

RESOLUTION NO. 1266

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, APPROVING A DEVELOPMENT AGREEMENT FOR PROPERTY OWNED BY MICROSOFT WEST OF SR 520 AT NE 51ST STREET IN THE CITY OF REDMOND.

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WHEREAS, Microsoft owns an approximately 26.9-acre site west of SR 520 at NE 51st Street in Redmond, and

WHEREAS, Microsoft has requested that the City and Microsoft enter into a development agreement in order to set forth the development standards and other provisions that will govern and vest the development, use, and mitigation of more than 500,000 square feet of anticipated new development on the aforementioned Microsoft property, and

WHEREAS, pursuant to RCW 36.70B.200, the Redmond City Council held a public hearing on the proposed agreement on December 18, 2007, and after considering all testimony presented at the public hearing, determined that a development agreement for the aforementioned Microsoft property should be approved, now, therefore,

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


**Section 1. Development Agreement Approved.** That certain agreement entitled, "Microsoft Development Agreement II" attached hereto as Exhibit A and incorporated herein by this reference as if set forth in full, is hereby approved and shall govern development of the aforementioned Microsoft property described in said

agreement. The Mayor is hereby authorized to execute the development agreement 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.

RESOLVED this 18 day of December, 2007.

CITY OF REDMOND



ROSEMARIE IVES, MAYOR

ATTEST/AUTHENTICATED:



MALISA FILES, CITY CLERK

FILED WITH THE CITY CLERK:

December 17, 2007

PASSED BY THE CITY COUNCIL:

December 18, 2007

RESOLUTION NO. 1266

## EXHIBIT A

### DEVELOPMENT AGREEMENT II

THIS AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2007 by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft"), and the CITY OF REDMOND, a Washington optional municipal code city (the "City").

#### RECITALS

- A. Microsoft owns the real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), which Property is located in the Overlake neighborhood of the City.
- B. In 1994, the City annexed the Property into its borders. As part of the annexation ordinance, Ordinance 1818, the City and the then owner of the Property agreed to various conditions regarding the future development of the Property. A copy of Ordinance 1818 and the corresponding conditions set forth in Exhibit B thereto are attached hereto as Exhibit B to this Agreement.
- C. Subsequently, on June 1, 1999, the City adopted the Overlake Neighborhood Plan, Ordinance 2027, and corresponding zoning and development regulations applicable to properties located within the Overlake Neighborhood. The Property is located in the Overlake Neighborhood of the City, and, therefore, is subject to Ordinance 2027, including amendments thereto adopted prior to the Effective Date of this Agreement. The Parties acknowledge and agree that Ordinance 2027 overrode and replaced the development conditions set forth in Exhibit B to Ordinance 1818.
- D. Microsoft desires to continue to locate and to expand its worldwide corporate headquarters in the City.
- E. Microsoft and the City agree that Microsoft's presence in the community provides economic and community benefit to the City and its residents.
- F. Providing for Microsoft's long term presence in the City affirms existing Land Use and Economic Development Comprehensive Plan policies and supports Microsoft's headquarters expansion plans in the City.
- G. Microsoft and the City desire to establish provisions for the future development of the Property consistent with the amount of development planned for the Overlake neighborhood by the Overlake Neighborhood Plan and Bellevue-Redmond Overlake Transportation Study Update Final EIS issued May 14, 1999 and the "Interlocal Agreement Regarding Land Use Planning and the Funding and Construction of Transportation Improvements in the Bel-Red/Overlake Transportations Study Area" as jointly approved by the respective city councils on September 30, 1999 and as subsequently jointly amended (collectively "BROTS").
- Resolution No. 1266, Exhibit A

H. Both the City and Microsoft recognize the benefits that both will derive from long term facilities planning and development.

I. Microsoft and the City desire to utilize the provisions of RCW 36.70B that provide for cities to enter into development agreements with property owners to govern the future development of real property.

J. A development agreement between Microsoft and the City is a collaboration that will provide mutual benefit for the parties as well as the region.

Accordingly, the parties agree:

#### AGREEMENTS

1. Project. Microsoft shall have the right to develop on the Property 550,817 square feet of "gross floor area," as defined in the Redmond Community Development Guide ("RCDG") (no areas within a parking structure shall be included in gross floor area). The 550,817 square feet of gross floor area together with supporting uses and infrastructure improvements includes transferred development rights to achieve a floor area ratio of 0.47 and is referred to hereinafter as the "Project." The 550,817 square feet of gross floor area shall not be reduced on account of any dedication of portions of the Property pursuant to this Agreement or otherwise.

