 66.72 FEET;

THENCE NORTH 89°22'06" WEST, A DISTANCE OF 281.69 FEET TO THE TRUE POINT OF BEGINNING;

CONTAINING AN AREA OF 77,544 SQUARE FEET OR 1.7802 ACRES, MORE OR LESS;

SITUATE IN THE CITY OF REDMOND, KING COUNTY, WASHINGTON.

SERTIAGE GROWTH PROPERTIES
FASHION PLAZA
TAYLOR R. SCHULTE, P.L.S. 44646
BRH JOB NO. 2017180.00
MARCH 20, 2018

BUSH, ROED & HITCHINGS, INC.
2009 MINOR AVENUE EAST
SEATTLE, WA 98102
(206) 323-4144

EXHIBIT F

STREET IMPROVEMENT AND STREET IMPROVEMENT PHASING PLAN

NOTE: The phasing plan described in the Development Agreement may be amended administratively according to the Development Agreement. In the event of amendments to the Phasing Plan, all infrastructure associated with each phase must remain coordinated so as to provide adequate mitigation for the impacts associated with the development proposed in that phase, and so that the City obtains like public benefits associated with each phase. Below-grade improvements may be constructed in an earlier phase at the Owner's option even if the improvement is not required to be constructed in that phase.

On-Site Improvements to be constructed with Phase 1, subject to the flexibility and administrative amendment provisions in Sections 4.5, 6.2, and 7.1 in the Development Agreement:

See Master Plan for specific road sections and phasing diagrams that depict the improvements described below.

- a. Construction of NE Alhazen Street (including right-of-way/easement dedication, paving, curbs, sidewalks, storm drainage, street lights, and underground utilities) to a 3-lane roadway between 148th Ave NE and Da Vinci Avenue. Interim connections to existing uses to remain (neighbor parcel, Red Robin restaurant, parking lot south of Parcel A) would be provided with Phase 1. See Interim Section A-A and Interim Section B-B in the Master Plan for specific section to be constructed.
- b. Construction of Lumiere Ave NE (including right-of-way/easement dedication, paving, curbs, sidewalks, storm drainage, street lights, and underground utilities) between NE Alhazen Street and NE 24th Street. Lumiere would taper from a 2-lane roadway to a 3-lane roadway approaching NE 24th St. South of Alhazen, Lumiere would consist of a temporary connection to the existing parking lot south of Parcel A for Phase 1. See Interim Section E-E and Interim Section L-L in the Master Plan for specific section to be constructed. Owner will grant to the City a 2' sidewalk easement with surface rights that extend 15' above the finished grade on the east side of Lumiere Ave NE between NE Alhazen Street and NE 24th Street.
- c. Construction of an interim half-street configuration of Da Vinci Ave between NE Alhazen St and NE 24th Street (including right-of-way dedication, paving, curbs, sidewalks, storm drainage, street lights, and underground utilities). The interim section will allow for two-way operations with two travel lanes. South of Alhazen, Da Vinci would consist of a temporary connection to the existing parking lot south of Parcel A for Phase 1. See Interim Section C-C in the Master Plan for specific section to be constructed. Neighboring properties to the east will be responsible for constructing the other half of the street improvements to Da Vinci Avenue when those properties are developed or redeveloped. It should be noted that the alignment

of Da Vinci Ave in this section will be analyzed further by the City of Redmond and may shift to the east.

- d. Construction of a portion of 149th Ave NE, a shared street (including right-of-way dedication) within a 40-foot right-of-way connecting the neighboring property to NE Alhazen Street east of 148th Ave NE with Phase 1.
- e. Widening on NE 24th Street for an eastbound right-turn lane that would extend between the existing Red Robin driveway and Lumiere Ave. The curb, gutter, and related utilities on the south side of NE 24th Street shall be placed in the ultimate location needed to construct the dual westbound left turn lanes planned by Redmond and Bellevue. See interim section I-I in the Master Plan for specific section to be constructed.
- f. Widening on NE 24th Street for an eastbound right-turn pocket at the Parcel A driveway on NE 24th Street. The curb, gutter, and related utilities on the south side of NE 24th Street shall be placed in the ultimate location needed to construct the dual westbound left turn lanes planned by Redmond and Bellevue. See interim section H-H in the Master Plan for specific section to be constructed.
- g. Right-of-Way dedication on NE 24th Street between Da Vinci Ave and the beginning of the eastbound right turn lane to Lumiere Ave to accommodate future widening and improvements planned by the City of Redmond. Right-of-way dedications on NE 24th Street are shown in interim sections H-H and I-I in the Master Plan.
- h. Frontage improvements on NE 24th Street between Lumiere Ave and Da Vinci Ave (Parcel A frontage), including constructing curbs and frontage improvements at their ultimate location. See interim section H-H in the Master Plan for specific section to be constructed.
- i. If the building on the south end of Parcel G is redeveloped with Phase 1, frontage improvements and right-of-way dedication on NE 20th Street will not be required. Frontage improvements and right-of-way dedication on NE 20th Street are deferred to Phase 3 when Lumiere Ave and Da Vinci Ave are constructed and connected to NE 20th Street. If warranted for the purpose of life safety, the City may require Owner to provide for interim street lighting improvements on 20th Street between the future proposed Lumiere Ave NE and the future proposed Da Vinci Avenue in Phase 1.
- j. Owner will construct a stop-controlled intersection at Lumiere/24th (right-in, right-out). A signal is not required with Phase 1 of the Master Plan project; however, the intersection will be designed in a manner that will accommodate a future signal if/when warranted.
- k. Owner will construct an all-way stop-controlled intersection at Lumiere/Alhazen with Phase 1, and an eastbound stop-controlled intersection at Da Vinci/Alhazen with Phase 1. A signal(s) is not required with the project; however, the intersections will

