



City Of Kenmore, Washington

June 14, 2013

Mr. John C. McCullough
McCullough Hill, PS
701 Fifth Avenue, Suite 7220
Seattle, WA 98104

Re: LakePointe Project—Extension of Transportation Mitigation Agreement

Dear Mr. McCullough:

Thank you for your letter of June 5, 2013, which requests an addendum to the Transportation Mitigation Agreement (TMA) for the LakePointe project to remove Lot B from the TMA and extend the term of the TMA to December 31, 2015. The TMA is set to expire on August 6, 2013.

The City grants an extension of the TMA to December 31, 2015 according to conditions outlined in this letter.

As the former City Manager observed in his letter to you dated May 19, 2011 (May 2011 Letter), the City has granted extensions of the LakePointe Commercial Site Development Permit (CSDP) (most recently in the May 2011 Letter) to allow the property owner and the City to discuss the development of a work program, schedule and process for possibly modifying the LakePointe project requirements and conditions.

The City will treat your June 5, 2013 letter as an application for an addendum to the TMA to extend the TMA to December 31, 2015, exclude Lot B, and to delete Sections 3.17 and 3.19 from the TMA, consistent with Condition 2 of the May 2011 Letter.

Condition 2 of the May 2011 Letter required either (1) an agreement between the City, the property owner and all owners of Lot B to extend the TMA, or (2) an application for and City processing of an addendum to the TMA to exclude Lot B. That is, the City will interpret Condition 2 as only requiring the filing of the application prior to August 6, 2013, and as not requiring City approval of the application prior to August 6, 2013. However, this interpretation assumes that a resulting addendum will be approved prior to the CSDP expiration, currently set at December 31, 2015.

There are mutual benefits to be derived by both the City and the property owner through extension of the TMA, especially where the City and the property owner are willing to engage in discussions regarding a work program, schedule and process for possibly modifying the

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LakePointe project requirements and conditions. Therefore, the City grants an extension of the TMA to December 31, 2015, subject to the following conditions:

1. The May 2011 Letter's extension of the CSDP to December 31, 2015 is confirmed and continued, subject to the nine conditions of the May 2011 Letter.
2. The City accepts your June 5, 2013 letter as an application for an addendum of the TMA. This application satisfies Condition 2 of the May 2011 Letter, assuming a resulting addendum is executed between now and expiration of the CSDP expiration.
3. The City and the property owner will meet to evaluate and analyze the application for a TMA addendum and ultimately arrive at an agreed upon addendum to the TMA prior to the CSDP expiration. The property owner will address issues and ramifications of deleting Lot B—how it affects LakePointe Drive in particular. We are unlikely to accept your proposal to delete Sections 3.17 and 3.19 from the TMA. In fact, we will expect that the proposal to delete Lot B will include ways to preserve a connected promenade and viewpoint.
4. At the request of the City or the property owner, at periodic intervals agreed to by the City and the property owner, the parties will discuss and analyze the CSDP and will develop a LakePointe development strategy that will include a work program, schedule, and process for possibly modifying the LakePointe project requirements, conditions and improvements.

We are committed to helping this project be successful. We look forward to discussing the LakePointe project as a whole during the coming months. If you have any questions or concerns, please be sure to contact me.

Sincerely,



Robert G. Karlinsey
City Manager

cc: Nancy Ousley
Debbie Bent
Rod Kaseguma
Bryan Hampson