The Redmond portion of the BROTS area is limited to 15,457,783 square feet of gross floor area by the BROTS Agreement (the "BROTS Cap"). If all the pending development requests were approved and if the vacant or severely underdeveloped parcels in Overlake were developed, the BROTS Cap would be exceeded. In order to allocate the remaining development permitted under the BROTS Cap among all the properties available for development, Microsoft shall reserve 35,817 square feet (the "Holdback") from the 550,817 square feet of gross floor area covered by this Agreement. The Holdback may be reduced or eliminated when any one or more of the following situations occur:

- a. The BROTS Cap is raised; or
- b. The square footage under the BROTS Cap currently allocated becomes unallocated; or
- c. The BROTS Cap expires and is not renewed.

Under any of the above situations Microsoft shall automatically, without the need for any further action by any party, have the right to use any of the square footage made available for reduction of the Holdback and the square footage shall be considered transferred to Microsoft unless Microsoft expressly declines the transfer within ten days of it becoming available.

If this Agreement is amended to eliminate portions of the Property from coverage by this Agreement, then the Project shall be reduced by the amount of gross floor area that could be



5. Density Transfer. The density transfer interpretation issued by the City in a letter dated December 18, 2003, which is attached hereto as Exhibit C and incorporated herein by this reference, shall apply to all development rights for the Property, as well as all other real property owned by Microsoft. After adoption of this Agreement, Microsoft will own three groups of properties subject to development agreements; specifically, the Property; those properties subject to that certain Development Agreement dated June 25, 2005 between Microsoft and the City; and the property subject to that certain Safeco Development Agreement between the City of Redmond and Safeco Insurance Company of America For Development of Phase III of The Redmond Campus dated May 27, 1998, as amended. Microsoft may transfer density between the Microsoft properties that are subject to development agreements as well as other properties owned by Microsoft so long as the transfer complies with the provisions of Exhibit C notwithstanding the existence of the development agreements or any provision contained in the development agreements.

6. Parking. Microsoft shall provide parking for the Project in accordance with this Section 6. Microsoft shall be allowed to construct a total of 1653 parking stalls for the Project. Microsoft, at its option, may elect to construct less than the 1653 parking stalls. Microsoft shall be allowed to allocate and move, in its sole discretion, parking stalls between the Project and other Microsoft properties, even if an individual project has more or less parking than would be required by the RCDG for that particular project. Microsoft shall be allowed to supply the parking built in support of the Project in above-grade parking structures, under-building parking structures, or surface parking lots. Microsoft may utilize TDRs to provide additional parking, beyond the 1653 parking stalls, for the Project. If Microsoft should sell a parcel of property which has less parking than required by the RCDG on account of Microsoft's use of the parking stall transfer provisions of this Section 6, Microsoft and the City shall select from whatever options are available to insure the sold parcel will have available for use the minimum number of parking stalls required by the RCDG.

7. Transportation Concurrency. All of the Project shall be deemed to have met transportation system concurrency requirements set forth in the RCDG, provided that Microsoft pays the following amounts for or constructs the designated improvements as set forth below.

<u>TMD</u>	<u>Microsoft's Share</u>	<u># of Critical Trips Mitigated</u>	<u>Transportation Improvement</u>
<u>Grass Lawn</u>	\$1,120,000	162	Construct second northbound left turn lane at 140th Ave NE/Redmond Way, (Redmond BROTS 33.0)
<u>Grass Lawn</u>	\$0	113	Utilize excess capacity associated with Microsoft's funding of the new signal at Old Redmond Road/West Lake Sammamish Way, (Redmond TIP S-32)

<u>SE Redmond</u>	\$0	200	Utilize excess capacity associated with Microsoft's funding of the rechannelization improvements at East Lake Sammamish Parkway/NE 65th Street, (Redmond TFP-807-01)
<u>North Redmond</u>	\$0	81	Utilize excess capacity associated with Microsoft's funding of the new signal at 172 <sup>nd</sup> Ave NE/NE 116 <sup>th</sup> Street

Within thirty days after this Agreement is recorded, the City shall issue a Certificate of Concurrency for the Project with an expiration date that is the same as the expiration date of this Agreement. No additional transportation analysis and no additional transportation concurrency certificates shall be required for Microsoft to construct the Project except for such transportation analysis as is required to be submitted to the City of Bellevue pursuant to BROTS. Microsoft may construct as much of the Project in any calendar year as it desires; however, no phasing of the Project is required. Microsoft shall construct the Redmond BROTS 33.0 project in accordance with a design approved by the City. The City shall acquire any right-of-way required to construct RED-BROTS 33.0. Construction shall begin concurrent with or before Microsoft begins construction of the first building in the Project. The approved design may be modified as determined by the City provided the modification does not increase the construction cost for RED-BROTS 33.0 as currently described or does not require additional right-of-way.