be designed in a manner that will accommodate a future signal to be built by others if/when warranted.

On-Site Improvements to be constructed with Phases 2 and 3 (assumes Phase 1 Improvements above have already been constructed), subject to the flexibility and administrative amendment provisions in Sections 4.5, 6.2, and 7.1 in the Development Agreement.

- a. Completion of NE Alhazen Street between Lumiere Ave and Da Vinci Ave to the Ultimate Section A-A in the Master Plan with Phase 3. Owner will grant to the City a 2' sidewalk easement with surface rights that extend 15' above the finished grade on the south side of NE Alhazen Street between Lumiere Ave and Da Vinci Ave.
- b. Completion of NE Alhazen Street between 148th Ave NE and Lumiere Ave to the Ultimate Section B-B in the Master Plan. The sidewalk and urban path on the north side would be completed with Phase 2. The sidewalk on the south side would be completed with Phase 3. Owner will grant to the City a 2' sidewalk easement with surface rights that extend 15' above the finished grade on the south side of NE Alhazen Street between 148th Ave NE and Lumiere Ave.
- c. Completion of Lumiere Ave NE between NE Alhazen Street and NE 24th Street to the Ultimate Section E-E and Section L-L in the Master Plan with Phase 2. Owner will grant to the City a 2' sidewalk easement with surface rights that extend 15' above the finished grade on the west side of Lumiere Ave NE between NE Alhazen Street and NE 24th Street.
- d. Construction of Lumiere Ave NE (including right-of-way dedication, paving, curbs, sidewalks, storm drainage, street lights, and underground utilities) to a two-lane roadway between NE 20th Street and NE Alhazen Street with Phase 3. A connection to the neighboring parcel would be provided near NE 20th Street. See Ultimate Section F-F and Interim Section G-G in the Master Plan for specific sections to be constructed. Neighboring properties to the west will be responsible for constructing the remaining portion of the Ultimate Section G-G when those properties are developed or redeveloped. Owner will grant to the City a 2' sidewalk easement with surface rights that extend 15' above the finished grade on the west side of Lumiere Ave NE between NE Alhazen Street and NE 20th Street for the portion of Property controlled by Owner.
- e. Construction of an interim half-street configuration of Da Vinci Ave (including right-of-way dedication, paving, curbs, sidewalks, storm drainage, street lights, and underground utilities) between NE 20th Street and NE Alhazen Street with Phase 3. See Interim Section D-D in the Master Plan for specific section to be constructed. The interim section will allow for two-way operations with two travel lanes. Neighboring properties to the east will be responsible for constructing the other half of the street improvements to Da Vinci Avenue when those properties are developed or redeveloped.

