



City of Kenmore, Washington

April 30, 2018

John C. McCullough
McCullough Hill Leary, PS
701 Fifth Avenue, Suite 6000
Seattle, WA 98104

Dear Jack,

Thank you for your letter dated March 27, 2018 requesting an extension of the milestone codified in Section 3(f) of the Amendment to Extension and Funding Agreement (“Amendment”), which was signed by the parties in November 2017 and became effective on January 1, 2018.

The Extension and Funding Agreement (“Agreement”) extended the Commercial Site Development Permit (CSDP) and Transportation Mitigation Agreement (TMA) through December 31, 2017, and allowed for a one-year extension to December 31, 2018 if the Lakepointe Group satisfied certain milestones by November 30, 2017. The Amendment recognized that all but one of the milestones listed in the Agreement were timely completed. In addition, the Amendment stated that the following milestone shall be satisfied by April 30, 2018:

- f. Enter into a general agreement with the City that generally defines the parameters of the Project (range of residential units, commercial square footage, natural and public open spaces, etc.), working relationship with the City, and path forward, including timelines for developing the Property. Pro Forma and Financial Gap Analysis studies for both the Lakepointe development and the City will be conducted as part of developing and negotiating the general agreement. Weidner and the city manager will agree on a cost sharing arrangement for the Pro Forma and Gap Analysis studies.

The City of Kenmore (“City”) has executed a contract with HR&A Advisors, Inc. to provide the Pro Forma and Gap Analysis, along with economic consultant Brian O’Conner to peer review HR&A’s work. The parties are cooperating in good faith and have made progress on accomplishing the requirements set forth in the Amendment. However, it is anticipated that the

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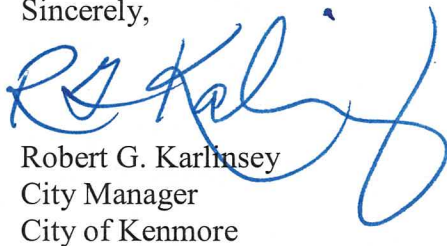
Office: (425) 398-8900 · Fax: (425) 481-3236 · cityhall@kenmorewa.gov
www.kenmorewa.gov

Amendment requirements will not be completed by the April 30, 2018 deadline. The parties have therefore requested an extension of the deadline for the general agreement to July 31, 2018.

The City agrees that an extension of the milestone is appropriate given the circumstances. However, it is the City's position that the deadline should be extended to December 31, 2018, so that City officials and staff have time to review the general agreement and its supporting studies.

The Amendment and Agreement authorize the City Manager, in my discretion, to extend the deadline for any milestone. Such extension does not alter the term of the CSDP or TMA, or waive any other requirements. Therefore, consistent with the Amendment and the Agreement, to justify an extension of the CSDP and TMA through December 31, 2018, the Lakepointe Group must satisfy the milestone described in Section 3(f) of the Amendment by December 31, 2018.

Sincerely,



Robert G. Karlinsky
City Manager
City of Kenmore

Cc: Rod Kaseguma, City Attorney
Garry Sergeant, Property Owner
Weidner Apartment Homes
Project File