8. Mitigation of Transportation Impacts. Microsoft shall mitigate the transportation impacts associated with the Project by performing the following:

a. Construction of Intersection Improvements. Microsoft must mitigate impacts to the intersection of NE 51<sup>st</sup> Street and 148<sup>th</sup> Avenue NE due in part to the Project. At the time of this Agreement the intent is for Microsoft to construct a new northbound lane on 148<sup>th</sup> Avenue NE from NE 51<sup>st</sup> Street to the Project driveway/Red-West Campus entrance, and shall include necessary right of way, traffic signal modifications and other utilities as required to accommodate the additional lane. This improvement is a replacement to BROTS Project #29. The improvement shall be designed and constructed in accordance with all City codes and accepted engineering practices and shall be completed prior to occupancy of the first building on the Property. However, prior to proceeding with any construction, Microsoft will conduct a year 2022 A.M. and P.M. peak hour traffic analysis for the street-network at this location and evaluate traffic operations using Synchro to ensure adequate mobility in the vicinity of the site on 148<sup>th</sup> Avenue NE. Once the analysis is completed the City and Microsoft will review this analysis and determine if this is the appropriate solution or if there is another acceptable improvement(s) that may be constructed in lieu of the new northbound lane of 148<sup>th</sup> Avenue NE.

b. Transportation Impact Fees. The City shall credit Microsoft all amounts paid by Microsoft to fund and/or construct the transportation improvements identified in Section 7 above, and the total cost of the traffic signal identified in Section 3.a above, against any transportation impact fees due to the City for the Project if those improvements are currently listed on or are subsequently added to the City's TFP. City staff shall propose that the City

Council include in the TFP all of the transportation improvements identified in Section 3.a and Section 7. This Agreement does not relieve Microsoft of any obligations to pay transportation impact fees pursuant to interlocal agreements with the City of Bellevue and King County adopted pursuant to Ordinances 2025, 2026, 2027, and 2056.

c. Frontage Improvements. Microsoft shall construct all public street improvements along the frontage of the Property as it develops as required by the RCDG. Frontage improvements may include but are not limited to: property dedications, pavement widening, curb, gutter, planter strips, sidewalks, storm drainage, street lights and placement of aerial utilities underground.

d. Internal Road. Microsoft shall provide a roadway, internal to the Property, connecting the NE 51<sup>st</sup> Street/150<sup>th</sup> Avenue NE intersection to Microsoft's Red-West Campus while maintaining the integrity of common areas internal to the Property. If either the Property or the Red-West Campus is ever sold, Microsoft shall impose an easement that allows the Red-West Campus property to utilize this internal roadway connection for vehicular access to NE 51<sup>st</sup> Street from the Red-West Campus.

e. Pedestrian/Bicycle Access. Microsoft shall provide pedestrian and bicycle paths along the southern, western, and eastern edges of the Property. Such access may incorporate the existing pedestrian/bicycle path in the SR 520 right-of-way and sidewalk in the 148<sup>th</sup> Avenue NE right-of-way in fulfilling this requirement.

f. Transportation Management Program. The Project shall be subject to the Microsoft Transportation Management Program approved for Microsoft and updated by the City and Microsoft as needed.