- f. A conceptual plan for a tunnel originating on Parcel F under a portion of the future Lumiere Ave and NE Alhazen Street is shown in Section __ in the Master Plan, but its location and design have not been approved by the City as part of the Master Plan. If the City approves the final location and design of the tunnel as part of a site plan entitlement application, Owner may construct the tunnel as part of Phase 2 or 3. .
- g. Widening on NE 24th Street for an eastbound right-turn lane between 148th Ave NE and Lumiere Ave (or completion of any portion of the right turn lane that was partially constructed with Phase 1) with Phase 2. See Interim Section I-I in the Master Plan for specific section to be constructed.
- h. Right-of-Way dedication on NE 24th Street between 148th Ave NE and Lumiere Ave NE (any portion not already dedicated with Phase 1) with Phase 2 to accommodate future widening and improvements planned by the City of Redmond. Right-of-way dedication on NE 24th Street is shown in interim section I-I in the Master Plan.
- i. Frontage improvements on NE 24th Street between 148th Ave NE and Lumiere Ave NE with Phase 2 including constructing curbs and frontage improvements at their ultimate locations (any portion not already constructed with Phase 1). See Interim Section I-I in the Master Plan for specific section to be constructed.
- j. Right-of-Way dedication on 148th Ave NE between the property line south of NE Alhazen Street and NE 24th Street (any portion not already dedicated with Phase 1) with Phase 2 to accommodate future widening and improvements planned by the City of Redmond. Right-of-way dedication on 148th Ave NE is shown in interim section J-J in the Master Plan.
- k. Frontage improvements on 148th Ave NE between the property line south of NE Alhazen Street and NE 24th Street (any portion not already improved with Phase 1) with Phase 2, including constructing curbs and frontage improvements at their ultimate locations. See Interim Section J-J in the Master Plan for specific section to be constructed between NE Alhazen Street and NE 24th Street.
- l. Right-of-Way dedication on NE 20th Street between Lumiere Ave NE and Da Vinci Ave NE with Phase 3. Right-of-way dedication on NE 20th Street is shown in interim section K-K in the Master Plan.
- m. Frontage improvements on NE 20th Street between Lumiere Ave NE and Da Vinci Ave NE with Phase 3. See interim section K-K in the Master Plan for specific section to be constructed.
- n. Future signalization is planned by the City at Lumiere Ave NE/NE 24th Street to accommodate a future pedestrian crossing on NE 24th Street. Before constructing any development beyond Phase 1 or any cumulative development that exceeds 214 net new PM peak hour trips, Owner will conduct a Pedestrian Study to determine if the estimated pedestrian volumes trigger the need for the signal. If based on the Pedestrian Study the signal is determined to be needed, Owner will construct a signal

improvement to City of Redmond standards to facilitate a pedestrian crossing on NE 24th Street. The signal may also be designed to facilitate vehicular movements at the Owner's option.

- i. PM peak hour traffic generation shall be measured based on the total net new PM peak hour trips (inbound + outbound) using the ITE-based trip rates (including the mixed-use and pass-by reductions) from the February 12, 2018 Traffic Impact Study, and shall account for trip credits for any existing land uses to be removed as part of the development. If a proposed land use type is not listed in the table in the traffic study, the current edition of the ITE Trip Generation manual shall be used and adjustments for mixed-use and pass-by made in a manner consistent with the level of adjustments documented in the Traffic Impact Study for the most similar land use type.
 - ii. A "Pedestrian Study" shall be at Owner's expense and shall consist of conducting pedestrian traffic forecasts based on existing count data and standard engineering practices, and comparing the forecasts to criteria from the latest edition of the Manual on Uniform Traffic Control Devices (MUTCD) and/or pedestrian volume criteria used by the City of Redmond (fully signalized pedestrian crossing should be considered when there are at least 80 pedestrians per hour for any 4 hours in a day, or at least 152 pedestrians in any one hour).
- o. Future signalization may be required at either Lumiere Ave NE/NE 20th Street or Da Vinci Ave NE/NE 20th St (if/when signal warrants are met). With Phase 3, Owner will construct stop-controlled intersections at both locations. A signal(s) is not required with the Master Plan project; however, the intersections will be designed in a manner that will accommodate a future signal to be built by others if/when warranted.
- p. A possible traffic signal is contemplated by the City of Redmond and City of Bellevue at Lumiere Avenue NE/NE 20th Street to accommodate a potential pedestrian crossing on NE 20th Street for a safe school crossing. When Lumiere Avenue NE between NE Alhazen Street and NE 20th Street is constructed, Owner will conduct a Pedestrian Study upon request by the City of Redmond to determine if the estimated pedestrian volumes trigger the need for a pedestrian signal.
- i. A "Pedestrian Study" shall be at Owner's expense and shall consist of conducting pedestrian traffic forecasts based on existing count data and standard engineering practices, and comparing the forecasts to criteria from the latest edition of the Manual on Uniform Traffic Control Devices (MUTCD) and/or pedestrian volume criteria used by the City of Redmond (fully signalized pedestrian crossing should be considered when there are at least 80 pedestrians per hour for any 4 hours in a day, or at least 152 pedestrians in any one hour).

