

**CITY OF REDMOND
RESOLUTION NO. 1437 (AM)**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF REDMOND, WASHINGTON, APPROVING AN
AMENDMENT TO THE GROUP HEALTH COOPERATIVE
DEVELOPMENT AGREEMENT FOR PROPERTY OWNED BY
USL2 OVERLAKE VILLAGE LLC LOCATED WEST OF 156TH
AVE NE AND EAST OF 152ND AVE NE IN THE CITY
OF REDMOND

WHEREAS, USL2 Overlake Village LLC owns an approximately 28 acre site west of 156th Ave NE and east of 152th Ave NE in Redmond ("the former Group Health Hospital property"); and

WHEREAS, on December 13, 2011, the Redmond City Council approved Resolution 1369(AM), authorizing the Mayor to execute a development agreement between Group Health Cooperative and the City; and

WHEREAS, USL2 Overlake Village LLC, as owner of the former Group Health property, has requested that the City approve an amendment to the Group Health Cooperative development agreement. The proposed amendment revises specific development standards and other provisions of the development agreement that govern and vest the development, use, and mitigation of the property now owned by USL2 Overlake Village LLC; and

WHEREAS, pursuant to RCW 36.70B.200, the Redmond City Council held a public hearing on the proposed amendment on November 17, 2015, and after considering all testimony presented at the public hearing, determined that the amendment to the Group Health

Cooperative development agreement for the former Group Health Property should be approved.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Development Agreement Amendment Approved. That certain agreement as amended entitled, "Group Health Overlake Village (Zone 4) Master Plan Development Agreement," attached hereto as Exhibit 1 and incorporated herein by this reference as if set forth in full, is hereby approved and shall govern development of the former Group Health Property, as described in said agreement. The Mayor is hereby authorized to execute the Development Agreement as amended on behalf of the City.

Section 2. Recording. As provided in RCW 36.70B.190, a signed original of the Agreement shall be recorded with the real property records of King County, Washington and shall be binding on the parties and their successors and assigns.

ADOPTED by the Redmond City Council this 17th day of
November, 2015.

APPROVED:



JOHN MARCHIONE, MAYOR

ATTEST:



MICHELLE M. HART, MMC, CITY CLERK

(SEAL)

FILED WITH THE CITY CLERK: November 3, 2015
PASSED BY THE CITY COUNCIL: November 17, 2015
RESOLUTION NO: 1437

YES: ALLEN, CARSON, FLYNN, MARGESON, MYERS, SHUTZ, STILIN

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. When expressly permitted by this Agreement, public access to and use of land and improvements shall be provided for through grant of an easement, covenant or other legally binding action in lieu of dedication. The Project shall substantially conform with the Master Plan, including amendments thereto as provided for in RZC 21.76.090(D. 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 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. 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 was limited to 15,457,783 square feet of Gross Floor Area (the "BROTS Cap"). The BROTS Cap expired on December 31, 2012. Accordingly, the BROTS Cap shall not limit the timing or development of the Property or Project.

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.

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

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, subject to Section 7.1.4 (b) concerning the hotel/conference center. 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, provided hotel/conference center buildings on Lot 1 may be constructed and occupied prior to construction of the improvements identified in subsections (a)(vi)-(viii).

**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.

(e) 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 continuing up to an additional six months, 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 Park Land and Improvements.

8.1.1 Land for Major Public Park and Urban Hillclimb Pathway.

(a) As a condition of development approval, Owner shall devote the two land areas designated "Park" and "Urban Hillclimb Pathway" in the Master Plan at page 22 totaling approximately 2.67 acres to use 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 record such covenants or other legally binding provisions as are required to assure the Park and Urban Hillclimb Pathway are open and accessible to the public, in perpetuity, in a form approved by the City Attorney ("Park and Urban Hillclimb Pathway Easement"). The land area devoted to the Park and Urban Hillclimb Pathway Easement shall be generally as shown in the Master Plan, with the final location of such areas to be confirmed through the Park and Urban Hillclimb Pathway approval processes, taking into account development of adjacent roadways and parcels. Opening of the Park and/or Urban Hillclimb Pathway for public use may be phased to correspond to development of adjacent parcels. Upon completion of the Park and Urban Hillclimb Pathway, the land area devoted to the Park and Urban Hillclimb Pathway Easement shall not be less than 2.67 acres. Public use may be subject to reasonable hours of operation and periodic restrictions for purposes of construction, maintenance and security comparable to publicly owned park land.

8.1.2 Improvements. The Park and Urban Hillclimb Pathway improvements shall be designed and installed by and at the cost of the Owner. The design and specifications of the Park and Urban Hillclimb Pathway improvements shall be approved through the site plan entitlement process for one or more adjacent building development projects, or as a separate site improvement project through the applicable City approval process. The design, scope and specifications of the of the Park and Urban Hillclimb Pathway shall be such that the Owner shall not be required to expend more than \$2.4 million on the complete Park and Urban Hillclimb Pathway project, including the design, engineering, cost of materials, construction and installation of all improvements. Responsibility for maintenance, repair and replacement of the

Park and Urban Hillclimb Pathway shall rest with the owners of the Property and may be provided for through formation of a property owners' association.

8.1.3 Timing. The Park and Urban Pathway improvements shall be installed commensurate with progress on development of the adjacent parcels.

8.1.4 Design. The Owner shall design and install the Park and Urban Hillclimb Pathway improvements consistent with City neighborhood park standards and the purpose and requirements of the Major Public Park as provided in RZC 21.12.170 (D) (2) and the OV Urban Pathway as provided in RZC 21.12.160. The Parks and Trails Commission, Design Review Board and members of the community have been consulted and given opportunity to comment on proposed Park features, design and materials. The final design of the Park and Urban Hillclimb shall conform substantially with the plans approved by the Parks and Trails Commission in September 2014. The City shall consider retention of existing significant and landmark trees where feasible and consistent with good park design and public safety in the site plan entitlement or other applicable approval process for the Park improvements.

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 Park Mitigation. In order to provide complete mitigation of impacts of the Project on public park and recreation facilities, Owner agrees to perform and pay for all costs of design, construction, maintenance, repair and replacement of the improvements for the Major Public Park and Urban Hillclimb Pathway, and to cause the developers of adjacent development projects to construct and dedicate to the City the 155th Street Urban Pathway, all as set forth in this Section 8 of this Agreement ("Park Mitigation"). The Park Mitigation shall be completed in phases commensurate with development of the Project. Maintenance of the Park and Urban Hillclimb Pathway shall be performed as required to ensure safety, functionality, and preserve the quality of the original design.

8.3 Exemption from Park Impact Fees. The requirements to reserve land, design, install, maintain and replace the Major Urban Park and Urban Pathway improvements 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, RMC 3.10.060 (A) (6) and RMC 3.10.080 (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 will require removal of all existing trees on site;
 - 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.

12. Term. The term of this Agreement shall be twenty (20) years. The City and Owner may agree to extend the term of this Agreement, provided that such extension is approved by the City Council..

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: _____

Its _____

CITY OF REDMOND,
A Washington optional municipal code city

By: _____

Print Name: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of December, 2015, before me, a Notary Public in and for the State of Washington, personally appeared _____, 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.

NOTARY PUBLIC in and for the State of Washington,
residing at _____

My appointment expires _____

Print Name _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of December, 2015, before me, a Notary Public in and for the State of Washington, personally appeared _____, 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.

NOTARY PUBLIC in and for the State of Washington,
residing at _____

My appointment expires _____

Print Name _____