9. Public Benefit. Microsoft has agreed to provide numerous benefits to the City of Redmond and its citizens as part of this Agreement, including:

a. Transportation Advocacy. Advocacy of local and regional transportation solutions of mutual benefit to the City and Microsoft to improve access to the Overlake area and the Downtown Area.

b. NE 51<sup>st</sup> Street Water Line. Concurrent with the extension of a 16-inch water main through the Property to NE 51<sup>st</sup> Street, replacement of the existing 16-inch water line that is located in the NE 51<sup>st</sup> Street right-of-way from SR 520 to 148<sup>th</sup> Avenue NE with a new water line of a size selected by the City but not larger than 16 inches.

c. **(APPLICANT PROPOSED LANGUAGE)** Park. Dedication to the City of approximately two acres of the Property along 148<sup>th</sup> Avenue NE for a passive resource park. The dedication shall not include any of the Property lying east of the 200 foot buffer required by Section 13.a of this Agreement. The City shall allow Microsoft to review, comment on, and participate in the design of the park. The final design of the park shall blend with the design of the Project, shall not include any public parking or restroom facilities, and shall be mutually



acceptable to the City and Microsoft. The City shall maintain the park space so that its appearance is consistent with the rest of the Property's frontage on 148<sup>th</sup> Avenue NE and NE 51<sup>st</sup> Street. The deed of dedication to be delivered to the City by Microsoft shall contain a deed restriction requiring the dedicated land to be returned to the owner of the Property if the City ever modifies the park design without the consent of the owner of the Property.

c. **(STAFF PROPOSED LANGUAGE) Park.** Dedication to the City of not less than two acres of the Property along 148<sup>th</sup> Avenue NE for a resource park. The dedication shall not include any of the Property lying east of the 200 foot buffer required by Section 13.a of this Agreement. The City shall allow Microsoft to review, comment on, and participate in the design of the park. The final design of the park shall blend with the design of the Project, and shall not include any public parking or restroom facilities. The City shall maintain the park space so that its appearance is consistent with the rest of the Property's frontage on 148<sup>th</sup> Avenue NE and NE 51<sup>st</sup> Street.

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d. **RED BROTS 33.0.** Construction of Redmond BROTS Project 33.0 sooner than the project would have been completed had the City been responsible for construction.

10. **Tree Protection Plan.** The RCDG provides that Microsoft must, as part of developing the Project, retain 35% of healthy significant trees on the Property and replace all significant trees removed from the Property at a ratio of 1:1. Microsoft shall make a good faith effort to meet this tree retention percentage in designing the Project. Due to the proposed scope of the Project and the condition of the Property, however, the parties acknowledge that Microsoft will likely need to remove several existing significant trees on the Property to develop the Project. To achieve this 35% retention percentage while maintaining flexibility in the design of the Project, Microsoft agrees to plant, within three years of the Effective Date of this Agreement, a mutually agreeable number of 6-8' evergreen trees at location(s) mutually agreed upon by the parties. These additional trees shall be planted on portions of the Property that Microsoft anticipates that it will not develop or improve as part of the Project, with the intent of enhancing existing groves of trees or creating new groves of trees. Each of these trees not removed as part of the Project will count towards the City's significant tree protection requirements at a 1:1 ratio in lieu of existing significant trees to allow for flexibility in the development of the Property. The trees will not be used in calculations for any other landscape requirements. If Microsoft desires to retain less than 35% of the combined number of significant trees and planted trees, Microsoft shall request approval of a Special Exception Request, and the City shall not unreasonably withhold approval of such request.

Removal of landmark trees shall require review and approval of a Special Exception Request consistent with the Tree Preservation Ordinance. The City shall review any such Special Exception Request(s) on a case-by-case basis and shall not unreasonably withhold approval of such Request(s). Microsoft agrees to replace any landmark trees that it removes at a ratio of 6:1 with trees that meet the requirements of RCDG §20D.80.20-080(5).

11. Stormwater Detention and Treatment

a. General Standards. All new development shall comply with the stormwater quantity (detention) and quality controls that are in effect on the date of this Agreement unless a serious health crisis for humans or animals will be lessened if Microsoft is required to comply with the then current stormwater quantity and quality controls. Current city-wide standards for stormwater quantity (detention) and quality controls consist of the 2005 Department of Ecology ("DOE") Stormwater Management Manual for Western Washington (the "2005 DOE Manual") as modified by the City Of Redmond – Clearing, Grading and Stormwater Management Technical Notebook (the "Stormwater Technical Manual") Issue Number 4, effective January 1, 2007. Microsoft, at its option, shall be allowed to pay a fee in lieu of stormwater detention, in order to provide funding for a regional stormwater detention facility, rather than detaining all stormwater on the Property.

b. Detention Facilities. Notwithstanding Section 11.a above, Microsoft shall be allowed to detain in underground vaults any stormwater from portions of the Project on private property required to be detained as a result of the Project.