Off-Site Improvements to be constructed with Phase 1, subject to flexibility and administrative approval for a change:

- a. **148th Ave NE/NE Alhazen Street:** The City of Bellevue and City of Redmond have a planned improvement at this intersection that includes an additional northbound through lane. Owner will widen 148th Ave NE and dedicate right-of-way to accommodate the additional northbound through lane by converting the northbound right-turn lane to a shared through and right-turn lane and eliminating the island south of Alhazen and the curb bulb north of Alhazen. Signal modifications would also be required as a result of the widening. The extent of widening/improvements on 148th Ave NE are from the Owner's south property line south of NE Alhazen Street to the end of the existing curb bulb taper north of NE Alhazen Street (a distance of approximately 203 feet).

Off-Site Improvements to be constructed with Phases 2 and 3, subject to flexibility and administrative approval for a change:

- a. **148th Ave NE/NE 24th Street.** The City of Bellevue and City of Redmond have planned improvements at this intersection including an additional northbound through lane and eastbound/westbound dual left turn lanes. As described above under the on-site improvements to be provided with Phase 2, Owner will dedicate right-of-way and set the ultimate curbs on 148th and NE 24th Street to accommodate these future improvements per sections I-I and J-J in the Master Plan, and will modify the traffic signal as needed on the southeast corner of the intersection. No additional mitigation at this location will be required.

- b. **148th Ave NE/NE 20th Street:**

This project includes the construction of a northbound right turn lane on the southeast corner of the intersection of 148th Ave NE/NE 20th Street (adjacent to property currently occupied by a Taco Bell restaurant). A building permit for proposed development beyond Phase 1 development shall not be issued when development will cause the total traffic generation from the Project to exceed three hundred and thirty five (335) net new AM peak hour trips until a northbound right turn lane 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 the developer and/or Owner (or the City or any other entity has committed to construct the improvement), provided there is sufficient right of way to construct the improvement. This northbound right-turn lane at the intersection of 148th Avenue NE/NE 20th Street will be constructed during the final phase of development regardless of whether cumulative development within the project exceeds three hundred and thirty five (335) net new AM Peak Hour trips, provided there is sufficient right of way to construct the improvement.

- a. AM peak hour traffic generation shall be measured based on the total net new AM peak hour trips (inbound + outbound) using the ITE-based trip

rates (including the mixed-use and pass-by reductions) from the February 12, 2018 Traffic Impact Study, and shall account for trip credits for any existing land uses to be removed as part of the development. If a proposed land use type is not listed in the table in the traffic study, the current edition of the ITE Trip Generation manual shall be used and adjustments for mixed-use and pass-by made in a manner consistent with the level of adjustments documented in the Traffic Impact Study for the most similar land use type.

- b. The 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 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. If the condemned area is determined to be a “system improvement,” the developer shall be entitled to a credit against transportation impact fees.

Within 6 months of the Owner notifying the City it was unable to obtain sufficient right of way for the improvement, the City must acquire the right-of-way, initiate condemnation proceedings to acquire the required right-of-way, or must 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 (not to exceed the cost of the original improvement) and the obligations of this Section 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 latecomer's 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 City ordinances for such agreements. When a credit has been provided against transportation impact fees for the cost of an improvement, Owner shall not be entitled to include the credited amount in a latecomer's agreement.

c. **Lumiere Ave NE/NE 24th Street:**

Before constructing any development beyond Phase 1 or any cumulative development that exceeds 214 net new PM peak hour trips, Owner will conduct a Vehicle Queue Study to determine if the southbound left-turn lane queue storage on 148th Ave NE at NE Alhazen Street will be exceeded. If the queue is estimated to exceed storage with the forecasted traffic from the development under review at that time, and if desired by the City, Owner will restripe NE 24th Street to accommodate an interim unsignalized westbound left turn lane on NE 24th Street at Lumiere Avenue, while maintaining eastbound left turns to the Safeway property at the traffic signal at 151st Avenue NE.

- i. PM peak hour traffic generation shall be measured based on the total net new PM peak hour trips (inbound + outbound) using the ITE-based trip rates (including the mixed-use and pass-by reductions) from the February 12, 2018 Traffic Impact Study, and shall account for trip credits for any existing land uses to be removed as part of the development. If a proposed land use type is not listed in the table in the traffic study, the current edition of the ITE Trip Generation manual shall be used and adjustments for mixed-use and pass-by made in a manner consistent with the level of adjustments documented in the Traffic Impact Study for the most similar land use type.
- ii. A "Vehicle Queue Study" shall be at Owner's expense and shall consist of conducting vehicular queue estimates (95th percentile queues) for the southbound left-turn lane based on a PM peak hour analysis of 148th Ave NE/NE Alhazen Street using *Synchro* traffic operations software. Analysis shall be conducted for the projected year of opening for the phase of development under review at that time. Volume forecasts shall be based on existing counts plus

forecasted growth and pipeline developments, or using volumes derived from traffic modeling provided by the City of Redmond.