c. Stormwater Quality – Treatment. Notwithstanding Section 11.a above, Microsoft shall be allowed to use underground cartridge filter vaults or equivalent technology to mitigate for stormwater quality treatment for all portions of the Project located on private property.

d. Sammamish River Basin Detention Standards. Notwithstanding Section 11.a above, the City recognizes the Sammamish River as a receiving body of water and as such does not require stormwater detention for flood control or stream bank erosion protection. No detention shall be required within the Sammamish River Drainage Basin so long as the Project will provide stormwater quality control consistent with Subsection 11.c of this Agreement; surface runoff can be safely and adequately conveyed from the Project to the Sammamish River; and the designation of the receiving water body is acceptable at the time Microsoft submits its first complete application for building permit approval for the Project. To adequately convey stormwater runoff from the Property to the Sammamish River, downstream conveyance systems may require improvements. It is the responsibility of Microsoft to prove to the City of Redmond that the downstream system or improved system has adequate capacity to safely convey stormwater runoff from the Project to the Sammamish River. If Microsoft cannot demonstrate that the downstream system has adequate capacity to convey runoff from the Project, then the standards contained in the Stormwater Technical Manual for water quality and stormwater quantity (detention) shall be utilized for the Project within this basin, subject to Sections 11.b and 11.c above. In compliance with RCDG standards for new development, detention and water quality treatment shall be provided for the entire Project. The entire Project is any lot, parcel, or combination of land permitted under a single development proposal consistent with the definition found in RCDG 20A.20.190.



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

b. Off-Site Sewer Trunkline Replacement. The development contemplated by this Agreement is located in the Overlake North Sewer Basin. The Redmond General Sewer Plan identifies that portions of the downstream sewer trunk need to be reconstructed to serve future development in this basin. The City has identified the following downstream sewer main replacement projects. First, replace approximately 1,100 lineal feet of existing 8-inch diameter pipe in 154<sup>th</sup> Avenue NE between NE 63<sup>rd</sup> Street and Old Redmond Road, with new 10-inch sewer main. The second project consists of replacing approximately 600 lineal feet of existing 8-inch pipe in West Lake Sammamish Parkway between Old Redmond Road and Redmond Way with new 12-inch diameter pipe. The limits of both projects are shown in the General Sewer Plan. Microsoft shall complete design, construction and obtain final City approval of the sewer trunk improvements listed above by the date on which the City issues Microsoft a certificate of occupancy for any building constructed as part of the Project. The City shall process a reimbursement agreement in accordance with Redmond Municipal Code Chapter 13.12 for reimbursement from properties that may be deemed to benefit from the Overlake North Trunk Improvements. The City shall not withhold any site plan entitlement approval or any building permit approval on account of insufficient sanitary sewer capacity to accommodate the Project.

c. Public Water. Microsoft shall loop public water mains through the Property and connect to existing water main stubs on the Microsoft Red-West Campus and existing public water mains in the adjacent right-of-ways. There are no off-site water main extensions or improvements required to support the Project. One of the water mains on the Property shall be 16-inch and extend from the existing 16-inch line in the northwest corner of the Property to the intersection of NE 51<sup>st</sup> Street and 150<sup>th</sup> Avenue NE.

13. Conditions from Ordinance 1818. Ordinance 2027, and subsequent amendments thereto adopted prior to the Effective Date of this Agreement, have superseded Ordinance 1818 and the conditions adopted therewith. Nevertheless, as part of this Agreement, several of the Resolution No. 1266, Exhibit A

Ordinance 1818 conditions, as modified herein, are integrated into this Agreement as set forth below:

a. Buffer. The Project shall provide an average 200 foot buffer, but not less than 150 feet, along 148th Ave NE. Microsoft may not construct any above-grade structures or surface parking in this buffer area, but landscaping, playfields, signage, flag poles, lighting, and similar improvements may be constructed within the buffer. In addition, the extent to which the 200 foot buffer extends onto the Property as of the date of this Agreement shall not be increased on account of any dedication of portions of the Property pursuant to this Agreement or otherwise.

b. Road Connection. Condition 6 of Exhibit B to Ordinance 1818 contemplated that the Property and the property immediately north (currently Microsoft's Red-West campus) might be connected by a private road. Redmond's Comprehensive Plan and Transportation Master Plan reflect future construction of a vehicular connection on the Property connecting the property immediately to the north of the Property to NE 51<sup>st</sup> Street at 150<sup>th</sup> Avenue NE. See Map N-OV-2, Overlake Neighborhood Street Map, and TR-3A Redmond Comprehensive Plan. Microsoft shall construct, as part of the Project, a private road connecting the Property to Microsoft's Red-West Campus as contemplated by Ordinance 1818. Pedestrian and bicycle paths will be provided in conjunction with the private road. However, neither the road or the pedestrian/bicycle path shall be open to the general public in recognition of Microsoft's desire to construct a secure campus on the Property. Microsoft and the City shall work jointly to acquire any right-of-way from third parties that is necessary to construct the intersection of NE 51<sup>st</sup> Street and 150<sup>th</sup> Avenue NE.

Any portions of the Ordinance 1818 conditions not expressly integrated into this Agreement in this Section 13 shall have no further force or effect.

14. Environmental Review. The environmental review conducted pursuant to the State Environmental Policy Act ("SEPA") for the Project shall occur in accordance with the provisions of this Section 14. Prior to 2012 and the expiration of the existing Planned Action Ordinance for the Overlake neighborhood, that Planned Action Ordinance shall be utilized to satisfy the requirements of SEPA for each component of the Project as it is submitted to the City for review and approval, subject to verification using the planned action review procedures set forth in WAC 197-11-172 and the Planned Action Ordinance.

The Project is within the scope of environmental review that has already been conducted by the City of Redmond. Therefore, if the City adopts a new Planned Action Ordinance prior to 2012 and the new Planned Action Ordinance includes the Project, the new Planned Action Ordinance shall apply to the Project and shall be utilized to satisfy the requirements of SEPA, subject to verification using the planned action review procedures set forth in WAC 197-11-172 and the new Planned Action Ordinance, but no additional conditions shall be imposed on the Project unless required on account of a serious threat to public health and safety, or as necessary to comply with Section 4 of this Agreement.

If the current Planned Action Ordinance expires and the City does not adopt a new Planned Action Ordinance, the City shall conduct environmental review on any portion of the Resolution No. 1266, Exhibit A

Project thereafter applied for using the applicable SEPA procedures. The City agrees to utilize the provisions of WAC 197-11-630 and, to the extent consistent with that Section, adopt the environmental documents prepared for adoption of the BROTS Update, for adoption of the City of Redmond Comprehensive Plan, for adoption of the Overlake Neighborhood Plan, and any other relevant environmental documents prepared subsequent to the date of this agreement; in order to satisfy the requirements of SEPA for construction of the remaining portion of the Project. In order for these documents to be utilized the City may require additional environmental information in order to maintain their relevancy. However, no additional conditions shall be imposed on the Project unless required due to a serious threat to public health and safety or as necessary to comply with Section 4 of this Agreement.

15. Vested Rights. The provisions of the RCDG in effect on the date of this Agreement shall apply to all Project, except as otherwise provided in this Agreement or by state or federally mandated laws preempting the City's authority to vest regulations for the Project, and excluding revisions to plan review fees, impact fees, and building and fire codes. Any amendments or additions made during the term of this Agreement to zoning or development regulations, transportation concurrency regulations, SEPA regulations and substantive SEPA policies or other laws, ordinances, comprehensive plan policies or other policies governing land development which may be applicable to the Project shall not apply to or affect the conditions of the Project. However, pursuant to RCW 36.70B.170(4) the City reserves authority to impose new or different officially adopted regulations of general applicability, but only if, and to the extent required by a serious threat to public health and safety, as determined by the City Council after notice and an opportunity to be heard has been provided to Microsoft. The Project shall be vested to the development regulations in effect on the date of this Agreement. Microsoft may request to be bound by future amendments to the RCDG or the Redmond Municipal Code, and such request shall be approved administratively provided that, as a result of being subject to such amendment(s), the Project will meet the following criteria: no new land use is proposed; no reduction in the amount of landscaping is proposed; no reduction in the amount of parking is proposed; and no increase in the total square footage of structures to be developed is proposed. Except for the termination date, any of the dates set forth in this Agreement may be revised administratively by agreement between Microsoft and City staff.

Otherwise, the request to be bound by the future amendment(s) shall be reviewed by the City Council, pursuant to Section 18 below, as an amendment to this Agreement. The Additional Development shall not be subject to any development moratoria the City may adopt subsequent to the date of this Agreement unless necessitated by a serious threat to the public health, safety, and welfare.

16. Biennial Review. Microsoft and the City shall meet two years after the date of this Agreement and every two years thereafter to review Microsoft's progress in developing the Property subject to this Agreement. All development agreements governing Microsoft properties in the City shall be reviewed concurrently.

17. Term. The term of this Agreement shall be 20 years. The City and Microsoft may agree to extend the term of the Agreement, provided that such extension is approved by the City Council.

18. Amendment of Agreement. Any amendment to this Agreement shall require review by the City Council unless administrative approval is specifically authorized by this Agreement.

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

20. Successors and Assigns. This Agreement shall be specifically between the City and Microsoft and its successors, including any spin-off companies, and may not be assigned in whole or part.

21. 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.

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

23. Exhibits. This Agreement includes the following exhibits:

- a. Exhibit A - Legal Description of Property
- b. Exhibit B - Ordinance 1818
- c. Exhibit C - Density Transfer Interpretation

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

MICROSOFT CORPORATION,  
a Washington corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

CITY OF REDMOND,  
a Washington optional municipal code city

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this day personally appeared before me \_\_\_\_\_, to me known to be \_\_\_\_\_ of MICROSOFT CORPORATION, a Washington corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_  
(Print name of notary)  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

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

GIVEN under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
\_\_\_\_\_  
(Print name of notary)  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

EXHIBIT A

Legal Description of Property

PARCEL A:

LOTS 10-12 OF EAST SIDE GARDENS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12 OF PLATS, PAGE 68, IN KING COUNTY, WASHINGTON, THE NORTH LINE OF WHICH, BY AGREEMENT, BEING COINCIDENT WITH THE SOUTH LINE OF LOT 3 OF SAID PLAT AS PER AFFIDAVIT OF CORRECTION RECORDED ON APRIL 12, 1915 UNDER KING COUNTY RECORDING NO. 991453 AND AS SHOWN ON RECORD OF SURVEY RECORDED IN VOLUME 49 OF SURVEYS, PAGE 81, RECORDING NO. 8604109004, RECORDED APRIL 10, 1986;

EXCEPT THAT PORTION THEREOF CONVEYED TO KING COUNTY FOR NORTHEAST 51ST STREET (FORMERLY KNOWN AS TOSH ROAD) BY DEED RECORDED UNDER RECORDING NO. 2690085;

AND EXCEPT THAT PORTION THEREOF LYING EASTERLY AND SOUTHERLY OF THE WESTERLY AND NORTHERLY MARGIN OF SR 520 AS ESTABLISHED BY JUDGMENT AND DECREE OF APPROPRIATION ENTERED ON DECEMBER 3, 1975 IN KING COUNTY SUPERIOR COURT CAUSE NOS. 750409 & 750450;

AND EXCEPT THAT PORTION LYING NORTH OF THE COMMON BOUNDARY LINE AS DESCRIBED IN BOUNDARY LINE AGREEMENT RECORDED UNDER RECORDING NO. 9401281657.

PARCEL B:

THOSE PORTIONS OF LOTS 4 AND 9 OF EAST SIDE GARDENS ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12 OF PLATS, PAGE 68 IN KING COUNTY, WASHINGTON, LYING NORTHWESTERLY OF THE NORTHWEST MARGIN OF SR 520 AS ESTABLISHED BY DEED RECORDED SEPTEMBER 8, 1971 UNDER RECORDING NO. 7109080132 AND AS CONDEMNED UNDER KING COUNTY SUPERIOR COURT CAUSE NO. 750408 AND LYING SOUTHERLY OF THE FOLLOWING DESCRIBED AGREEMENT LINE;

COMMENCING AT AN EXISTING CONCRETE MONUMENT IN CASE AT THE NORTHWEST CORNER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY WASHINGTON;

THENCE SOUTH 01°17'03" WEST ALONG THE WEST LINE OF SAID SECTION 14 A DISTANCE OF 1086.27 FEET TO INTERSECT THE WESTERLY PROLONGATION OF THE SOUTH LINE OF LOT 1 OF SAID PLAT OF EAST SIDE GARDENS AS PER AFFIDAVIT OF CORRECTION RECORDED ON APRIL 12, 1915 UNDER RECORDING NO. 991453 AND AS SHOWN ON RECORD OF SURVEY RECORDED IN VOLUME 49 OF SURVEYS, PAGE 81 IN KING COUNTY RECORDING NO. 8604109004, RECORDED APRIL 10, 1986;